

European Commission Green Public Procurement
(GPP) Training Toolkit
- Module 1: Managing GPP Implementation



Joint procurement

Fact sheet

Toolkit developed for the European Commission by ICLEI - Local Governments for Sustainability, 2008

Owner, Editor: European Commission, DG Environment-G2, B-1049, Bruxelles

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1 Introduction – Joint Procurement and its benefits

“**Joint procurement**” (JP) means combining the procurement actions of two or more contracting authorities. The key defining characteristic is that there should be only one tender published on behalf of all participating authorities. Such JP activities are not new – in countries such as the UK and Sweden public authorities have been buying together for a number of years - though in many European countries, especially in the South, there is often very little or no experience in this area.

There are several very clear benefits for contracting authorities engaging in JP arrangements:

- **Lower prices** – Combining purchasing activities leads to economies of scale. This is likely to lead to more attractive offers from suppliers. Particularly for small contracting authorities these advantages can be quite significant.
- **Administrative cost savings** – The total administrative work for the group of authorities involved in preparing and carrying out one rather than several tenders can be substantially reduced. How much it is reduced will depend on the type of JP arrangement used. The Eco-Procurement Service of Vorarlberg in Austria has achieved savings of up to 60% on administrative costs (see section 2.1).
- **Skills and expertise** – Joining the procurement actions of several authorities also enables the pooling of different skills and expertise between the authorities. Procurement (and other) skills are scarce and not every contracting authority can develop high quality skills across the full range of its functions¹. Smaller authorities in particular can benefit from the capacities of staff in larger authorities. This is particularly useful when procuring innovative products and services. Investigating new products/services can be time-consuming. However, if skills from different authorities are combined, the workload can be shared.

These arguments, of course, apply to any form of public procurement not just **GPP**. However, JP also represents a very effective way of encouraging the market for more environmentally sound products and services:

¹ Taken from *Local Authority Procurement: A research report*, commissioned by the UK Office of the Deputy Prime Minister, available at:

<http://www.communities.gov.uk/archived/publications/localgovernment/localauthorityprocurement>



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- **Entry-door for introducing sustainable procurement** – In authorities where there is little knowledge of, or support for GPP, persuading other internal departments to participate in an environmentally focussed JP action on the basis of cost may be an effective approach for getting GPP more generally on the agenda. The Greek, Spanish and Portuguese authorities, who participated in the European Commission LEAP² JP pilot project, have stressed this as one of the key benefits of their joint procurement approaches.
- **Launching customers for environmentally innovative solutions** – Through bulk purchasing, contracting authorities can provide the necessary demand to launch new, more environmentally sound products and services on to the market.
- **Reducing the price of environmentally sound products and services** – the greater the demand for products and services, the more prices will come down. This is especially the case for those not yet well established on the market.
- **Introducing new products into national markets** – Both the availability and price of environmentally sound products varies considerably in different European countries. Tendering for large quantities can encourage suppliers to introduce new brands available in other countries and alter pricing strategies. The use of environmental specifications which have been successfully applied in other countries is a very effective way of trying to develop the market for such products.
- **Standardising environmental demands** – The more standardised environmental demands are, the easier suppliers find it to respond. JP can help to promote greater standardisation.
- **Pooling environmental expertise** – As with procurement in general, environmental skills and knowledge vary considerably between contracting authorities. JP can help to pool this expertise.
- **Encourage suppliers to develop new products** or invest in new technologies, which are less environmentally harmful, stimulating the market. This is particularly the case when a large volume long-term contract is guaranteed, something that an individual authority is less likely to achieve on its own.

This tool provides a description of different types of JP arrangements and procedures, offering some model solutions and providing examples of good practice from different countries. In particular, it is hoped that this will provide a sufficient starting point for authorities with little or no experience in JP, for them to start reaping the potential rewards such approaches offer.

² <http://www.leap-gpp-toolkit.org>



2 Organising Joint Procurement

The definition of JP given in the introduction covers quite a wide range of different types of arrangements for joining activities, from the creation of separate organisations to implement actions, to less formal arrangements leading to joint tendering. The procedures used also vary significantly, from one authority purchasing on behalf of several others, to all authorities signing separate contracts with winning suppliers.

