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**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

Mapping out good practices for promoting green public procurement

OECD meeting of Leading Practitioners on Public Procurement

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NOTE FROM THE SECRETARIAT

Green public procurement (GPP) is increasingly used by OECD countries as a policy lever to promote sustainable development. However there are still important obstacles to tapping on its full potential, in particular the perception that GPP is more expensive, the lack of technical knowledge from procurement officials on how to integrate environmental criteria in the process and the absence of monitoring. When reporting on progress made in implementing the *OECD Recommendation on Enhancing Integrity in Public Procurement*, countries pointed out the challenge of using GPP in a transparent and cost-effective manner. In particular they called for the development of a Compendium of good practices on green public procurement.

This discussion paper proposes a draft framework for collecting data on GPP good practice in OECD countries, based on six dimensions. These include:

- 1) Setting a clear and detailed GPP legal and policy framework to assist buying entities;
- 2) Planning adequately GPP, including understanding technical solutions and market capacity as well as assessing costs and benefits;
- 3) Introducing environmental standards in the technical specifications, selection and award criteria, as well as in contract performance clauses;
- 4) Professionalising further the procurement function;
- 5) Raising awareness of GPP solutions; as well as
- 6) Monitoring results.

For collecting examples of countries' experience with green public procurement, the document includes in annex a draft template for case studies. It also provides a concrete example of case study that was prepared by Austria on "ecologically sound procurement of the city of Vienna".

FOR ACTION

Experts are invited to:

1. Present their experience with using green public procurement in their country, either at national or sub-national levels;
2. Discuss the draft framework for collecting data on GPP good practice;
3. Express interest in submitting specific case studies which will be featured in the development of the OECD Compendium of good practices on public procurement.

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Introduction

1. Green Public Procurement (GPP) can be defined as “purchasing products and services which are less environmentally-damaging”¹ taking into consideration their whole life cycle².

2. Through GPP procedures, governments seek to use their purchasing power to choose works, products and services with environmentally sustainable characteristics and contribute to national and international environmental goals. GPP can be a major driver for innovation, providing industry with incentives for developing green works, products and services – particularly in sectors where public purchasers represent a large share of the market such as construction, health services or public transport³.

A. *GPP is increasingly used as a policy lever to promote environmentally sustainable development*

3. The potential of GPP was recognised by OECD countries since 2002 with the adoption of a *Recommendation on the Environmental Performance in Public Procurement*. In particular OECD countries committed to taking steps “to ensure the incorporation of environmental criteria into the public procurement of products and services including, where appropriate, environmental impacts throughout the life-cycle of products and services, while ensuring that transparency, non-discrimination and competition are preserved” (see annex 1).

4. In 2012 OECD countries are increasingly using procurement as a policy lever to promote environmentally sustainable development. 72% of OECD countries have developed a strategy at the central level to support GPP⁴. In practice, some countries such as Germany, Japan and United States have led the way by investing considerably in green energies and developing related policies (see box 1). GPP is a vehicle for economic growth: it is estimated that in 2020 the sales of eco-industries will reach EUR 2,2 trillion⁵.

1 OECD, Recommendation of the Council on Improving the Environmental Performance of Public Procurement C(2002)3, <http://acts.oecd.org/Instruments/ShowInstrumentView.aspx?InstrumentID=46&InstrumentPID=43&Lang=en&Book=False>

2 Green public procurement is defined in the EU as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured”, European Commission, 2008 Communication “Public Procurement for a Better Environment”, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0400:FIN:EN:PDF>

3 European Union, “Buying Green! A handbook on green procurement”, 2nd Edition, 2011 at http://ec.europa.eu/environment/gpp/buying_handbook_en.htm

4 OECD, Government at a Glance 2013 (forthcoming)

5 Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit. Umweltbundesamt: “Kurzfassung Umweltwirtschaftsbericht 2009”, Berlin, Dessau, January 2009

Box 1. GPP leadership

Among OECD member countries, the U.S. has been at the forefront together with Germany and Japan in promoting GPP by setting targets via the legal framework and supporting the application of policies, for example, by issuing guidelines.

