



D. 4.5. – Joint procurement report (month 32)

WP4 – Task Forces Intervention

Joint public procurements had good progress from the beginning of Primes until now. Task Force interventions on this issue has been very effective and many JPPs have been developed in the framework of Primes Project.

The starting point was very similar in all the Primes regions:

- JPP was quite common but not compulsory;
- Collaboration among Municipalities was not very diffuse as they see each other more as competitors than partners to cooperate with;
- Municipalities are small and medium sized with part time staff;
- Staff often had no specific technical skills and experience;
- Fear to implement something new

In this context, the activities developed by the TF have been fundamental for the development of joint procurements. The success of the interventions is based on:

- Individual approach to each Municipality through meetings where specific needs and concerns could be discussed;
- Providing information on calculation, cost benefit analyses and presentation of tangible benefits that Municipalities could have from joint procurement;
- Sharing good practices and other Municipalities experiences.

Please find below the details for each region.

Country: FRANCE / RAEE

Describe the activities implemented by the TF for the promotion and application of Joint procurement.

RAEE has strongly contributed to the implementation of two joint procurements in our region (Auvergne-Rhône-Alpes) about green gas and green electricity.

Identification of existing barriers to joint procurement and solutions found: number of Municipalities available/not available to implement joint procurement.

The main barriers for purchasers and politicians are mainly waste of time and the technical issues (increasing delay to do and complexity to work together), lack of time (time/schedule too short to implement a joint procurement) but also the difficulty to identify quickly a public body who will be ready to be in charge of the joint procurement for the members of the joint procurement.

In both cases (green gas and green electricity) the key factor was that the biggest municipality (Bourg en Bresse for the green gas) or several big members of the joint procurement (for the green electricity) agreed respectively either to be in charge of the procurement or clearly said they imperatively wanted green electricity. To sum up: the willingness to do is surely one of the strongest key to succeed.

5 municipalities were involved in green gas procurement and 22 in green electricity procurement.

Categories of goods or services possible/not possible to procure through joint procurement.

Many things are possible ... but mainly in services and products. It could be really more difficult for buildings where the procurements are complex and where most of the time it's not possible to work in the same schedule/time, on exactly the same needs...

Results: nr. of tenders published (summarize key information).

2 tenders about green gas and green electricity. See the cases studies attached and some very summarized information below.

Green gas procurement (Bourg en Bresse agglomeration)

- a) The end of energy markets opening in France was concerned in a first time by gas procurements. So far these procurements concerned exclusively fossil gas. In fact, the biogas industry in France is still emerging and most buyers were afraid of not having an adequate supply, while elected feared, for their

part, too high costs. It appeared in reality that a supplier was able to offer up to 3% biogas with no additional cost through savings induced by the lower cost of the overall contract (very high reduction of the price for fossil part).

- b) 3 % biogas. Global consumption 12 500 MWh/year (total volume of the contract). Total cost around 2 500 k€/year. No additional cost for biogas
- c) Variant / 10 % environmental award criteria

Green electricity procurement (Sigerly)

- a) The opening of the energy markets in France presented an opportunity for Sigerly to gain feedback from its members about their needs and expectations for green electricity. Several municipalities with high energy consumption have promptly expressed their expectations in terms of green electricity, which Sigerly responded to, by offering a lot strictly for green electricity (representing 13 GWh) in the electricity procurement. Guarantees of origin were systematically required as proof of compliance. The consultation highlighted a virtual absence of green electricity overhead price (less than 0.5%) despite these guarantees of origin. In addition, Sigerly was able to negotiate an overall lower cost of electricity for the other lots (7-11%), which completely erased the very low additional cost of the lot dedicated to green electricity.
- b) 13 GWh green electricity. Total cost around 1 700 k€/year.
- c) 20 points out of 140 environmental award criteria with additional environmental criteria (guarantees of origin, energy mix, share of renewable electricity in the region, ...)

Valuation: benefits received by Municipalities thanks to joint procurement.

