Establishment of buyers groups

IN ROTTERDAM, OSLO AND COPENHAGEN

30 OCTOBER 2018

BuyZET

This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 724101
Table of Contents

1. Introduction .................................................................................................................................................. 2
2. Common procurement & buyers groups: EU projects review and good practices ........................................ 3
3. Buyers Groups in Copenhagen .......................................................................................................................... 8
   3.1. Procurement area 1 – Consolidation ........................................................................................................ 9
   3.2. Procurement area 2 – Repair and maintenance services ......................................................................... 11
4. Buyers Groups in Oslo .................................................................................................................................... 12
   4.1. Procurement area 1 – Facility waste ....................................................................................................... 12
   4.2. Procurement area 2 – Maintenance and repair services ......................................................................... 13
5. Buyers Groups in Rotterdam ............................................................................................................................ 14
   5.1. Procurement area 1 – Construction material ......................................................................................... 14
   5.2. Procurement area 2 – Craftsman services ............................................................................................ 16
6. Implications and conclusions ........................................................................................................................... 17

ANNEXES ............................................................................................................................................................ 19
    ANNEX A. Rotterdam: minutes of Meeting with Evides ............................................................................... 19
    ANNEX B. Rotterdam: minutes of Meeting with RET (Rotterdam Public Transport Company) ..................... 20
    ANNEX C. Rotterdam: minutes of Meeting with The Hague Municipality ..................................................... 21
    ANNEX D. Rotterdam: minutes of Meeting with U-Turn ............................................................................ 22
1. Introduction

The objectives of work package 4 is to establish buyers groups with other buyers within the BuyZET partners’ regions, countries or across national borders. The development of buyers groups within each of the priority sectors helps create demand for innovative transport solutions. This can also help solve the lack of availability or use of solutions, an issue that has been identified in several cities (e.g. availability of heavy duty electric vehicles, sufficient volumes for the use of urban consolidation centres, etc.).

The buyers groups promote the BuyZET concept within organisations that otherwise would not engage in such a procurement process. BuyZET partners play a key role in attracting other public authorities potentially interested in enhancing their public procurement skills for demanding sustainable transport solutions, as well as private buyers and other large attractors (universities, hospitals, etc.).

Partners are currently identifying relevant organisations and organisation types for cooperation in each identified priority procurement area\(^1\). In their respective deliverables (D4.1-4.3) they identify the type of organisations most suitable to join the local buyers groups for the selected priority areas, and the potential partners they have already established a dialogue with. Multiple forms of co-operation are considered, since each priority area requires a different setting and level of integration, and different levels of governance involved – regional, national etc.

As part of the WP3 and WP4 activities, all three cities are exploring opportunities for cooperation with other potential buyers in their local regions, and more broadly at the national level. For each priority sector previously identified, each city is identifying all key public and private sector buyers with whom there may be potential for procurement collaboration.

The focus of this action is at the city level, however, as considered appropriate, other public purchasing bodies at the national (such as central purchasing bodies) and European level might also be approached. Further European-wide opportunities will be explored in the final phase of the project. In this regard, Polis is currently setting up a BuyZET dedicated session in the framework of the Polis Conference (22-23 November 2018, Manchester), with the aim to invite other interested buyers, in particular European cities, to discuss joint actions, including joint procurement and different approaches in establishing buyers groups and next steps.

Deliverables 4.1-4.3, published six months before the end of the project, illustrate the approach adopted by each city and the results achieved so far. However, the work of WP4 will continue until the end of the project (April 2018), when the final results of this exercise will be available and presented in an updated version of the deliverables.

\(^1\) See BuyZET Initial Analysis Reports: [http://www.buyzet.eu/prioritizing](http://www.buyzet.eu/prioritizing)
2. Common procurement & buyers groups: EU projects review and good practices

The introduction of innovative solutions onto the market requires investment from suppliers. The greater the potential demand for these solutions, the more likely companies are to take on these investment risks, including the development of new commercial partnerships within the supply chain. Using innovation procurement methods to communicate demand for a progressive move towards zero-emission (ZE) urban deliveries and services sends a clear message to the supply chain and has the potential for strong multiplier effect in the urban freight and logistics community. Working together with other buyers to develop aggregated demand makes this even more effective. In the area of urban goods and service delivery, there is a complex pattern of suppliers and buyers in any city. BuyZET identifies the relevant buyers for the priority procurement areas identified, and aims to establish buyers groups and cooperation partnerships. The primary focus is on establishing partnerships at the local and regional level, but national and also cross-border partnerships will be considered where this makes sense.