The U.S. has incorporated requirements for green procurement into federal regulations and executive orders since 1976 and has been actively updating the legal framework since. In 2011, the U.S. has made a USD 18,600 million investment in clean energies. The U.S. administration has announced ambitious green policies, for example requiring 95% of all government contracts to meet sustainability requirements.

GPP is also a priority in some non OECD member countries: in 2011, China became the global leader with an investment of USD 34,600 million in clean energies.

Source: OECD Public Procurement Review of the United States Federal Government (publishing); 2012 report to Council on progress made in implementing the *OECD Recommendation on Enhancing Integrity in Public Procurement*
<http://www.oecd.org/gov/ethics/integrityinpublicprocurement.htm>

B. There are still important obstacles to tapping on the full potential of GPP

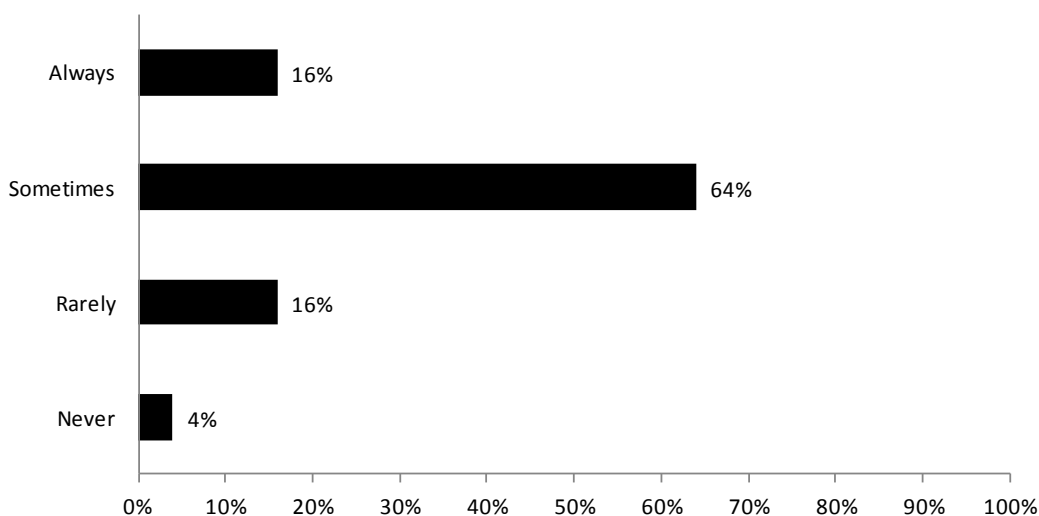
5. In spite of the increased use of GPP, several limitations to implementing GPP remain in OECD countries, starting with the perception that green procurement is more costly. More than three quarters of OECD countries (79%) identify the possibility of higher prices resulting from more stringent environmental criteria as the first barrier for using GPP⁶. This can be explained by the lack of information on the financial benefits of GPP, which was mentioned as an important obstacle to implementing GPP⁷. In particular, only a minority of OECD countries (16%) assess life-cycle costs on a systematic basis, as shown in the following figure. Other limitations include the lack of monitoring mechanisms (45%), the absence of incentives to take green criteria into account in procurement decision making (42%) and the lack of sufficient suppliers (36%)⁸.

6 OECD, Government at a Glance 2011, Chapter IX, Public Procurement
<http://www.oecd.org/gov/pem/governmentataglance2011.htm>

7 OECD, 2007 Report to the Council on the Implementation of the Recommendation of the Council on Improving the Environmental Performance of Public Procurement
[http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=ENV/EPOC/WPNEP\(2006\)6/FINAL&docLanguage=en](http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=ENV/EPOC/WPNEP(2006)6/FINAL&docLanguage=en)

8 OECD, Government at a Glance 2011, Chapter IX, Public Procurement
<http://www.oecd.org/gov/pem/governmentataglance2011.htm>

Figure 1. Frequency of evaluation of procurement proposals based on life-cycle cost rather than acquisition cost



Source: OECD, Government at a Glance 2013 (forthcoming)

C. OECD countries called for the development of a good practice compendium on GPP

6. Understanding the obstacles to GPP is essential to help policy makers and buying entities set targets, plan expenditure and identify measures for implementing GPP effectively as well as monitoring how the current market responds to GPP demands.