Green gas for the first time in France, green energy without any additional cost, reduced overall cost because of the amount purchased

Describe which activities will be implemented in the next period.

Promotion of these two good practises to convince other municipalities to build energy joint procurements.

Country: LATVIA

Describe the activities implemented by the TF for the promotion and application of Joint procurement.

Identification of existing barriers to joint procurement and solutions found: number of Municipalities available/not available to implement joint procurement.

In Latvia are 119 municipalities and each of them are independent with its own mayor and parliamentary members. In Latvia are only few around 10 large size municipalities where inhabitants are starting from 30 000 till more than 1 million as in Riga. The rest 100 municipalities are middle size or mostly small size municipalities with 7- 10 thousand inhabitants.

Taking account above mentioned information joint procurement would be of great benefit for small and medium size municipalities in Latvia, however it doesn't happen so easily. Municipalities see each other more as competitors than partners to cooperate with. It makes sense to cooperate for large scale procurements more than for small, to reduce administrative costs and get better offer with bigger order. Municipal staff explained the mayor barriers why it isn't possible among small and medium size municipalities in Latvia:

Every municipality have always different needs and wishes and it takes a lot of time and effort to agree on a final version; For large-scale purchases usually public consultation are organised and in a result one municipalities can delay all the process for indefinite time; Often small municipalities need to ask for a loan in State Treasury and this process usually is very long; In small size municipalities procurers work only part time job and have very different approaches and awareness in field of green public procurement and understanding what is green procurement; There are criteria which are important for some municipalities, but others think, that it will only make procurement price more expensive without any reasonable result; More often municipalities mention the fact, that their procurement can fail because of other municipality mistakes, slow operation, problems and they will need to work not less, but more instead of other municipality.

Categories of goods or services possible/not possible to procure through joint procurement.

Categories are very different, like biomass or green electricity procurements, which are repeated every year and contracts are made for 1 year. Cars, busses, public building and electronicalequipment, office paper etc. Actually only building construction and renovation projects can't be purchased as joint, but such construction projects as road or bike paths and sidewalks could also be and it's even more logical to be realized as joint procurements. East and norths part of Latvia is located near to Baltic Sea those

municipalities which are located near to coast line have very specific and similar needs regarding infrastructure and maintenance of sea side.

Results: nr. of tenders published (summarize key information).

In Latvia 1 joint procurement will be implemented and at this stage it is ongoing. We expect around 10 beneficiaries and contracts. Tender is announced in - Energy efficient IT purchase for public buildings.

Valuation: benefits received by Municipalities thanks to joint procurement.

This point we will be able to describe more detailed after the end of tender, but some of them are the same as in other partner countries – more easy to prepare, possible to get better offer because of larger order, can save time and money on administrative things etc.

Describe which activities will be implemented in the next period.

In next 5 months until the end of project TF permanent members from LEIF will continue work together with State Regional Development Agency, which is in charge of Electronical Procurement System – EIS. In this system are electronical catalogues for different product groups and municipalities can make and plan their procurements on-line, where technical specifications are electronically developed and published. These catalogues are active and procurements can be made online through this electronical system. PRIMES TF member idea to improve the catalogues integrating green criteria and develop description about each product, what are the benefits buying green and choosing green product vs standard one, was very high appreciated by the Ministry of Environmental Protection and Regional Development. The impact is also expected to be long term and sustainable. TF team is working on activities, how to improve these catalogues and make more green, because in some of them green criteria are not implemented as wide as recommended in EU GPP guidelines and information should be updated and relieved. As this electronical system is used by all 119 municipalities and state and municipal companies, it's very important and to make described activities is quite time consuming process.

Country: Croatia

Describe the activities implemented by the TF for the promotion and application of Joint procurement.

Identification of existing barriers to joint procurement and solutions found: number of Municipalities available/not available to implement joint procurement.

