





Imprint

Publisher:

German Environment Agency
Section III 1.3 Ecodesign, Environmental Labelling,
Environmentally Friendly Procurement
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Publications available as PDFs:

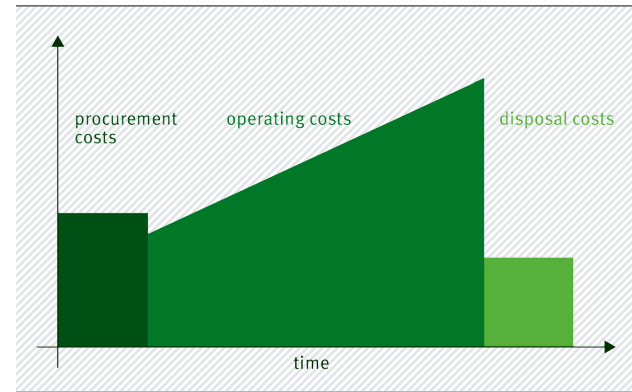
<https://www.umweltbundesamt.de/en/publications>

Graphics sources:

Fotolia/tashatuvango
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Released date: April 2018

Product life cycle costs



Source: German Environment Agency

Costs, as a contract-award criterion, should be calculated based on the life cycle costs of the deliverables, i.e. their procurement, use and upkeep costs, as well as, their end of life costs. In some cases, taking life cycle costs into consideration is mandatory, such as for deliverables that consume energy, as prescribed by German law (Article 67(2) Procurement Regulation (VgV)).

It is also allowable for environmental provisions to be incorporated into the contract terms by which the tenderer is bound in **performing the contract**. Examples of such provisions include requirements concerning goods delivery, product packaging, and teaching cleaning personnel how to use cleaning agents sparingly.

In formulating technical requirements, contract award criteria and terms and conditions of order fulfilment, contracting authorities have the option to include specific **ecolabels** such as the Blue Angel or the EU Ecolabel. Tenderers can also use such ecolabels as proof of conformity. Contracting authorities are required to accept ecolabels that are the equivalent of the Blue Angel Ecolabel and EU Ecolabel. In certain cases, they are required to accept other suitable documents as proof of conformance (Article 34 VgV, Article 24 UVgO).

Where can I find out more?

The German Environment Agency provides public contracting authorities with support in their efforts to implement green procurement practices.

The following assistance can be found at:

www.beschaffung-info.de:

- ▶ Concrete tender recommendations for products and services
- ▶ Advisory documents, legal opinions and training documents
- ▶ Calculation tools for life cycle costs
- ▶ Examples of good practice
- ▶ Information about new developments, deadlines, useful URLs, and a newsletter

The following entities also provide support for green public procurement:

- ▶ Competence Centre for Sustainable Procurement www.nachhaltige-beschaffung.info (available in German only)
- ▶ Environment Directorate-General of the European Commission http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm
- ▶ Sustainability Compass <https://www.kompass-nachhaltigkeit.de/en/>



Green Public Procurement eco-friendly and cost-saving

German Environment Agency


Umwelt
Bundesamt

What does green public procurement mean?

Each year, German contracting authorities purchase around €300 billion worth of products ranging from pencils to city buses. This massive purchasing power can potentially be used to reduce environmental pollution, improve environmental product and service range, and promote more targeted market launches of innovative eco-friendly products.

When it comes to public procurement, it's often a relatively simple matter to make a conscious decision to procure more eco-friendly products. The aim of this flyer is to explain how this can be done.

Legally permitted – whatever the value of the order

Green public procurement is possible for orders of any amount, irrespective of the upper and lower limits mandated by law. Both EU and German procurement laws contain clear stipulations as to how environmental concerns can be factored into public tenders.

Some provisions actually make consideration of environment aspects a binding requirement. For example, all tenders in the EU for energy-related products and services and for motor

vehicles are required to meet special requirements. Germany has further laws of this nature such as the Joint Decree on Procurement of Wood Products (*Gemeinsamer Erlass zur Beschaffung von Holzprodukten*) or the General Administrative Regulation on the Procurement of Energy-Efficient Products and Services (*Allgemeine Verwaltungsvorschrift zur Beschaffung energieeffizienter Produkte und Dienstleistungen*).