7. When reporting on progress made in implementing the *OECD Recommendation on Enhancing Integrity in Public Procurement*⁹ countries pointed out the challenge of integrating environmental considerations in public procurement in a transparent and cost-effective manner. They called for the development of a **Compendium of good practices on green procurement**.

8. The OECD Public Governance Committee is therefore proposing to collect information on the experiences of countries with GPP in order to develop this compendium. The proposed framework for data collection could be grouped in the following 6 areas of interest.

1. Setting a clear and detailed GPP legal and policy framework to assist buying entities

9. A clear legal and policy GPP framework with understandable definitions, targets and priorities would assist buying entities assess what is required to achieve GPP goals and incorporate GPP in their procedures. In 2011, six OECD countries (Denmark, France, Italy, Japan, Luxembourg and Slovenia) had a definition of GPP in their procurement laws. The majority of OECD countries that have defined green procurement have done so in an environmental policy or strategy document¹⁰. 70% of OECD countries

9 OECD, 2012 Report to the Council on the implementation of the Recommendation of the Council on Enhancing Integrity in Public Procurement <http://www.oecd.org/gov/ethics/integrityinpublicprocurement.htm>

10 OECD, Government at a Glance 2011, Chapter IX, Public Procurement <http://www.oecd.org/gov/pem/governmentataglance2011.htm>

have introduced GPP mandatory targets. 26% of OECD countries have GPP voluntary targets and only 4% of OECD countries have no environmental targets related to public procurement¹¹.

10. The United States Environmental Protection Agency (EPA) sets GPP principles in order to guide federal departments and agencies in the implementation of GPP.

Box 2. Five guiding principles for green procurement issued by the United States Environmental Protection Agency

The United States Environmental Protection Agency (EPA) develops GPP guidance and tools for departments and agencies across the federal government under the Environmentally Preferable Purchasing Programme (EPP). Central to the EPP is the Final Guidance on Environmentally Preferable Purchasing which sets forth five guiding principles for GPP, in effect as of February 2011, as follows:

Guiding Principle 1: Environment + Price + Performance = Environmentally Preferable Purchasing. Environmental considerations should become part of normal procurement practice, consistent with such traditional factors as product safety, price, performance, and availability.

Guiding Principle 2: Pollution Prevention. Consideration of environmental preferability should begin early in the procurement process and be rooted in the ethic of pollution prevention, which strives to eliminate or reduce, up-front, potential risks to human health and the environment.

Guiding Principle 3: Life Cycle Perspective/Multiple Attributes. A goods or service's environmental preferability is a function of multiple attributes from a life cycle perspective.

Guiding Principle 4: Comparison of Environmental Impacts. Determining environmental preferability might involve comparing environmental impacts. In comparing environmental impacts, Departments/agencies should consider: the reversibility and geographic scale of the environmental impacts, the degree of difference among competing goods or services, and the overriding importance of protecting human health.

Guiding Principle 5: Environmental Performance Information. Comprehensive, accurate, and meaningful information about the environmental performance of products or services is necessary in order to determine environmental preferability.

The Environmentally Preferable Purchasing guidance is making a difference. Environmental performance of products and services is increasingly important to federal purchasers when they decide what to buy.

Source : OECD Public Procurement Review of the United States Federal Government (forthcoming); 2000 EPA study "Federal pioneers; Environmentally Preferable Purchasing success stories from the federal government" <http://www.epa.gov/epp/pubs/case/FedPioneers.pdf>

11. The GPP legal framework can be comprised by one core regulation and further detailed by policy guidelines or instructions adopted by the government.

12. For example, Japan adopted in 2000 the "Law on Promoting Green Purchasing" as the basis of a framework to promote the procurement of eco-friendly goods and services by the state and other entities. The law is complemented by the "Basic Policy on Green Purchasing", which is updated, containing directions for green purchasing and identifying products categories for which green purchasing is required (such as recycled paper, low emission vehicles etc). To assist in implementing and assessing the achievement of GPP goals, each institution publicises on a yearly basis a procurement policy defining the

11 OECD, Government at a Glance 2013 (forthcoming)

eco-friendly goods which will be purchased by it. Institutions then report back to the Ministry of Environment on the percentage of eco-friendly goods purchased during the fiscal year¹².