Joint procurement on local level is not well developed in Croatia. More opportunities for joint procurement are possible on the national level and in large cities. For instance, joint procurement on national level is regulated by Public Procurement Act. The Central Procurement Office of the Government of the Republic of Croatia is central and only purchasing body who is managing all procurements – joint procurements for government organizations, ministries etc. Also large cities have more opportunities to realize large scale investments in different groups of products.

According to procurement legislation joint procurement is legal but it is not obliged on local level. Lack of experience in consolidation procurement and preparation process was the main barrier. It is a result of insufficient awareness on benefits from joint procurement and lack of political will on one side and fear of implementing something new on the other side.

To overcome barriers Task Force had to convince public procurers in benefits from joint procurement, find out about overlapping in procurement plans of cities to identify opportunities for joint procurement and harmonize procurement plans and product categories. Task Force has done number of consultations with Primes beneficiaries City of Koprivnica and City of Križevci to advise and encourage them in engagement in joint procurement. Crucial importance had information on calculation, cost-benefit analyses and presentation of tangible benefits they can have from joint procurement. Sharing good practice examples was resulted in a greater interest in joint procurement. Individual approach to each municipality was needed. Task Force has also organized a meeting with decision makers within Koprivnica Križevci County to convince them about benefit of joint procurement as a public body in charge for procurement in small municipalities within county. Small sized municipalities are not obliged to engage in public procurement procedures according to their low investment volume, but they can achieve high money savings through joint procurement. Since they do not have obligation to follow public procurement rules they also do not have any experience in public procurement. To engage that small municipalities in Koprivnica-Križevci County into joint procurement REAN had to take an action as central procurement body in one procurement process. To make an extra effort Croatian Task Force had included external procurement expert in consultations on benefits from joint procurement.

First two joint procurements realized thanks to Primes project were done by City of Koprivnica and third joint procurement includes three cities and eight municipalities, eleven in total.

Categories of goods or services possible/not possible to procure through joint procurement.

So far City of Koprivnica and REAN as central purchasing body have procured green electricity. Once when we have a good practice example of joint procurement it is easier to replicate a tender and make just a small improvement in documentation if needed. That was the case in City of Koprivnica in 2014 and 2015. Step further Task Force has made through joint procurement of green electricity for eleven municipalities. Great results were achieved as money savings so same tender model is possible to use for purchase of other categories of products such as gas, photocopier paper, IT equipment, food, cleaning and utility services, works etc.

Results: nr. of tenders published (summarize key information).

Task Force has carried out three joint procurements.

First joint procurement within Primes project in Croatia was published by City of Koprivnica in 2014. It was first joint procurement of green electricity launched by the city. Electricity was purchased for municipality building, public lighting and six public institutions (schools, university, theatre and cinema). All six institutions are municipality budget users but in previous years they used to procure electricity by themselves. Contracted procurement was approximately 193.000 euro for all institutions. As procurement process was resulted in money savings in 30% and without any complaint, TF intervention was evaluated as very successful.

Next year, in 2015 City of Koprivnica decided to procure green energy for municipality building, street lighting and nine public institutions (instead of six as previous year). Thanks to money savings from joint procurement contracted value was same as previous year 193.000 euro but for more public buildings.

In 2016 REAN, as central purchasing body managed joint procurement for eight municipalities and three cities in North Croatia. REAN has signed Framework agreement with supplier who offered most economically advantageous tender and each of eleven beneficiaries have signed an individual contract based on Framework agreement.

Valuation: benefits received by Municipalities thanks to joint procurement.

Most important benefit from joint procurement is for sure lower price of electricity. Besides direct financial benefits, lower price of electricity approximately 20 - 30%, all procurers included in joint procurement have

indirect savings such as savings of time needed for tender preparation, implementation and post-procurement activities, costs of announcement tender on official procurement website, educational costs ect.

Describe which activities will be implemented in the next period.

Task Force aims to reach sustainable joint procurement in two way: involving more municipalities and new group of products in joint procurement. By dissemination and presentation of case studies that can be replicated by other public procurers Task Force will try to initiate joint procurement in more municipalities at least in North Croatia region or at nation level.

