
An Introduction to Green Purchasing and Public Procurement

Green Purchasing

What is “Green Purchasing”?

Quality

Total Cost

Delivery

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Environment

Balancing
Q C D and E

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Green purchasing

Green Purchasing

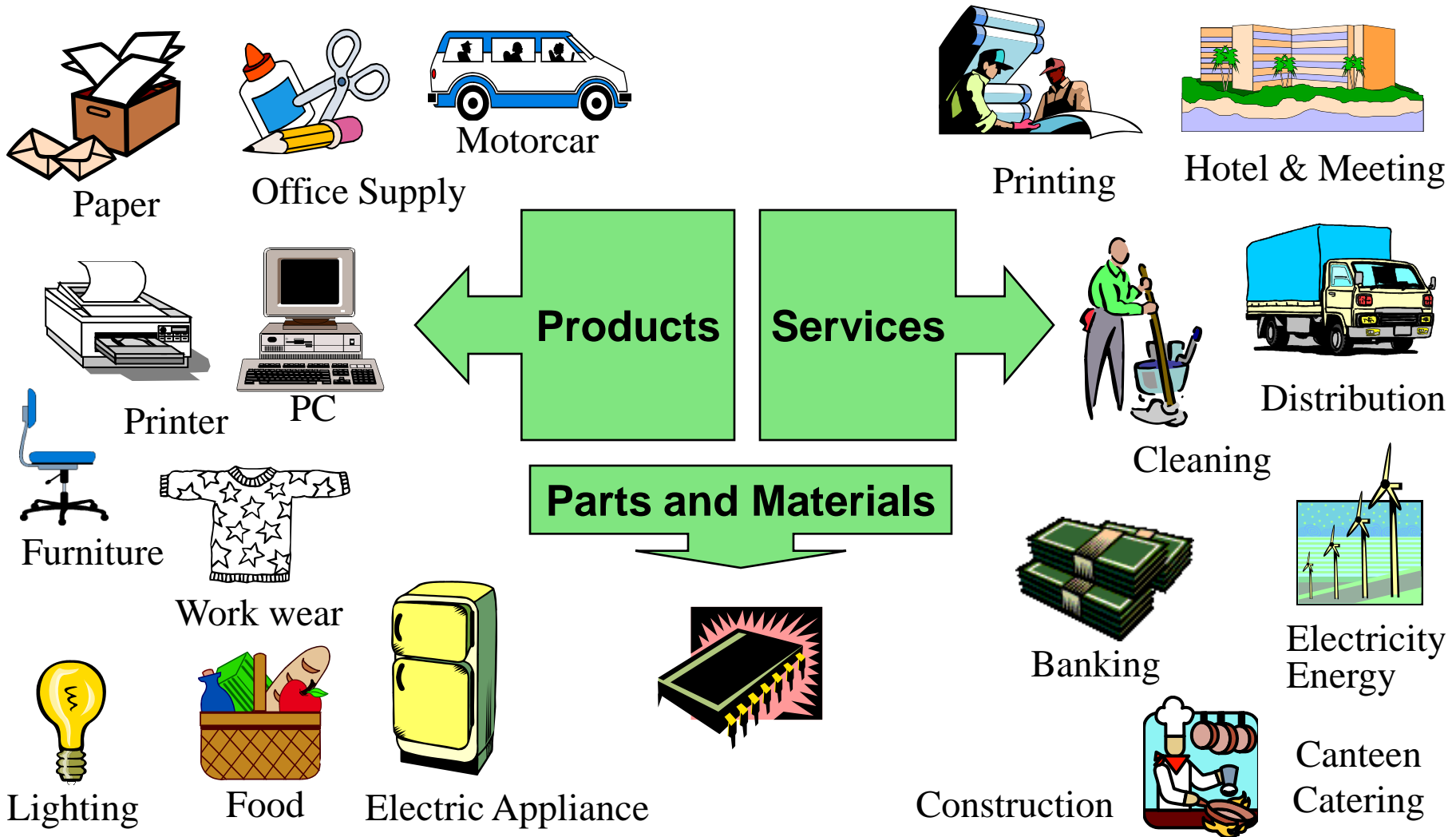
- A way of purchasing which gives preference as far as practicable to those products & services which cause least harm to the environment
 - The focus on the purchasing of items made with recovered materials. It encompasses environmentally preferable purchasing i.e. the purchase of products which are least harmful to the environment & human health
 - Taking into consideration and setting minimum environmental standards when purchasing a product or service.
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Green Purchasing