2. Planning adequately GPP, including understanding technical solutions and market capacity as well as assessing costs and benefits

13. In order to effectively plan and carry out GPP a number of steps can be followed, in particular:

- understanding capacity in the market to confirm whether there are sufficient suppliers for green solutions;
- Understanding GPP costs and benefits for the works, products and services to be procured and identifying their technical characteristics;
- Involving potential stakeholders and suppliers in the procurement process in order to assess available green solutions and gauge supply side capacity and appetite.

14. Regarding costs and benefits, a whole life-cycle evaluation can enable informed decisions and address or counter concerns that green works, products and services are more expensive than conventional ones, thus providing incentives for buying entities to implement GPP solutions. For example a more energy efficient building may cost more to construct but save money in the long run, through reduced energy use. Life-cycle costs and benefits include purchasing costs, operating costs (energy, spares and maintenance) and end-of-life costs (decommissioning and removal).

15. Engagement with suppliers was used in Sweden to assess available solutions and supply side capacity.

Box 3. Stockholm County Council pre-procurement dialogue

Stockholm County Council's (SLL) vision for introducing a green ambulance was born in 2005. A pilot study examined the technical solutions available and the extra costs of finding an eco-friendly solution.

The procurement action faced a number of obstacles (ambulances are subject to numerous standards, rules and other requirements, and ordered in small numbers) with no bids presented in the first open procurement round in 2007. An innovative pre-procurement procedure was needed, so a dialogue was initiated with several ambulance builders to discuss the possibility of developing an ambulance powered by renewable fuel. A negotiated procedure followed in 2008. A new model from Mercedes-Benz powered by biogas and meeting SLL's weight limit, load capacity and range requirements went into use in May 2009.

Source: European Commission, Environment, GPP in practice, http://ec.europa.eu/environment/gpp/case_en.htm

3. Introducing environmental standards in the technical specifications, selection and award criteria for works, products and services and in contract performance clauses

16. In order to promote environmental standards in procurement, the majority of OECD member countries introduce green criteria in the technical specifications for the product or service (24 countries) and many also include them in the award phase (18 countries). Some OECD countries consider green criteria as a contract performance clause (13 countries)¹³.

17. For example, environmental criteria in the selection of technical solutions and the performance of the contract were used by buying entities in several European cities.

Box 4. The importance of environmental criteria and performance clauses

- In a tender run in Gothenburg, Sweden, in 2005, environmental performance standards were part of the product's tender specifications (low-emission buses) with a bonus to the contractor, if this standard was exceeded.
- In a tender run in Hamburg, Germany, in 2005, zero water use for a urinal was set as an environmental specification and led to the development of a waterless urinal.
- In a tender run in Badalona, Spain, in 2005, an LED traffic light was developed following the inclusion in the tender documentation, as part of the tender evaluation criteria, of both the cost of the supply as well as of the energy consumption.
- In a tender run in Lille, France, in 2006, a low energy street light was developed through a tender which included the requirement for continuous improvement of energy consumption during the life of the product and provided for a performance-based service contract.

The key lessons in this survey include:

4. Environmental performance tender criteria – particularly by specifying technical standards, or evaluating tenders based on environmental performance, through life-cycle costs and environmental impact assessments.
5. Two-step tendering processes – with the first step involving interaction and dialogue between the buying entity and potential tenderers and subtenderers throughout the complete value chain of contract delivery. In this dialogue they discuss the needs, options, solutions and possible ways forward in delivery. In the second step, the actual tendering process is undertaken based on the information that is gained through the public discussions.
6. Risk sharing – where, with close dialogue with the tenderers and suppliers, the buying entity provides a framework contract for the procurement and is willing to test and buy products without the traditional documentation and product guarantees.
7. Performance-based contracting – specifically, this provides “innovation room” for contractors by including green specifications in tender documents and contract evaluations. Through this procurement process, the market is better able to put forward possibilities for innovation and the buying entity is better able to set its requirements regarding potential innovation.
8. Phased competition tendering – interested suppliers can submit project ideas but only a group thereof is selected to submit more detailed proposals (also possible in more than one stages with less tenderers each time). Thus, ideas and competition can motivate innovative ideas.