What are the benefits?

Green public procurement ...

... helps to protect climate and environment

Eco-friendly products help to protect the climate, reduce natural resource use, contain a lesser amount of harmful substances, and engender a lower level of environmentally harmful emissions. The greatest contribution to climate protection is achieved when products are used as long as possible. Notebook computers and smartphones that have the Blue Angel Ecolabel meet the requirements for a long service life. In that they can readily be repaired and their rechargeable batteries are replaceable.



... pays off

For example, the use of city buses with low fuel consumption or energy-efficient equipment results in lower costs. The amount of such cost savings can be readily determined during the tender evaluation process by simply factoring in life cycle costs. Durable products also help cut back on public expenditures.

... is better for health

For example, low emission floor coverings reduce the levels of harmful substances in indoor air. Low-noise printers and computers are also good for users' health.

... sets a good example

By making environmental protection one of the pillars of their procurement policies, government can lead the way. Setting such examples can potentially prompt both companies and consumers to opt for green alternatives.

... is a driver of ecological innovation

Environmentally friendly procurement helps to launch environmentally friendly products and services on the market. These are often new products and services that make an important contribution to the ecological modernization of the economy and create markets and jobs for the future.

Making the award procedure green: How does it work?

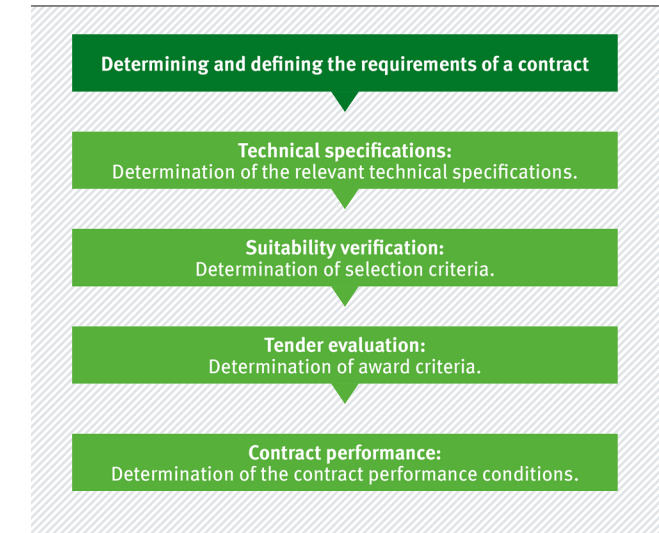
Environmental aspects can be factored into all phases of the tendering procedure. Here's how:

Before a given procurement project is undertaken, it's essential to realize a **requirement-planning procedure** entailing a close analysis of whether the product or service in question is really needed. Bear in mind that in some cases, leasing or renting, or purchasing reconditioned products, can be a viable alternative.

When the contracting authority is deciding which deliverables to purchase (**defining the requirements of a contract**), it can opt for a green alternative from the get-go. For example, purchasing recycled photocopy paper rather than paper made from new fibres.

During the **suitability verification phase**, you might want to consider requiring that tenderers have an environmental management system – assuming of course that such a requirement is consistent with fulfilment of the order being placed. For instance, you can require that tenderers have Eco-Management and Audit Scheme (EMAS) certification, or that they be certified in accordance with other European or international standards. You also need to be willing to accept equivalent environmental management measures.

Phases of a typical tendering and award procedure



Source: German Environment Agency

Environmental requirements can be incorporated into **technical specifications** as product attributes, including performance and functionality requirements such as power consumption. You can also key such attributes to the relevant manufacturing or supply process in question. You also have the option to take attributes into account that relate to other stages of the life cycle of the contractual deliverables, including the production and delivery chain. However, such requirements need to be (a) related to the contractual deliverables per se; and (b) reasonable in terms of the value of the deliverables and the reasons for purchasing them.

You can also incorporate ecological requirements, in the form of **award criteria**, into your tender evaluation process. Examples of such criteria include energy and water consumption, maintenance costs, and the cost of supplies such as fuel and printer toner. However, in some cases you can make such requirements more indirect – by, for example, specifying requirements concerning production processes and methods. You also need to indicate the weighting of the various criteria for the contract award process.