Buyers Groups and common procurement practices can take several different forms: from coordinated procurement through the preparation of common technical specifications for works, supply or services that will be procured by a number of contracting entities, each conducting a separate procurement procedure, to situations where the contracting entities jointly conduct one procurement procedure. These procurement actions might be performed:

- among contracting authorities within the same country:
  - Other public/semi-public buyers in the city/region – e.g. health authorities, transport operators, universities;
  - Large private sector buyers in the city/region;
  - Other cities/local authorities in the region/country;
  - Central purchasing bodies at the regional and national level (e.g. State Development Regional Agency, Latvia²; SKI, Denmark³; Consip, Italy⁴; Statlig inköpssamordning, Ekonomistyrningsverket, Sweden⁵; State Office for the Central Public Procurement, Croatia⁶).
- as international/cross-border joint procurement among contracting authorities from different countries (central purchasing bodies at the European level; cities in other European countries): for example,

³ http://www.udbudsportalen.dk/Om-portalen/
⁴ http://www.consip.it/en/
⁵ http://www.esv.se/
⁶ http://www.sredisnjanabava.hr/home
the Scandinavian Green Public Procurement Alliance on Non-Road Mobile Machinery (SGPPA on NRMM)\(^7\) is a cross-border cooperation between Copenhagen, Stockholm and Oslo. The project is financed by the Carbon Neutral City Alliance (CNCA) and is leaded by GATE21\(^8\). The purpose is to carry out joint procurements (see below) on ZE and low emission NRMM. The first upcoming tender is a framework agreement on wheel loaders and is planned to be published in December 2018.

One of the most popular practices is ‘joint procurement’, which combines the procurement actions of two or more contracting authorities\(^9\). In the transportation sector, joint procurement can be an effective way to increase the level of services and vehicles to procure and to reduce their price, by ordering large quantities and even sharing them among different buyers. However, in the case of vehicles and infrastructures, different buyers have different needs: when the specifications are not the same, and therefore an order envisages different types of products, it is more difficult to obtain advantages from the supplier.

Different projects, such as COMPRO, FREVUE, PROCURA, SPICE, TRANSFORM Europe, ZeEUS, funded by the European Commission under the FP7 and Horizon 2020 research programmes, have investigated innovative approaches to set up joint procurement practices and common buyers groups, as well as produced joint statements of demand and declarations of intent to communicate demand for sustainable goods and services to the market.

COMPRO contributed to the development of a common European market of clean public transport vehicles, by creating a buyer consortium of local authorities for the joint procurement of clean, collective, public service transport vehicles. Starting from a group of four local authorities (Nantes, Bremen, Goteborg and Region Emilia-Romagna), the project gained enough critical mass to enlarge its group of investors, thereby creating competitive prices\(^10\).

The PROCURA project\(^11\) aimed at contributing to the EU objectives of substitution of oil-based motor fuels, by overcoming market barriers for large-scale procurement of Alternative Fuel Vehicles (AFVs). In order to do that, PROCURA identified joint procurement of various private or / and public buyers as a way to trigger the overall demand and decrease the sales price of AFVs. The project defines joint procurement as “the collection of different procurement demands from different entities”\(^12\). The PROCURA project has also analysed and

\(^7\) https://www.gate21.dk/project/scandinavian-green-public-procurement-alliance-on-non-road-mobile-machinery/
\(^8\) Gate 21 is a partnership between municipalities, companies and knowledge institutions, that work with the common goal of accelerating the green transition.
\(^10\) https://ec.europa.eu/transport/themes/urban/vehicles/directive/joint_procurement_en
developed schemes for joint and coordinated procurement teaming-up several fleet operators, who in this way see their negotiating power increase towards vehicle manufacturers.

The same approach was promoted by the FREVUE project\(^{13}\), that identified the limited availability and high prices for electric freight vehicles. Many vehicle suppliers are not yet convinced of sufficient demand, therefore the project invites local authorities (owning their own fleet) and urban logistics operators interested in the electrification of their fleet to sign a Declaration of Intent\(^{14}\), to unveil the hidden demand for electric freight vehicles. So far, 40 Declarations of Intent have been signed in Europe, representing a potential market of 5,141 electric vans and 4,185 electric trucks.

This barrier has also been addressed in the framework of the TRANSFORM project\(^{15}\), which has identified the ‘Buyer/supplier paradox’, that “hampers the commercialisation of more environmentally-friendly technologies. This requires new products or services that are not yet commercially available or only available at excessive cost. Because they are not available, customers don’t ask for them; and because there is no demand, innovative companies do not invest in bringing new solutions to the market”. Therefore, TRANSFORM city partners, including Rotterdam, drafted Joint Statements of Demand\(^{16}\), to offer an aggregated means of communicating common unmet needs to the market in a way that demonstrates scale and replicability. In the same way as the FREVUE Declaration of Intent, it is a less stringent initiative than joint procurement, since it does not envisage any contracts or commitments: however, it aims to create adhesions and pressure from a political point of view.

A successful example for a joint procurement of alternative fuel vehicles is the acquisition within the ZeEUS project\(^{17}\) of more than 1,000 zero and low emission vehicles, jointly purchased by eight European cities and enabling the realisation of substantial economies of scale\(^{18}\). ZeEUS also supports the European Clean Bus Deployment Initiative\(^{19}\), to make the transition to clean, alternatively fuelled vehicles happen.