Source: Nordic Council (2009) "Innovative Green Procurement of Construction, IT and Transport Services in Nordic countries" PlanMiljo, December 2009.

4. Professionalising further the procurement function: Building multidisciplinary teams and providing guidance and training to increase GPP know-how

18. For public authorities to carry out and follow GPP procedures and contracts, they need an adequate number of trained experts, including procurers, lawyers and environmentalists with specific knowledge of the stages and requirements of GPP, either in-house or through external support.

19. The city of Vienna organised its green purchase program with the help of a multidisciplinary team.

Box 5. Organisation of green purchase program in the city of Vienna

Ökokauf, a program for purchasing ecologically sound products and services during the preparation of the first climate protection program of the city of Vienna is operated in the city construction directorate by a program leader and two deputies with the support of a steering team, which takes all the relevant decisions. The work is organised in 26 thematically different working groups attended by 200 employees from all divisions of the city's administration. Additionally, two committees are in charge of legal aspects and public relations and two assistant units for budgetary advice and international activities. Each working group and the leaders of the committees and units are members of the steering team. Besides staff and facilities, ÖkoKauf receives an annual budget of 300.000 euro, which is mainly spent on external support, such as studies, research and experiments.

Source: OECD case study on ÖkoKauf Wien

20. A common barrier to implementing procurement (not only GPP) is a lack of capacity among procurement officials, including lack of specific know-how and skills¹⁴.

21. To build the capacity of procurement officials in relation to GPP, more than three-quarters of OECD countries have practical guides (such as manuals) and approximately half have training materials or offered *ad hoc* advice¹⁵ on GPP (see annex 2). These include:

- *Practical guides*: In New Zealand, the Ministry of Economic Development, as part of the Sustainable Government Procurement Project, produced a guide in 2008 on what public service departments must consider when purchasing goods and services in the following categories: paper, timber and wood products, travel and light fittings;
- *Educational courses*: in Korea, the Public Procurement Service launched a Green Purchasing Educational Course in the Public Procurement Human Resources Development Center's

14 OECD, Government at a Glance 2013 (forthcoming)

15 OECD, Government at a Glance 2011, Chapter IX, Public Procurement <http://www.oecd.org/gov/pem/governmentataglance2011.htm>

curriculum in 2010 and has provided related education to public servants in charge of purchasing by inviting professional lecturers and having field trips¹⁶.

5. Raising awareness of GPP solutions

22. A communication strategy on the benefits and achievements of GPP procedures may be necessary in order to:

- educate buying entities in seeking green works, products and services;
- inform the business community regarding GPP and encourage them to develop green solutions for their products and
- raise awareness of the civil society regarding progress made by public authorities in achieving green policies¹⁷.

23. Such awareness strategies are following in OECD countries (see box 6).

Box 6. Public relations and market information strategies

The ZIT “Zentrum für Innovation und Technologie GmbH” in Austria (centre for innovation and technology, an agency owned by the Business Agency Vienna “Wirtschaftsagentur Wien” of the city of Vienna and in charge of the “WienWin” initiative on promoting research and innovation in the city of Vienna) takes public relation measures (science and media communication) to show where and how innovations developed by Viennese undertakings are used by the city of Vienna, in order to motivate other businesses to introduce innovative solutions in their field.

The IHBOE (the Basque Environmental Management Authority) holds regularly supplier seminars on the environmental characteristics of future tenders in order to prepare the market.