Environmental issues:

- Packaging
 - Recycled contents
 - Low energy
 - Longer life
 - Locally produced (regionally)
 - Low pollution
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Target fields of Green Purchasing



Principles of Green Purchasing

- **Principle 1** – Consider whether a product is needed before purchasing it or not.



The Purchasing Cycle

Identifying the Need

Financial Approval

- Business Case
- Option Appraisal

Identify Suitable Suppliers

- Source the Market
- Appraise suppliers

Develop

- Specification
- Contract Strategy
- Tender Evaluation Criteria
- Risk Assessment

Compile Tender Documents

- Specification
- Terms and Conditions
- Pricing Schedule

Invite Tenders

Receive Tenders

- Open Tenders
- Evaluate Tenders

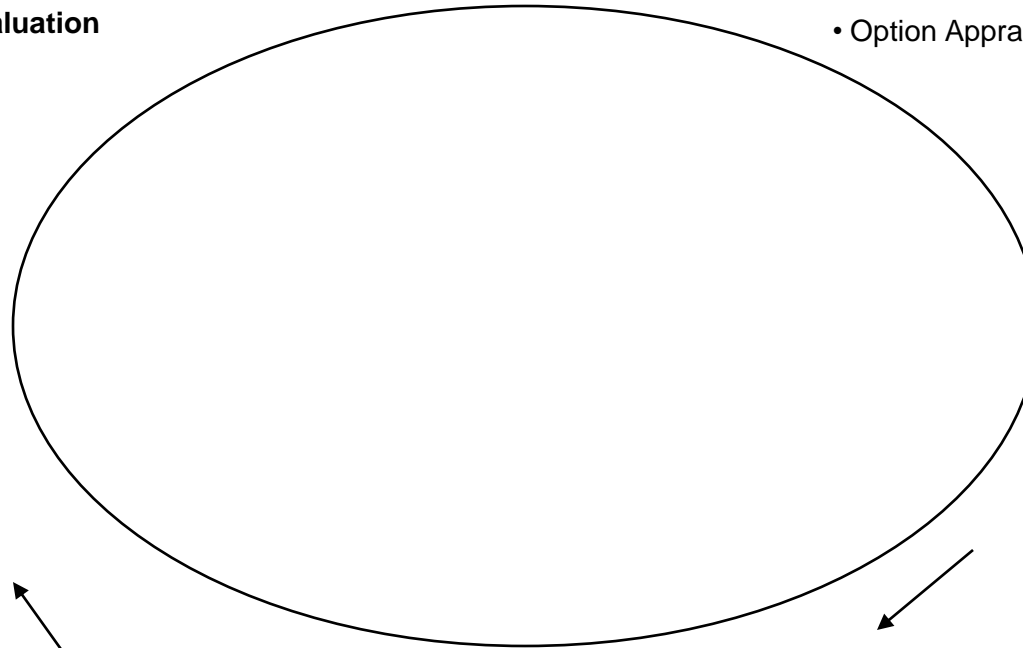
Post Tender Negotiation

Award Contract

Manage Contract

Vendor Rating:

- Supplier Evaluation



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- **Principle 2** – Purchase a product considering the various environmental impacts over its life cycle - from extraction of raw materials to disposal.
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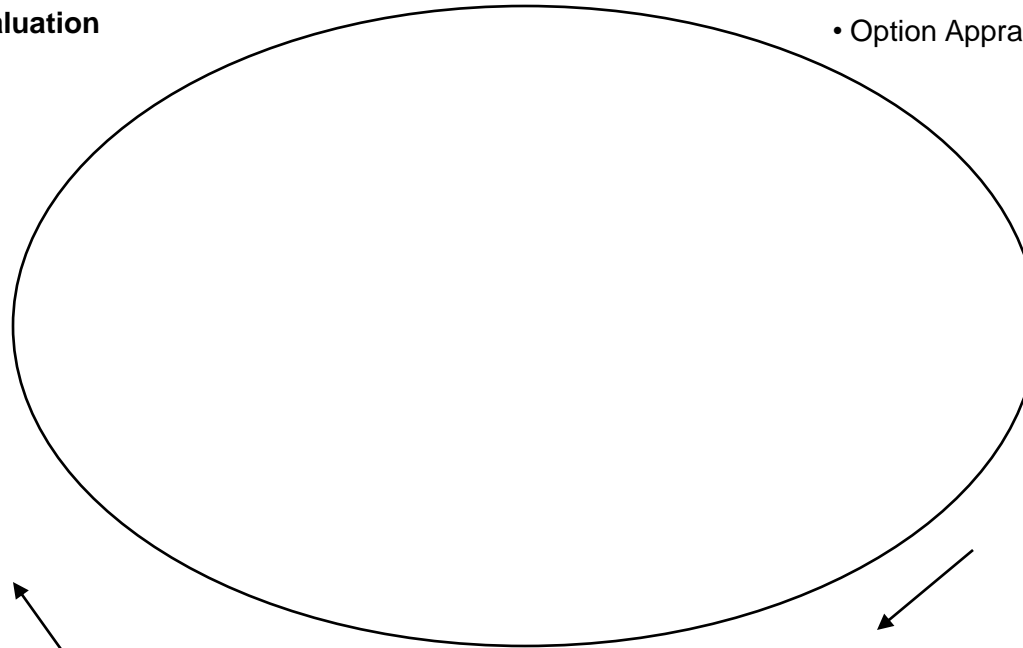
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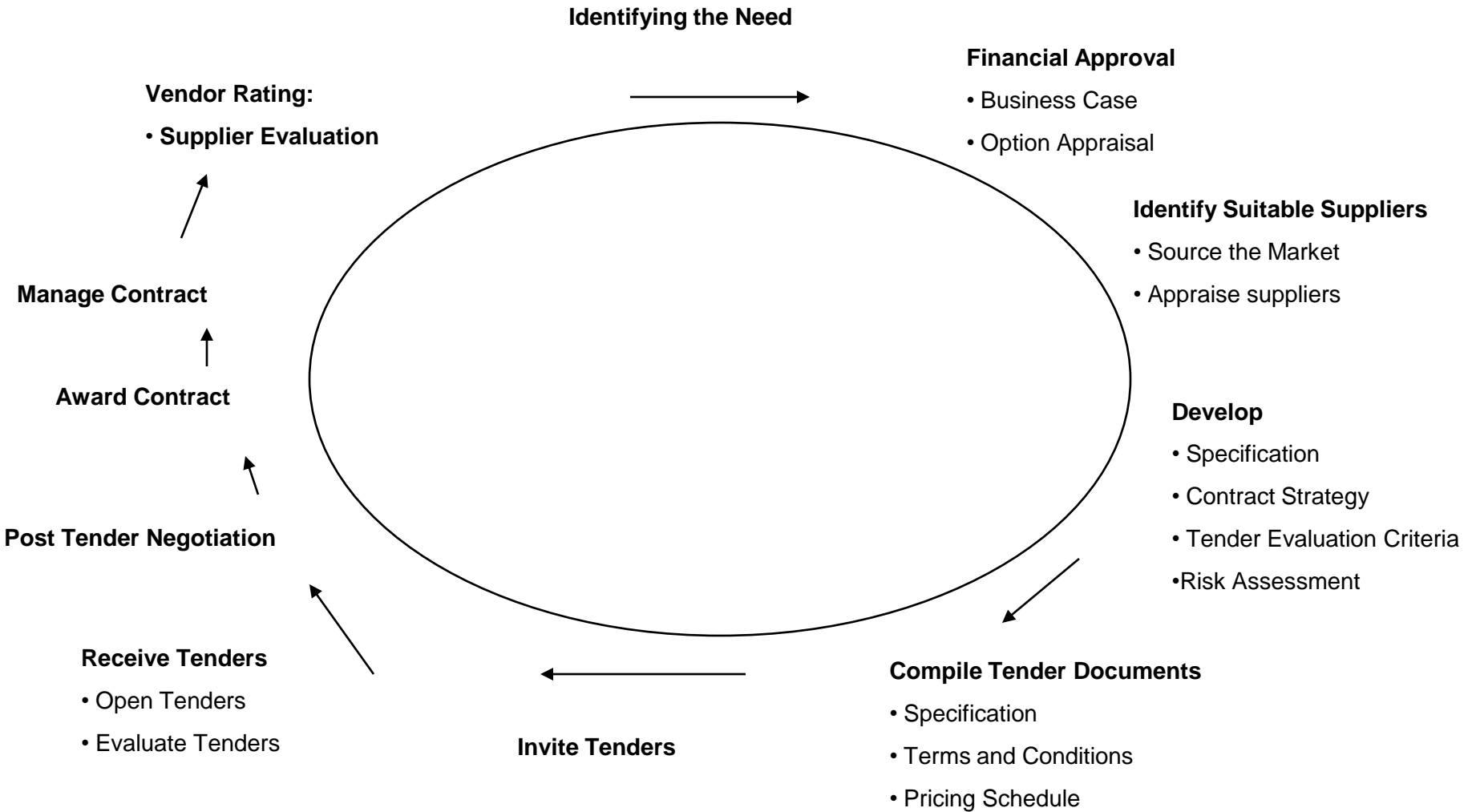
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Principle 3 – Select suppliers who make a conscious efforts to care for the environment.