During last four months of Primes project Task Force will provide hands-on support in joint procurement of construction works related to energy retrofitting of forty public buildings in Sisak-Moslavina County. Because of the complexity of the procedure and procurement subject, Task Force cannot guarantee that procurement procedure will be completely realized until the end of Primes project.

Country: Liguria

Describe the activities implemented by the TF for the promotion and application of Joint procurement.

Identification of existing barriers to joint procurement and solutions found: number of Municipalities available/not available to implement joint procurement.

Although JPP is very common in Italy, Municipality, especially the small and medium one have still difficulties to address this theme. The idea that different public bodies could share their needs in order to prepare a common tender is still complicated to be applied, especially without a strong activities coordination.

After the approbation of the new Procurement Code, Municipalities that are no provincial capitals lost their possibility to proceed independently and directly in services and supply purchasing. Now they are obliged to turn to a central purchasing body or to qualified aggregators entities or finally to act through an union of Municipalities

In this context, the central purchasing bodies would have the possibility to collect the needs of Municipalities on purchases matter and they would be able to match them in order to develop join public procurements, playing the role of coordinator, figure that municipalities need to evolve in this field.

In the framework of Primes project, the task force role has been to bring together all the Municipalities that highlighted the need to intervene on their Public lighting system and to support them in the tender preparation from a technical, bureaucratic and legal point of view

The result of the TF intervention has been that 6 different Municipalities decided to participate in the tender from the beginning while other decided to join the tender in the next months. For this reason the tender has been developed as a framework contract divided in two lots.

Categories of goods or services possible/not possible to procure through joint procurement.

At this stage the Ligurian TF decided to develop just one JPP, the one concerning public lighting. Other interventions do not allow to proceed in this way.

Measures aimed to the refurbishment of the Public Lighting system are a priority in almost all Municipalities of Liguria committed to the Covenant of Mayors and this represents, indeed, a key action in all the local SEAPs since, despite its contribution target in terms of CO2 is not comparable to other actions, its impact is considerable in terms of raising awareness the citizens about energy efficiency issues and potentials.

More over the peculiarity of the Ligurian situation, where often Municipalities are not owners of the whole public lighting system, make it a complicated issue to be addressed without an adequate support, also assuming that Municipalities in Liguria are very small and often suffer of a lack of skills and staff.

In the framework of PRIMES, Ire Spa involved also some Municipalities in the purchasing of green electricity through the Energy Consortium for Liguria.

The Energy Consortium for Liguria was established on 2002 with the aim of purchasing electricity and natural gas on the free market for public entities. The Consortium, directly managed by IRE Spa is currently made up of 100 members.

Through the Energy Consortium it is possible to procure certified green electricity with an extra cost of 10€cent/MWh

Results: nr. of tenders published (summarize key information).

Currently the tender is almost finalized. The technical section is completed. Because in the meantime the Italian legislation on Procurement Code and environmental minimum criteria has changed, we are now finalizing the review of the documents under the new rules. The tender publication is expected shortly.

Valuation: benefits received by Municipalities thanks to joint procurement.

Generally speaking public administrations involved assessed positively the received support. As for the effects of the JPP, at the moment we can only estimate them. It is expected the implementation of interventions on public lighting in the six involved Municipalities should produce an energy saving of about 900MWh and a reduction of CO2 emissions of about 430 tons.

Describe which activities will be implemented in the next period.

In the next months the tender for the JPP for public lighting will be published.

At the same time we will continue to spread information on the possibility of buying green electricity through the consortium in order to increase the number of Municipalities participating in this initiative

Country: Denmark

Describe the activities implemented by the TF for the promotion and application of Joint procurement.

FUS (Faelles Udbud Sjaelland) is a joint procurement entity for Region Zealand's 16 out of 17 municipalities. FUS organize joint procurement between the member-municipalities through various work groups constituted with those municipalities that are interested in participating in the joint procurement.