Sources: OECD case study on WienWin

European Union, “Buying Green! A handbook on green procurement”, 2nd Edition, 2011
http://ec.europa.eu/environment/gpp/buying_handbook_en.htm

16 OECD, 2012 Report to the Council on the implementation of The Recommendation of the Council on Enhancing Integrity in Public Procurement
<http://www.oecd.org/gov/ethics/integrityinpublicprocurement.htm>

17 OECD, Towards Green Growth, <http://www.oecd.org/greengrowth/48012345.pdf>

6. Monitoring are part of a comprehensive GPP strategy

24. Assessment and monitoring mechanisms are useful to assess and consolidate the benefits of GPP and feed back into the planning, setting of criteria and awareness steps. However, the lack of monitoring mechanisms of GPP is considered as a limitation to implementing GPP by almost half of the OECD countries (45%)¹⁸.

25. Examples of monitoring mechanisms include:

- In Norway, the Agency for Public Management and e-Government (*Direktoratet for forvaltning og informasjons- og kommunikasjonsteknologi*), which is works to improve the organisation and efficiency of the Norwegian administration, and the Ministry of Environment organise regular monitoring meetings and evaluate the implementation of national public procurement action plans. The government also monitors the use of green public procurement criteria on an *ad hoc* basis;
- In Canada, to verify the implementation of the Policy on Green Procurement, individual government agencies are required to publish in their year-end performance reports a section on progress made in implementing these objectives¹⁹.

18 OECD, Government at a Glance 2011, Chapter IX, Public Procurement, <http://www.oecd.org/gov/pem/governmentataglance2011.htm>

19 OECD 2012 Report to the Council on the implementation of The Recommendation of the Council on Enhancing Integrity in Public Procurement, <http://www.oecd.org/gov/ethics/integrityinpublicprocurement.htm>

ANNEX 1**Recommendation on the Environmental Performance in Public Procurement (extract)**

26. As part of the Recommendation on the Environmental Performance in Public Procurement, OECD countries committed taking steps to:

- a) “Provide the appropriate policy framework to incorporate environmental criteria into public procurement of products and services, along with price and performance criteria;
- b) Introduce financial, budgeting, and accounting measures to ensure that public procurement policies and practices consider the environmental costs of products and services;
- c) Provide information, training and technical assistance to officials involved in the public procurement and use chain, including those who set the performance criteria of products and services, those who are responsible for procurement, and those who use the products and services;
- d) Make information and tools that facilitate greener public purchasing available to all levels of government;
- e) Disseminate the information needed to facilitate and encourage greener public purchasing decisions, as well as the results and benefits derived from their adoption;
- f) Establish procedures for the identification of products and services which meet the objectives of greener public purchasing policies;
- g) Encourage the development of indicators to measure and monitor progress made in greener public purchasing;
- h) Assess and evaluate greener public purchasing policies in order to ensure that they are economically efficient and environmentally effective”.

ANNEX 2

Tools available to provide guidance on green procurement in OECD member countries

Country	Guidance to promote green procurement in practice			
	Practical guide	Training materials	Ad hoc advice	Code of practice
Australia	●	○	○	○
Austria	●	○	○	●
Belgium	●	○	●	○
Canada	●	●	●	○
Chile	●	●	○	○
Czech Republic	○	○	○	○
Denmark	●	○	●	●
Estonia	●	●	●	○
Finland	●	●	●	○
France	●	●	●	●
Germany	●	●	○	○
Greece	○	○	○	○
Hungary	●	●	○	○
Iceland	●	●	●	○
Ireland	●	○	○	○
Israel	○	●	●	○
Italy	●	●	●	○
Japan	●	○	●	○
Korea	●	●	●	●
Luxembourg	●	○	○	○
Mexico	○	○	○	○
Netherlands	●	●	●	●
New Zealand	●	○	○	●
Norway	●	●	●	○
Poland	●	●	○	●
Portugal	○	○	○	○
Slovak Republic	○	○	○	○
Slovenia	●	●	●	●
Spain	○	○	●	●
Sweden	●	●	●	●
Switzerland	●	●	●	○
Turkey	○	○	○	○
United Kingdom	●	●	○	○
United States	●	●	●	○
Total OECD34				
● Yes	26	19	18	10
○ No	8	15	16	24

Source: OECD, Government at a Glance 2011 <http://www.oecd.org/gov/pem/governmentataglance2011.htm>

ANNEX 3

Template for case study on GPP: Example of the city of Vienna

27. To help identify elements of good practice, the OECD is inviting countries to submit case studies on their own country experiences in GPP, including the use of GPP to promote innovation. All cases studies include an explanation of the context of the project, its objectives, the implementation process, the project's impact and monitoring, the challenges and risks encountered in putting the project in place and set forth key lessons learned for the successful implementation of green projects.