The Purchasing Cycle



Principle 4 – Collect environmental information on products and suppliers.

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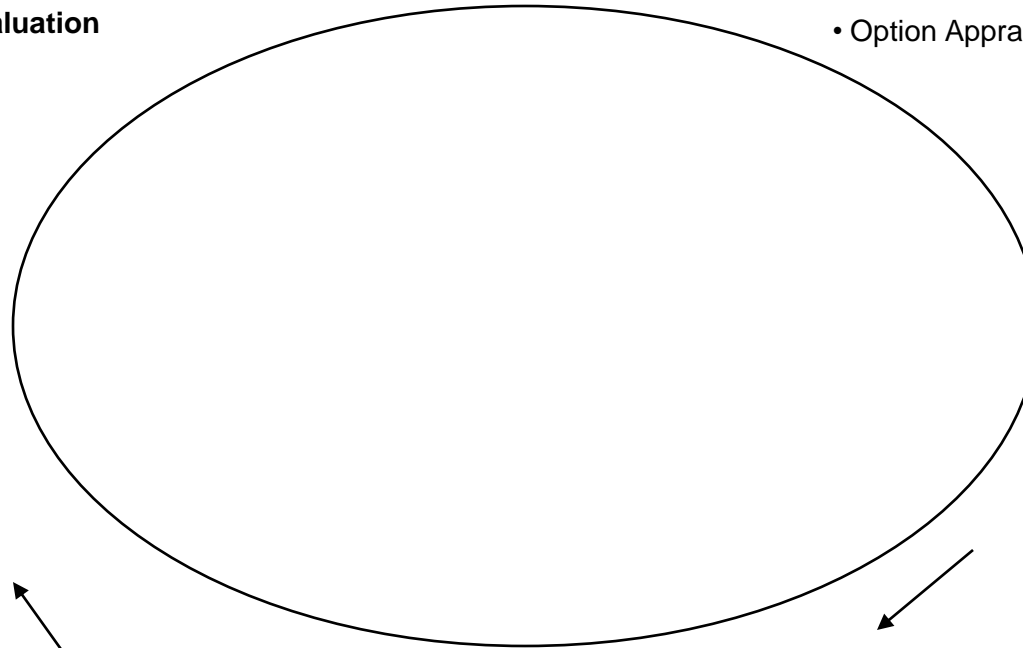
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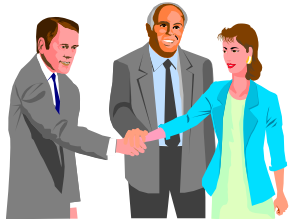
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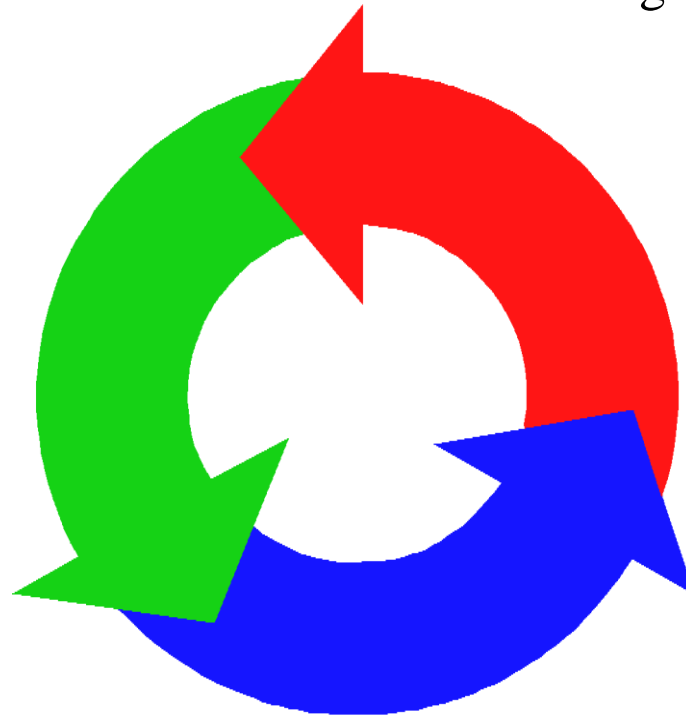
Complete the Circle of Recycling