PRIMES has worked with FUS on three different levels:

Management and strategy – discussion on how to operationalize green procurement strategies as well as linking green procurement to the Municipalities climate ambitions and CO2 reduction targets

Training – organizing events on energy efficient procurement and a two day TCO course for FUS' procurement officers

Tenders – supporting development of specific tenders to be more energy efficient

PRIMES has been involved in three joint procurements:

- Green electricity – announced
- LED traffic signals – ongoing
- White goods – ongoing

Identification of existing barriers to joint procurement and solutions found: number of Municipalities available/not available to implement joint procurement.

The single biggest success-criterion for a joint procurement in FUS is the business case – will the joint tender save money? This can affect the possibility of developing energy criteria, because price is the one criterion all municipalities can agree upon. PRIMES supported the FUS electricity tender to include a voluntary option for green electricity, thus improving their possibilities for achieving their individual climate reduction targets.

Lack of or little knowledge of energy systems and new technologies in development of business cases – and also in analysing which procurements could be joint, is also still a barrier. PRIMES is supporting the FUS working group of traffic signals, giving information and knowledge about LED technology.

Another barrier could be if the purchase is of political relevance to specific municipalities in a way that the municipality wish to purchase on its own.

Categories of goods or services possible/not possible to procure through joint procurement

Electricity, white goods, traffic signals.

Results: nr. of tenders published (summarize key information).

Holbaek municipality was leading the joint procurement of electricity on behalf of 16 municipalities in total¹. Focus for the joint procurement was to achieve a low fixed unit price per kWh for a four year period with options for prolonging with further two more years. As a consequence of the municipalities climate efforts and participation in Covenant of Mayor, a flexible solution for procuring green CO₂ neutral electricity was requested. Procurement of green electricity are often a cheap mechanism for CO₂ reduction and in this case, the extra price for green electricity is approx. 0,4 € per kg. reduced CO₂. By offering the municipalities a flexible, cheap and guaranteed option for CO₂ reduction, the municipalities have improved their possibilities for achieving their individual climate reduction targets. This, however, means that the municipalities have to decide individually on the procurement of CO₂ neutral electricity.

Valuation: benefits received by Municipalities thanks to joint procurement.

The market for green electricity products is complex and procurement officers can have difficulties with assessing the benefits (in terms of real CO₂ reduction) related to a particular green electricity product. The joint procurement therefor defined the preferred green electricity product that refers to a classification system for green electricity. Further, a maximum level of 10% green electricity was stated as the maximum corresponding CO₂ that can be credited in municipalities' climate action plans.

FUS has received TF support in preparation of tender material on the white goods tender. Part of this is to update technical criteria so they correspond to the newest energy labels and to develop new criteria for standby consumption and TCO.

Regarding the joint tender on traffic signals, TF has given input to the development of the joint procurement business-case. Specific input on actual/future environment and economy savings for traffic light with LED, and other types of relevant arguments or points, e.g. CO₂, maintenance and traffic planning. Input concerning procurement criteria and what the "good product" could be.

¹ <http://holbaek.dk/erhverv/udbud/indkoeb-og-udbud/faellesudbud-sjaelland/>

Describe which activities will be implemented in the next period.

PRIMES taskforce continue to support the development of the two joint procurements of white goods and traffic signals. However, the tenders are dependent on the final business case and not within the influence of PRIMES taskforce.

Country: Sweden

Describe the activities implemented by the TF for the promotion and application of Joint procurement.

Identification of existing barriers to joint procurement and solutions found: number of Municipalities available/not available to implement joint procurement.

Inledning – gemensam upphandling i sydost

Joint procurement in Sweden are mainly conducted in already existing groups of municipalities, normally consisting of one larger city that takes a coordinating responsibility and a number of smaller cities that has a more passive role. These groups are mainly formed due to geographical location and based on earlier cooperation in similar areas.