28. Case studies submitted by countries should include information on:

1. Country, name and position of the person sending the case study, as well as of the person who can provide additional information if necessary (if different from the first person);
2. Context of the project: general information related to the project, relation to government policies and objectives.
3. Objectives of the project: reason for undertaking the project, issues to be addressed by it, expected targets to be achieved.
4. Implementation of the project: implementing authority, type of procurement procedure chosen, which were the stakeholders, when and how were they involved or consulted in the design and implementation of the project, timeline for designing and implementing the project.
5. Impact and monitoring: was the project successfully implemented, evaluation and monitoring mechanisms to assess implementation, impact achieved (for example, meeting environmental targets/ other).
6. Challenges and risks: what were the challenges and risks encountered during the design and implementation phases of the project, were they foreseen, how were they managed.
7. Key lessons learned for successful implementation (success factors).

29. The following case study, which was developed in the context of a study on GPP in Austria, provides an example of the approach and the format of the case studies that will be submitted by other OECD countries.

ÖKO KAUF WIEN – ECOLOGICALLY SOUND PROCUREMENT OF THE CITY OF VIENNA

Context

30. ÖkoKauf was set up in 1998 as a project for purchasing ecologically sound products and services during the preparation of the first climate protection program of the City of Vienna ("KliPWien"). It was recognized that public procurement could be a key contributor to climate protection measures, given that the procurement expenditure of the City of Vienna amounts to 5 billion euro p.a. About 50% of this budget is spent on supplies and the other half on works and services.

31. ÖkoKauf is a leading program within the framework of the above mentioned KliPWien strategy, which was finally decided by the city council of Vienna in 1999. It aims at restructuring public

procurement of the Vienna city administration with regard to climate protection aspects while respecting the requirements deriving from EU law and achieving value for money. In 2009 the program was extended until 2020 to enforce the reduction of emissions of the administration of the city of Vienna.

Objectives

32. The main target of ÖkoKauf is to identify products and services with relevant potential for including ecological performance aspects and develop respective requirements for these products and services with regard to the procurement process. These requirements are an essential element of the (technical) specifications of the products and services, which are purchased by the city of Vienna, all its services and entities. Apart from the ecological assessment, economic efficiency (value for money) as well as maintenance and improvement of the usability of the purchased goods and services are important factors and require cooperation with economic operators.

33. High priority is further given to immediate feasibility and legal compliance. Consequently, ÖkoKauf focuses on standards for defining the subject matter of the contract (“what is purchased”) while tailored award criteria or contract performance clauses are of minor relevance. The key tools provided by ÖkoKauf are tender documents, catalogues of criteria and other procurement related requirements (e.g. position papers).

34. Apart from achieving technically measurable results, ÖkoKauf also aims at raising awareness of the city’s employees, private households and businesses towards buying ecologically sound goods and services and publishes its results on a publicly accessible website.

Implementation Process

35. Within the administration of the city of Vienna, ÖkoKauf is an organisation-wide program (encompassing all the services of the city). It is operated in the city construction directorate by a program leader and two deputies with the support of a steering team, which takes all the relevant decisions. The work is organised in 26 thematically different working groups attended by 200 employees from all divisions of the city’s administration. Additionally, two committees were established for legal aspects and public relations and two assistant units for budgetary advice and international activities. Each working group and the leaders of the committees and units are members of the steering team. Besides using the existing organisational resources (staff and facilities), ÖkoKauf receives an annual budget of 300.000 euro, which is mainly spent on external support, e.g. studies, research and experiments. Further, ÖkoKauf regularly organises and participates in relevant conferences.