Proactive sales of recycled products



Green purchasing
purchase of recycled products

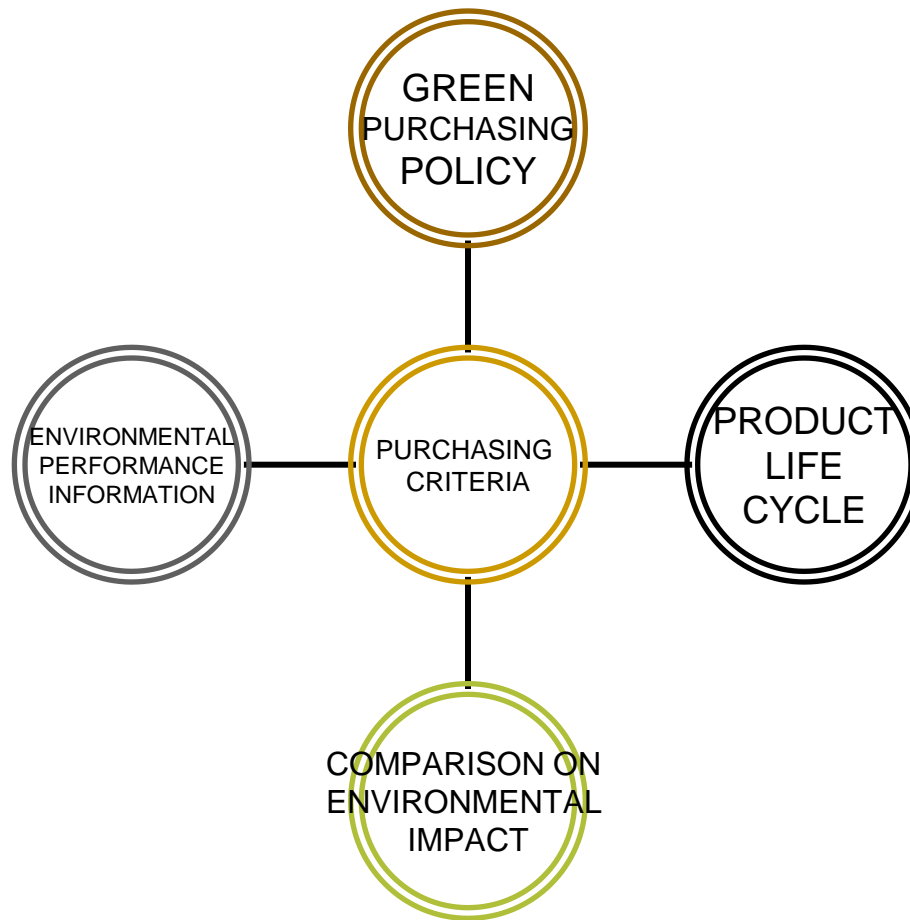


Use of recycled products
Designing recyclable products



Discharge after sorting/collection
→easily recyclable

PURCHASING CRITERIA



PURCHASING CRITERIA