Barriers

- There is a need for larger cities that have competence, manpower and interest to lead and conduct joint procurements, the smaller cities don't have resources enough.
- A limitation is that a lot of municipalities that has the same procurement needs and therefore a common ground for joint procurements, don't have any cooperation or access to networks. There is no dialog over regional and local boundaries and a lot of opportunities for joint procurement are lost.
- There is also a lack of regional and local intelligence work on what kind of procurement that is being planned in surrounding cities and that similar procurements are being planned at the same time. Information on this is not shared enough between neighboring cities.

Solutions

- One solution is the joint Task force interventions that has been conducted in Sweden within the PRIMES project, where cities and municipal companies has been given the opportunity to meet online and in person over the regional boundaries, with the purpose to share experiences and procurement needs. This doesn't automatically lead to joint procurements, but support cooperation in the development of tenders with ha broader competence and experience. It also gives the procurers the opportunity to get to know each other, that is a base to develop joint procurements in the future.
- Another solution is to develop and manage network within regions and over regional boundaries, it gives opportunities to boost joint procurements by sharing knowledge through special educational measures, share experiences and get to know people that you otherwise never would have met.
- Networks can also work as a platform form to identify common needs and to coordinate joint procurement.

- The national level is also very important when it comes to conducting joint procurements that have a more innovative scope. It is a very effective way to gather a great number of actors, and thus influence the market. In Sweden e.g. we have had national joint procurements on vehicles with biofuel.

Who can implement joint procurements?

- There are no legal obstacles concerning which cities or how many cities that can be part of a joint procurement. Cities can procure jointly with other cities and regional councils, county councils and other actors e.g. municipal companies.
- All the public authorities can conduct joint procurements in our region of southeast Sweden, the obstacles are in other areas that has been mentioned above.

Categories of goods or services possible/not possible to procure through joint procurement.

It is possible to implement joint procurements in all of the categories that are eligible within PRIMES. There are some procurements e.g. construction work with buildings and outdoor lighting that isn't so suitable for joint procurements. The joint procurements that are relevant for PRIMES are electric energy and coordinated goods distribution. Several other joint procurements are being implemented, on a regular basis, within other areas of procurement e.g. food, public transport and vehicles.

Results: nr. of tenders published (summarize key information).

Two tenders on joint procurements within the PRIMES project.

1. Green electricity

Contract tendered

- The contracting authority was the Municipality of Ljungby.
- Subject matter: Supply of electricity from both renewable and other sources.
- Since the price for electrical energy is successive or ongoing price-fixing, with a fixed fee to the energy supplier, the total value can't be determined.
- The procedure used was open tender.
- The contract is for supply of electrical energy.
- The contract is a direct contract for two (2) years, with a possible extension of one plus one (1+1) year.
- 2 Lots were tendered – Lot 1: Electricity; Lot 2: Electricity with environmental declaration or Good Environmental Choice-label.

- The volume for energy in the tender was 44,3 GWH per year.
- Result 39 861kg CO2 savings/year.

2. Coordinated goods distribution

Municipalities procure a large amount of transports from different suppliers to the municipal operations, e.g. schools, every year. Mainly these transports are procured as a part of other products and services and not procured separately.

If the municipality takes control over parts of these transports, through a procurement of these transports the municipality gains a lot of benefits. The total amount of transportation is lowered, and so does the climate and air pollution impact. It also makes traffic safety better.

Environmental objectives:

- 50 % less kWh-usage
- 50 % less CO2-emissions
- 60 % lower numbers of deliveries to municipal operations
- Increased traffic safety
- Increased delivery performance

Valuation: benefits received by Municipalities thanks to joint procurement.

The main benefits from joint procurements are more effective use of resources, both human and competence, in the form of better analyses, dialog with suppliers, better knowledge of plans in other cities procurement work, investigations and sharing of experiences. There are also other benefits like better prices through larger volumes, possibilities to have higher environmental demands through larger volumes. The procurement staff also gains strength, in their procurement role, within the municipalities.

Describe which activities will be implemented in the next period.

The task force will continue its work to support the procurers in the work to promote more joint procurements, through e.g. meetings, network, newsletters. We will also continue to identify the cities need within the area of joint procurements.

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