36. The substantial work is carried out in the mentioned working groups. With regard to their topics, notably: paper and printing, electric and electronic devices, construction and facility management, car pool, food, events, disinfection and cleaning agents, textiles, furniture, lighting etc., they develop, evaluate and update ecological criteria that describe the goods and services to be purchased. The results are cross checked with the legal compliance committee and then published. The publication is accompanied by public relation activities to promote the use of the criteria on a broad basis (inside and outside of the city’s administration).

37. As of 2003 all services of the city of Vienna are obliged (per ordinance of the director general of the administrative services) to take the results of ÖkoKauf into account. This means in practice that the responsible procurement officer integrates the relevant texts from ÖkoKauf into the specific tender documents and thereby makes sure that the ecological requirements become part of the contract.

Impact and Monitoring

38. Since its establishment in 1998, ÖkoKauf has developed around 130 results for the handled goods and services that are used in practice. Cautious estimates of its success state that the city of Vienna by applying the results of ÖkoKauf achieves annual savings of 17 million euro and 30.000 tons of CO₂ emissions.

39. The following examples shall show some of the assumed and verified effects (so far, only few of the results were subject to individual evaluation, due to technical complexity and lack of resources):

- The use of recycled paper for producing office arrangement systems and hygienic paper preserves resources and reduces environmental impact in terms of waste water and energy consumption.
- The production of organic food emits less CO₂ in comparison to products from conventional agriculture. Through the procurement of organic food using ÖkoKauf criteria, the city of Vienna avoids up to 20.000 tons of CO₂ emissions p.a.
- Changing to energy efficient office and household devices, lighting, electronic equipment, etc. helps saving energy and emissions.
- Simple changes of processes can considerably influence the environmental impact as the example of using microfiber tissues shows: cleaning staff received a special training on the use of the new material, which resulted in an essential decrease in consumption of cleaning agents.
- In the construction area there is a variety of methods and materials that can reduce harmful emissions, energy consumption and increase the life period of buildings (“Wiener Wohnen”, a city owned undertaking for housing manages and maintains around 220.000 flats).

40. Another impact can be observed in the market: in some areas, products and services which did not comply with ÖkoKauf requirements have completely disappeared from the market.

41. So far, ÖkoKauf does not have a fully fledged monitoring system, but rather functions as a self-regulating process through the continuous work of the 26 different working groups, where feedback from practice is taken into account.

Challenges and Risks

42. When ÖkoKauf was set up in 1998 the main challenge was to raise awareness for the importance and feasibility of ecologically sound procurement at the level of policy and decision-makers, who essentially influence the availability of resources for the project (in terms of staff and budget) and its continuity. The political support of the city councillor for environment helped to initiate the project and to overcome the generally persistent prejudice that ecologically sound (or biological) products and services are more expensive than conventional offers. In practice, it was possible to refute this prejudice in many areas with the exception of the procurement of organic food, which actually led to a measurable increase in costs.

43. A basic and future challenge is the professionalization of the current system in terms of monitoring, verifying and mainstreaming its results. As already mentioned, for the time being ÖkoKauf functions as a self-regulatory system through feedback to the working groups and the continuity of their work. As the respective employees do not work full-time for the project, horizontal administration of the

results (monitoring application, measuring impacts, etc.) is currently weak. For keeping and enhancing high standards, ÖkoKauf would definitely benefit from establishing a permanent evaluation and administration system, which improves the monitoring of the results in terms of environmental impact and economic efficiency.

Key Lessons Learned

44. Apart from receiving high level political support, two of the initial leading decisions were key factors for successfully implementing the ÖkoKauf project:

- focussing the work on the development of standards to define and describe ecologically sound products and services instead of defining qualification and award criteria and contract clauses etc. helped to overcome the scepticism of procurement staff, who are essential for the uptake of the results in practice;
- the establishment of the legal committee boosted the acceptance of the results of the project, because legal correctness plays an important role in procurement practice.

45. Further, although this remark may seem trite, it is important to start the work without fearing to fail or to make mistakes, because if they happen they help to improve results. Tangible results, notably economically measurable advantages sell by themselves.

46. Finally, it is important to constantly consolidate results and professionalize the project in terms of expertise and organisational adaptation to avoid standstill and outdated standards.

For further information see: <http://www.oekokauf.wien.at>