- Green Purchasing Policies and Product Specifications
 - Include environmental considerations as a factor in all purchases

 - Product Life Cycle
 - Emphasis on eliminating or reducing potential risks to health and environment
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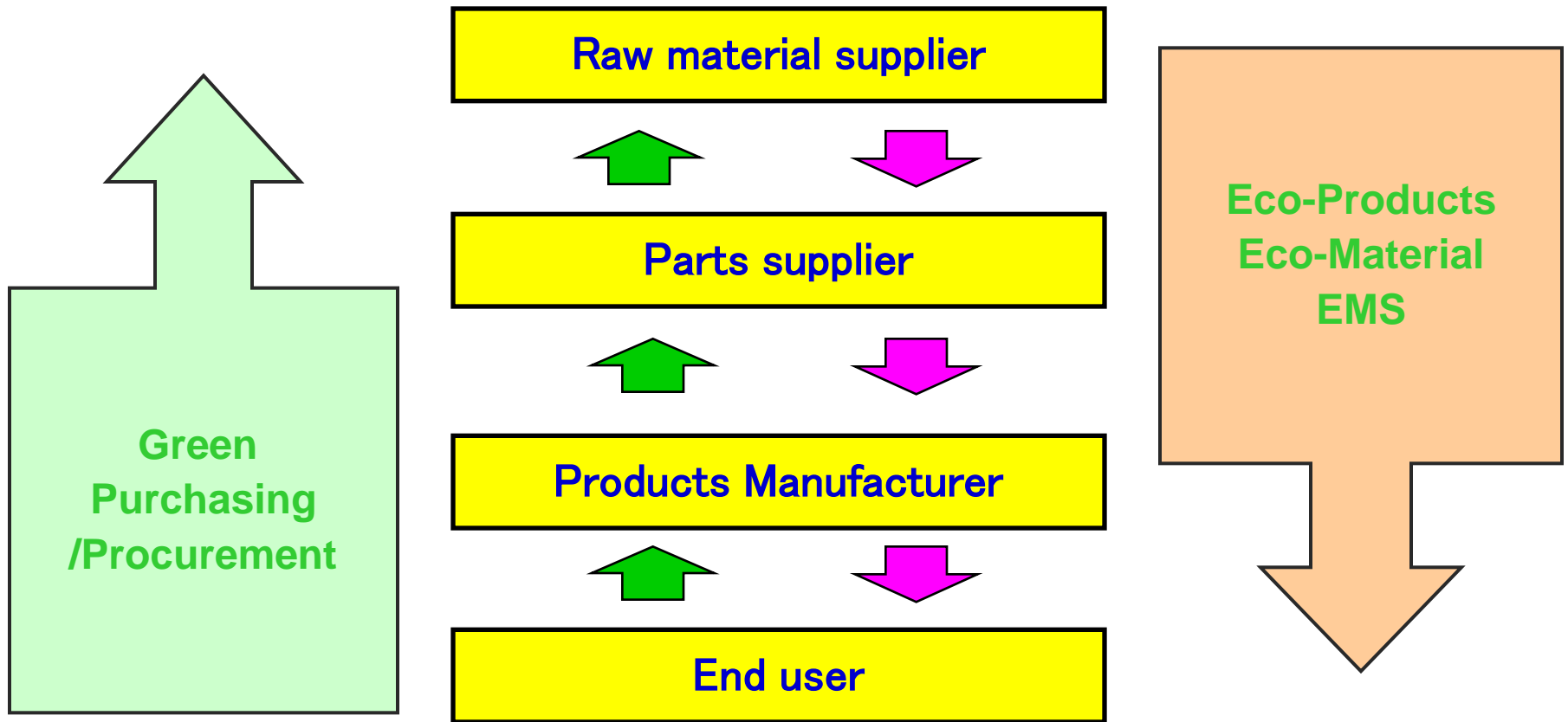
PURCHASING CRITERIA