2.1 Types of JP organisation

In simple terms there are two different types of organisational arrangements for JP:

- **Permanent JP Organisations** – In some European countries organisations have been established to provide a centralised procurement function on behalf of a number of different contracting authorities.
Examples of this include regional purchasing organisations in the UK such as **ESPO** (Eastern Shires Purchasing Organisation³), owned by the member local authorities, which has a combined annual turnover of nearly €600 million.
Another excellent example is the **Eco-Procurement Service of Vorarlberg**, in Austria (Ökobeschaffungs-service - ÖBS⁴). The ÖBS was set up in 2001 to provide a centralised procurement service for 80 local authorities in the Region of Vorarlberg, focusing on the organising of JP activities for environmentally sound products. Results have shown that financial savings of up to 30% have been achieved, and administrative workload reduced by up to 60%, with an average saving of approximately 40% across all product groups covered. The Service is financed through a small commission charged on all procurement actions.
- **Collaborative agreements between contracting authorities** – JP does not require the setting up of permanent organisations, however. Another approach is for contracting authorities to collaborate through their existing purchasing departments. Such arrangements may be permanent in nature such as the **London Contracts and Supplies Group (LCSG)**⁵. Such groups, without legal status or common assets tend to work according to agreed protocols with a different lead local authority taking responsibility for sourcing markets, tendering and arranging contractual documentation for specific procurements all in consultation with other members of the group⁶. The LCSG realises savings of, on average, €3.3 million annually for its

³ www.espo.org

⁴ www.umweltverband.at/index.php?id=beschaffung#321

⁵ www.lcsg.org

⁶ Taken from *Local Authority Procurement: A research report*, commissioned by the UK Office of the Deputy Prime Minister, available at:
<http://www.communities.gov.uk/archived/publications/localgovernment/localauthorityprocurement>



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members through collective purchasing.

At the simplest level contracting authorities can choose to combine their activities for (initially at least) **a one-off procurement action**. Depending on the type of procurement procedure selected and national regulations, this may require the signing of an authorisation or collaboration agreement by the participating authorities.

In the long term, it may be advantageous for contracting authorities to examine the possibilities of setting up permanent collaborative agreements or even permanent JP organisations. This fact sheet has been prepared, however, principally for authorities that do not currently have access to such permanent arrangements but are interested in the benefits of JP.

2.2 Initiating a JP activity within your organisation

2.2.1 Where to start?

Leading a joint GPP activity requires the probable participation of different departments within an organisation: the environment department for the definition of environmental technical specifications, the procurement department to carry out the activity and the legal department to ensure that the process complies with procurement laws.

As this type of activity is likely to be new, there may well be a number of legal issues to resolve. Therefore in order to be successful all stakeholders need to be involved.

2.2.2 How to convince others in your authority?

Different arguments will be needed to convince different people depending on their roles and views; however the following are the most important topics that need to be covered:

- **Short outline of benefits**
Securing stakeholder buy-in is key for the long-term success of joint procurement projects. In order to find arguments for the promotion of a JP activity in your organisation read the benefits of JP actions outlined in [section 1](#) and select those most attractive for your target audience.
- **Selection of a product**
For authorities inexperienced in JP, the products selected should be relatively straightforward and “risk-free”, as the objective will be to demonstrate that JP can work effectively and create the structure and procedure to repeat the process on a more regular basis.
- **Description of the process**
Providing a description of the steps to follow and templates is essential in securing internal buy-in and support for JP.



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2.3 Building a Partnership

In order to set up a JP activity at least two authorities are needed.

2.3.1 How to find participants?

Finding authorities interested in participating in a green JP action can be complicated if there is little or no experience in JP activities. Possible communication channels include: existing public authorities networks, existing public authorities associations, dissemination through national/regional media channels or directly contacting a large number of authorities via email (following up by phone in some cases).

2.3.2 How to convince other authorities to join?

Once some other authorities have expressed their interest in participating, a meeting should be organised to explain in more detail the objectives of the activity and the steps to be followed.

When approaching these authorities the main issues to be raised are:

- Short outline of the benefits of JP – Again see [section 1](#) for suggestions.
- Description of the process – this is where most of the questions will be raised and the leading authority has to be ready to present and explain the procedure to the other authorities. If necessary a representative from the legal department should attend the meeting to answer questions.
- Existing successes elsewhere in the country or internationally – They should focus on the benefits obtained. Some good practice case studies can be found at www.leap-gpp-toolkit.org.
- Market information – Again, it is important to demonstrate that the proposed activity is practical and achievable. Obtaining information on the availability of green products on the market at acceptable prices is certainly useful in this regard. Carrying out some preliminary market research will help you to present your case more clearly.

2.3.3 Partnership Agreement

Sometimes, and especially if this is the first experience of JP, participating authorities may need to formalise their collaboration through a Partnership Agreement. In certain cases it may be necessary for a participating authority to provide authorisation for the Lead Authority to act on their behalf in tendering.

