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## Organisational concept for joint procurement of products

Provided by Energy Centre Bratislava (ECB)

### Objective

Ensuring efficient and green procurement of respective technologies or installations.

### Introduction

This document summarises the organisation of joint procurement of environmental-friendly products by more companies within the project and beyond. This concept deals with development of framework for joint procurement of products as well as development of process of joint procurement of technologies (and their installation).

### Procurement of Products – Rationale

The aim of this part is to develop a framework for joint procurement of products for each business park involved in the project. The framework should enable companies to cooperate on long term basis within procurement of common products also after completion of the project activities.

The basic rationale behind joint and green procurement of (common) products lies within achieving better prices resulting from higher volumes of purchases as well as reduction and sharing of risks, access to new markets, increasing the flexibility, better service for the procuring companies and wider variety of goods. This means, that no difficult calculations of benefits and their distribution among involved companies are needed. Thus the framework should consist of a relatively simple agreement concluded among the interested companies that will cover at least following issues:

- list of products (including quality requirements)
- quantities of products and schedule of purchases
- company/companies responsible for purchase
- methods of payments / guaranties for payments

### Procurement of Products – Assistance provided within the project

Project partners will act as facilitators within the process of creating of the framework for joint procurement of products. This role will be completed through following activities:

- introduction of the concept to companies (workshop 1)
- identification of suitable products (company level / BP level)
- drafting of the mechanism of joint procurement
- support of negotiations among companies
- conclusion of agreement (workshop 2)



Options of possible different roles of involved companies:

1. Collaboration of all companies
2. One company organizes the tender, conditions can be used for all companies
3. Central purchasing body
4. Independent purchasing body (service company).

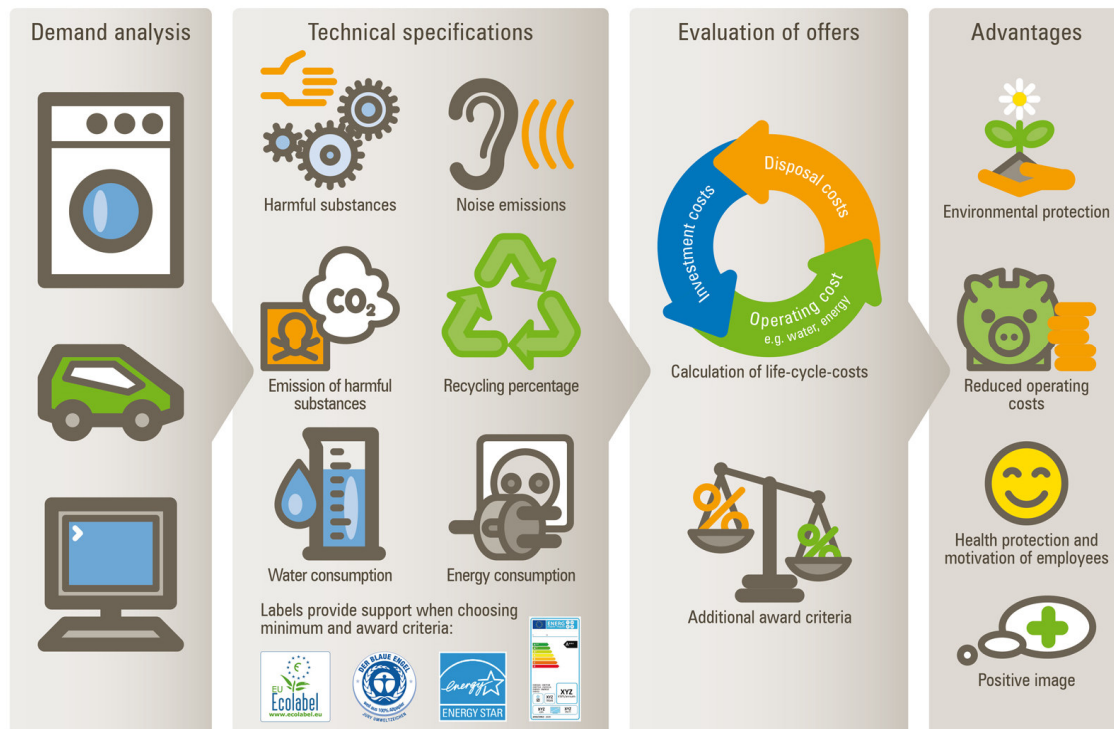
## Green Procurement of Products – Introduction