- Comparison of Environmental Impact
 - Environmental impact to be given due consideration
 - Environmental Performance Information
 - Manufacturers and distributors to provide comprehensive, accurate and meaningful information for purchasing consideration
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The 5 Rs

- Reduce
 - Reuse (Replace)
 - Recycle
 - Refuse (Reject, Return)
 - Repair (Refine)
-

Greening Supply Chain & Green Purchasing



To be competitive in the global market, all the businesses “must” enhance green manufacturing.

SUPPLIER AWARENESS

- As Buyers can use purchasing power to create demand & this demand will in turn push supplier to produce a green product
 - This could spur manufacturer to
 - Use 'green' materials
 - Design for the environment and use the resources with efficiency
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ISSUES IN GREEN PURCHASING

■ Financial Cost

- Departments and smaller suppliers have financial constraint and may not devote the necessary resources
- Essential for all to consider overall benefits

■ Liabilities and Responsibilities

- Supplier must comply to the laws and regulations
 - Example: Computer manufacturer increase offerings to meet the Energy Star standard for energy efficiency



■ Documentation

- To meet environmental criteria, consumer can demand supplier to meet standards in operation and practice
 - Formal environmental management system (EMS) or other certification such as International Organisation for Standardisation (ISO) to validate supplier's compliance
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Green Public Procurement

Global Green Public Procurement

■ Europe:

- ❑ Public purchasing: 1 trillion EURO/year
- ❑ Over 14% of GDP



■ US:

- ❑ Federal government spends \$500 billion/year
- ❑ State/local governments spends \$400 billion/year



■ Japan:

- ❑ National government spending: ¥14 trillion/year
- ❑ Local governments spending: ¥44 trillion/year
- ❑ Totally 17.6% of GDP



- **UN:** \$3 billion/year—value of business opportunities linked to UN direct/indirect spending: \$30 billion



GREEN PROCUREMENT IN THE EU

Already the EU legislators are making inroads into some sectors by imposing mandatory obligations and standards in the procurement of specific goods and services, for example:

Office IT Equipment

- IT products purchased by authorities must meet the latest minimum energy efficiency requirements i.e. The EU Energy Star Regulations (Regulation No 106/2008).



Vehicles

- All Public Procurements must take into account the operational energy and environmental impacts of vehicles as part of the Procurement process, as described in Directive 2009/33/EC)
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Building and construction

- The need to deliver minimum energy efficient performance in the design of new builds and major renovations needs to be implemented by 2013 at the latest. By Jan 2019 in accordance with Directive 2010/31/EU all new buildings must be nearly zero-energy.
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ALREADY IMPLEMENTED

- Checking and option appraisal of all specifications submitted for tender
 - Green Award criteria
 - Environment presence in all relevant tender boards to assess the benefit of each offer
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UP AND COMING CHANGES

- Procurement Monitoring to include green purchasing practices in departments
 - Approved Lists (including existing ones) to include environmental management or policies as a qualification for entry
 - New EU Procurement Directives by 2014
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THRESHOLDS

■ Local

- Supply - £1,000 (one item) £2,000 (multiples)
- Services - £3,000
- Works £5,000 – £14,999 (Quotation through Procurement) £15,000 Local formal tender

■ EU

- Supply and Services £113K
 - Works £4.3M
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Thank you!