A Partnership Agreement could contain:

- the reasons and objectives of the joint activity
- the name of the participating municipalities
- the product(s)/service(s) to be purchased (possibly including quantities)
- the procedure to be undertaken



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- (depending on local regulations) authorisation for the Lead Authority to act on your behalf

In other cases it may be sufficient to have signed official documentation that the person representing each authority is appointed to work on behalf of that authority.

3 Models for joint procurement

As noted earlier, experience with JP differs hugely between countries. There are also differences in national procurement procedures and regulations. As such, different implementation models are appropriate in different contexts.

Two different models for JP implementation are presented below.

- [Model A](#) - Full JP, with the close involvement of all participating authorities.
- [Model B](#) – “Piggy-backing” – where a contracting authority carries out the procurement on its own but allows other contracting authorities the option of utilising the contract.

3.1 Which model to choose?

In general, [Model B](#) (Piggy-backing) is appropriate for any tendering action where you feel the contract may also be of interest to other authorities. It involves very little extra work from the contracting authority (essentially stating in the Contract Notice that other named contracting authorities may also wish to set up a contract with the winning supplier), and provides direct access to more environmentally sound products for a wider range of authorities.

However the benefits of buying in bulk are partly lost, as there can be no guarantee that further authorities will join the contract. It may, however, be a useful starting point in building relations between participating authorities, which can then develop into closer co-operation with a full JP action.

Full JP actions enable the full benefits of JP to be realised. They will, however, require additional work– particularly at inception.

3.2 Model A – Full joint procurement

Under the 'full JP' model a Lead Authority should be designated, which will be responsible for co-ordinating actions. This is likely to be the authority initiating the procurement, or possibly the largest participating authority.



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The exact roles of the Lead Authority and the other participating authorities may vary according to circumstances.

- **Decentralised** - If participating authorities are inexperienced with the concept of JP, or do not have a history of close co-operation with each other it is likely that a **decentralised** approach will be more appropriate – with a focus on close collaboration between all participants at each stage of the procurement lifecycle, and possibly sharing out individual tasks. This approach is also most appropriate if the product or service to procure is relatively complex and it is important to ensure the individual needs of all participants are met. In this case it is important to allow slightly more time than usual for tendering to allow the input of all partners.
- **Centralised** - In the case of experienced partners, or where participating authorities have a history of close co-operation (e.g. in regional networks), a more **centralised** approach may be better. In this case the Lead Authority takes on the majority of responsibilities during tendering, though allowing input from other participating authorities when drawing up tender documents. This is likely to be more appropriate where there are a large number of authorities participating and where the product or service is relatively standard, with few differences in the needs between authorities.

3.2.1 How does it work?

The following steps should be followed – differences between the centralised and decentralised approaches are presented where appropriate:

- a) **Disseminate a “Call for Interest”** – Send a “Call for Interest” to as many potentially interested public authorities as possible⁷. This Call should briefly describe the nature of the product/service to be procured, with general information on the desired environmental characteristics, together with details of timing, the procedure and contractual arrangements to be followed. Additional background information on the market status of environmental alternatives (rough price and life-cycle cost, availability) may also be useful to include if available. (also see [section 2.3](#) on Building a Partnership).

Interested authorities should be asked to declare an interest in participation by a given date (not committing them to final participation), and to include any specific technical demands they have for the product to be procured and comments on the environmental demands if necessary.

Tip: This could be done through a needs analysis questionnaire where authorities can define:

- Their current contract for a certain product or service (characteristics of the product or service, provider, cost, duration of the contract, etc.);

⁷ For regional groups or those based on existing networks, this is likely to be limited to these authorities