The selection of offers in green procurement is based on **the evaluation of life cycle costs** (purchasing, operating and disposal costs) and not only on the lowest initial purchasing price. Although they may be more expensive at the time of purchase, environmentally friendly products can be cheaper in the long term. Within the analytical tool life cycle costs is important to define and include various parameters such as electricity usage, supplied materials and maintenance costs.

**Green procurement** helps to solve environmental issues by reducing toxic- and greenhouse gas emissions. By choosing green products and services, less hazardous substances are released and natural resources are conserved. This leads to reduced health risks. Procurement is a powerful tool that can be used by public authorities and companies to reduce their CO<sub>2</sub> emissions and advance their environmental objectives.

The details are listed in the following chart.

## Green Procurement



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More practical information are listed on the following links:

<http://gpp-proca.eu/>

<http://www.buy-smart.info/>



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## Procurement of investments (technologies, installations and commodities) – Rationale

1. Determining the technologies, installations or commodities which could be accepted.
  - Elaborated preliminary energy audits and SWOT analysis should have provided opportunities and new ways for refurbishing of core technologies and installations [PROJECT ACTIVITY].
  - Bundling of products in demand into packages (e.g. commodities and installations) would lead to optimum in order to realise discounts for participating companies.
  - Showing to involved companies energy/economy/environment savings of identified commodities or installations and demonstrate the differences between joint and individual approach via very clear results or figures and emphasize the benefits of the joint approach.
2. Establishing a working group which should comprise of representatives of all involved companies.
  - Companies could establish this special working group for the purpose of clear communication, addressing suppliers, technical awareness of each company's conditions etc.
  - The national project partner should be the coordinator of this group and provide assistance to the group systematically [PROJECT ACTIVITY].
3. The structure of the legal relationship has to be based on signed framework agreement.
  - Each company should bear such part of expenses (financial, workload) that is proportional to its expected benefits. All or any particulars have to be determined in a very detailed way in order to avoid all possible uncertainties.
4. Form of procurement.
  - Two situations could occur or evolve:
    - i. with municipality participation – the procurement is ruled by specific (legal) public procurement regulations.
    - ii. with private entities participation only – the procurement process is ruled by the commercial code (all participants are private stakeholders).
5. List of items which are procured or which the companies would like to procure.
  - It is important to split expenses and profits of procured technologies with all items to corresponding parts for each involved company rightly.
6. Organising procurement and financial workshops for all companies from the business park.



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- On the procurement and financial workshops the companies will be informed by invited experts about current ways and approaches of specific organisational, legal and financing issues [PROJECT ACTIVITY]
7. Addressing suppliers with chosen core technologies and installations.
    - Companies can address suppliers individually or by representatives from the created working group or another way which will be acceptable for involved companies.
  8. The results of procurement process.
    - The national consortium partner will evaluate existing offers for installations and give purchasing recommendations to companies [PROJECT ACTIVITY].
    - Each involved company has to agree with results of joint procurement of core technologies or installations.
  9. Activities after results of joint procurement.
    - Installation of new core technologies and their operation is run by previous agreements (bear in mind)
    - Dissemination of these crucial points among involved companies in a very early stage is important.

The national project partner will support companies in their efforts for a joint and coordinated procurement of technologies and installations from the first step to results of joint procurement. The next participation in activities after results of joint procurement depends on individual agreement between the national project partner and consortium of companies.



## Chart of steps of organisational concept