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- Their requirements for the JP action (the quantities they would like to buy, duration of the contract, etc).
- b) **Prepare draft tender documents** – A full set of draft tender documents including the technical and environmental specifications, evaluation criteria and model, model contract, and a pre-qualification questionnaire (if a restricted procedure is to be used) are prepared. These drafts should be circulated to all authorities, which have declared an interest with a deadline for receiving feedback.
In a **centralised** approach these drafts would be produced by the Lead Authority alone.
In a more **decentralised** procedure the drafting of different documents may be given to different participating authorities, though ensuring an overview is kept by the Lead Authority. It may also be useful to hold a kick-off meeting to discuss, for example, the product/service needs of each authority, and responsibilities for drafting documents and evaluating offers.
Tip: If there is concern about whether the market can meet the environmental demands the partnership would like to set, one participant may undertake some market research, starting perhaps with the existing suppliers of the participants.
- c) **Prepare final tender documents** – Once feedback has been collected from interested authorities, the final documents are prepared by the Lead Authority (or perhaps shared between participants in a more **decentralised** approach) and again circulated. Interested authorities may be asked to complete a Partnership Agreement by a given deadline if they wish to participate.
Tip: The Partnership Agreement does not need to commit the authority to either specify quantities to be purchased, or even to actually sign a contract with the winning supplier (though it can). This will depend on the type of contractual arrangement defined (see [section 4](#) below).
- d) **Publish call for tender** – The Lead Authority will publish the call for tender. A participating authority will also need to be designated to deal with questions from suppliers. In a **centralised** approach this will be the Lead Authority.
Tip: It is recommended that this call for tender is published in the Official Journal of the European Union (OJEU), using the TED (Tenders Electronic Daily) web portal⁸, to have access to as large a number of potential suppliers as possible.
- e) **Evaluate tender offers and select winning supplier** – Following the deadline for receiving offers, the tenders will need to be evaluated, including receiving clarifications from suppliers.
In a **centralised** approach, the evaluation will be carried out by the Lead Authority on the basis of the evaluation criteria and model agreed upon earlier.

⁸ This is compulsory, for all tenders above the thresholds set out in Commission regulations



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In a more **decentralised** approach it may be appropriate to include representatives of each participating authority on the Evaluation Panel. *Tip:* It will save a considerable amount of time under the **decentralised** approach if an authority is given the task of carrying out a preliminary evaluation of the offers to provide a summarised report which the Evaluation Panel can then work with.

3.2.2 The main benefits and weaknesses of full joint procurement

The main benefits:

- Full JP allows the participating authorities to enjoy the benefits of buying in bulk (as long as contracts include a commitment to purchase)
- All participating authorities can ensure their specific needs are met by feeding into the development of the tendering documents

The main weaknesses:

- Compared to piggy-backing, more administrative work is required in co-ordinating the participating authorities especially when following the **decentralised** approach. This would likely reduce with experience.

3.3 Model B – “Piggy-backing” joint procurement

”Piggy-backing” is the simplest approach to JP, involving very little extra work and little co-ordination with other potentially participating authorities.

3.3.1 How does it work?

When an authority publishes a tender it is possible to include a statement that other named contracting authorities may also wish to make use of the resulting contract (this can be included in Section II.2.1 – “Total Quantity and Scope” - in the Standard OJEU Contract Notice Form).

For example in a recent London Borough of Lewisham contract notice for biofuels the following text was used:

Lewisham ‘piggybacking’ tender for TFT biofuels

“Lewisham is acting as a lead authority for a number of UK local authorities and their associated purchasing organisations participating in the LEAP project. These are currently Lewisham, Sandwell Metropolitan Borough Council and ESPO (Eastern Shires Purchasing Organisation) the Contract may also be used by other London Boroughs and similar organisations who are members of the LCSG (London Contract and Supplies Group). The volumes identified below are those for the London Borough of Lewisham



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who will make use of the contract for its supply arrangements. The other Authorities and Organisations identified may elect to make use of the resulting contract at some future date.”

Under this wording the other authorities named can set up a contract with the winning supplier at a later date (during the timeframe of the original contract) if they consider the conditions favourable. This is called “piggy-backing”.

As mentioned above, as bulk purchases are not guaranteed through taking this approach, cost benefits may not be as high as with full JP. One possible approach to addressing this is to include within the contract staged bulk discounts – i.e. if demand reaches certain levels through additional authorities making use of the contract, price reductions will be provided.

3.3.2 The main benefits and weaknesses of piggy-backing

The main benefits:

- The piggy-backing authorities do not have to carry out their own tender (and thus have substantially reduced costs), without the Lead Authority having any additional costs to pay
- To encourage authorities less experienced with sustainable procurement and who may not be willing to go through the whole procedure and risk of tendering for environmentally sound products. They can simply be presented with the final offer, and decide whether it is favourable or not, and thus provides a risk-free potential entry into the market for environmentally sound products

The main weaknesses:

- The advantages of bulk buying that full JP offers are partly lost, as there is no guarantee for the supplier that any other authorities will take up the offer. This can be minimised through obtaining commitments in principle from other authorities and building staged bulk discounts into the contract in case further authorities sign up to it at a later stage
- The tender will be based solely on the needs of the tendering authority. If other authorities have special requirements these will not have been included in the tendering

3.4 Development of environmental criteria

A key challenge for less experienced contracting authorities is knowing which environmental demands to set, and how to formulate these in tendering documents. The



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[EC GPP Training Toolkit: Module 3](#) provides ready-made criteria for priority product and service groups.

One of the clear benefits of JP identified within the LEAP project was how using environmental criteria applied successfully in countries with more developed markets for greener products (in this case cleaning products in Sweden), can assist the introduction of such products to new markets (the UK). In setting up a JP activity it is worth exploring the markets for environmentally sound products in other countries, and seeing whether more advanced public purchasing criteria are available.

4 Contractual arrangements

The most appropriate approach to contractual arrangements will depend on a number of considerations, and will need to be developed by the contracting authority's procurement or legal departments.

Two possible types of arrangements are presented below:

4.1 Framework agreement

A basic framework agreement approach can be used. This arrangement essentially allows all participating authorities to establish individual contracts with the supplier(s) on the basis of the conditions in the framework agreement.

Framework agreements

A 'framework agreement' is an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

Definitions and General Principles in DIRECTIVE 2004/18/EC

In certain cases it may be possible for several authorities to actually sign a contract jointly, but this would need to be determined by your procurement and/or legal departments.

When using this approach it is not necessary to state that each participating authority WILL sign a contract with the winning supplier, only that they MIGHT. It is also not necessary for the participating authorities to commit to purchasing a certain quantity of products through any contract. However, the firmer the commitment both to sign a contract and to specify exact quantities the better, as suppliers will likely provide better offers if they can base their decisions on such certainty.



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4.2 Central Purchasing Body

The new EC Procurement Directives allow member states to designate “Central Purchasing Bodies” (CPDs) which are entitled to purchase supplies and set up contracts for use by other public authorities. However, it is not obligatory for the Member State to allow CPDs, and so your national procurement regulations will need to be checked.

The Eastern Shires Purchasing Organisation (ESPO) in the UK for example, is a designated CPD. As such the contract which ESPO signed (within the LEAP project) directly with the three winning suppliers can be used by any further local authority (UK Central Government Departments are not eligible) – there is no need for a new contract to be established, because they are a CPD.

5 Procuring small quantities

In many cases quantities to be purchased, even if buying together with other authorities, may fall below thresholds for requiring the publishing of contract notices in OJEU.

Across the EU it is only compulsory to publish a tender in the OJEU above the following thresholds (with some exceptions)⁹:

€133,000 or €206,000 for Supplies and Services (depending on the type of organisation you are)¹⁰
€1,150,000 for Works

If the quantity to be purchased is relatively low in financial terms this often allows a greater degree of flexibility for those wishing to purchase. It may be that a small group of pre-selected companies can be approached to give offers without going through a formal tendering procedure. Please also refer, for further advice, to the Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives (2006/C 179/02)¹¹.

In these cases the models proposed above still apply however the procurement process can take considerably less time and be more straightforward.

⁹ For further information please refer to: http://ec.europa.eu/internal_market/publicprocurement/key-docs_en.htm

¹⁰ €133,000 applies to all organisations covered in Annex IV of the new Procurement Directives. €206,000 applies to all other organisations

¹¹ http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/c_179/c_17920060801en00020007.pdf



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6 Promotion of the contract internally

When there is no obligation to buy through the contract or no obligation to even sign a contract, it is important to promote the contract internally once it has been signed to ensure that it is used to its full potential.

This is especially relevant in Model B (Piggy-backing), as interested authorities can have almost no role in the whole process but might be interested in the final conditions of the contract. Therefore the contracting authority should keep other authorities informed of the progress of the tender.

7 Shared Services

Linked to the idea of JP is that of “Shared Services”, which is gaining renewed momentum around the world¹². The concept of shared services is of course not limited to the purchasing of products alone.

Within large public and private sector organisations many of the operational functions, such as IT services, human resources (HR), cleaning services and financial services are often fragmented across the organisation, leading to the inefficient duplication of essentially the same services. The concept of Shared Services is to re-organise such functions centrally to reduce waste and optimise efficiency, for example by introducing major software systems for administrative functions.

Of course, the same principle can be applied between different contracting authorities, not just within a single authority, as again many of the operational services required will be the same from one authority to the next. By looking to co-operate on the provision and contracting of such services the benefits of JP outlined above would also apply.

From an environmental perspective the sharing of, for example, IT services highlighting energy efficiency performance, or cleaning services based on the reduced use of chemicals and the use of less-harmful products, could provide substantial environmental benefits at low cost.

¹² http://www.atkearney.com/shared_res/pdf/Govt_Share_Services_S.pdf