The SPICE project\(^{20}\) has identified four different types of cooperation\(^{21}\) in Public Procurement:

1. Joint Procurement
2. Procuring in Parallel
3. Procurement Based on a Common Specification
4. Joint Procurement via a Central Body

---

\(^{13}\) https://frevue.eu
\(^{14}\) https://frevue.eu/declaration-of-intent/
\(^{15}\) http://www.transform-europe.eu/
\(^{17}\) http://zeeus.eu/
\(^{19}\) https://ec.europa.eu/transport/themes/urban/cleanbus_en
\(^{20}\) http://spice-project.eu/
In SPICE, a ‘Common Buyers Group’ is defined as "a group of two or more procuring authorities working together on common issues concerning procurement of innovative mobility solutions"\(^{22}\). The focus is not to form groups that already commit themselves to a Joint Procurement, but to address common challenges and find the best ways to support public procurers, such as discuss different procurement approaches, possible criteria within a tender, etc. This general and flexible approach seems to be the same as the one identified in BuyZET, that considers multiple forms of cooperation, open to different levels of governance – local, regional, national and European. However, BuyZET partners, considering the specific focus on deliveries, refer to ‘procurement of innovative transport and/or logistic solutions’, rather than ‘mobility’.

In BuyZET, the buyers groups can take different forms and will not necessarily be binding. They can also take the form of a cooperation agreement or declaration of intent, or a memorandum of understanding (at the local, regional or more European level).

---

\(^{22}\) Ibid.
Some examples of good practices of common procurement

The national procurement of electric vehicles: the Swedish example

- Joint procurement for EVs: city of Stockholm and energy company Vattenfall
- Two-year framework agreement involving six vehicle suppliers
- Over 800 EVs purchased

London & Ghent: clean emergency vehicles

- Innovation procurement risks:
  - Breach of legislation
  - Technical failure
  - Delays in the process
- Joint procurement not feasible: differences in management, laws, country-specific requirements, equipment needs
- Support & advise on each other’s procurement processes: access to London Fire Brigade’s experience success factor for Ghent.
- The framework contract is adaptable for fire brigades and logistic operators from across Europe.

West End Buyers Club in London

- Joint procurement platform that allows businesses to select suppliers that have been checked to ensure they share the ambitions to reduce vehicle movements and improve air quality in the West End
- Cross River Partnership is working with the BIDs and the preferred suppliers to ensure that the WEBC is able to achieve its aims
- Reduce cost: by procuring together, West End businesses can save money on their goods and services
- Increase attractiveness of West End: consolidated delivered removes freight vehicles from the roads, cutting congestion.

The SPICE project has collected more best practices on common procurement. They can be consulted here: http://spice-project.eu/best-practices/

---

23 http://www.eltis.org/discover/case-studies/national-procurement-electric-vehicles-swedish-example
3. Buyers Groups in Copenhagen

During the BuyZET project, Copenhagen has gathered an increasing interest from other stakeholders to learn more about how to use own procurement as a tool to effect and accelerate the process towards ZE transportation and achieving climate targets. Transportation is an interesting theme/area because it is cross cutting and to some extent relevant for all the procurement areas. However, there is a lack of resources when it comes to work more strategically with procurement as a tool to achieve other sustainability goals, and therefore there is a great interest to learn from others. In the transportation sector it can be quite difficult to replicate what others are doing, because there is a need to adapt it to the local context, considerably different from a city to another. This can be both difficult and time consuming and due to lack of resources it is often not prioritized, requiring for a strong strategical commitment to work with procurement and ZE transportation in order to make it happen.

For all the selected areas within the BuyZET project26, the overall strategy for the Copenhagen is to look at the possibility to work together with the Partners in the Danish Partnership for Green Public Procurement27, a collaborative effort of Danish public organisations committed to making extra efforts in partnership to reduce their environmental impact from their procurement actions and drive the market towards a greener direction. The partnership is considering supporting the results and the recommendations that the Copenhagen team comes up within the framework of the BuyZET project: this will create a leverage to influence the market. The Danish Partnership has also made an agreement with the Danish central purchasing body SKI28 about implementing the criteria that the partnership makes in their framework agreement: this gives Copenhagen the possibility to have an even greater impact. However, the Partnership for Green Public Procurement consist of both small and larger cities and public organizations with different climate agendas: therefore, the environmental issues regarding air quality and congestion are not necessarily relevant for all the partners, which results in investigating different levels of commitment for the selected areas. For some big-city partners, characterised by high density, it will be relevant to implement strategies regarding consolidation and use of ZE vehicles in services contracts, where for smaller cities and rural areas this may not be possible due to logistics sprawl and long travel distances. Due to the setup of the Danish Partnership for Green Public Procurement, the types of cooperation most likely to work will be separate tenders using the same criteria, i.e. **Procurement Based on a Common Specification** (as identified in the SPICE project29).

---

Copenhagen is also looking at the opportunity to cooperate with private sector partners showing a common ground of goals, and start a dialogue with the freight companies and the national politicians to support an agenda that promotes ZE vehicles. Another idea is to reward the service suppliers using ZE vehicles for their goods and services deliveries. The promotion should be driven on incentives like fulfilling own goals, saving money, providing better service etc.

Copenhagen is looking at a possible cooperation with the City of Aarhus to make further research in relation to the actual transportation and emissions linked to the cities’ own procurement: more information is needed on the potential impact and the related cost and/or savings linked to a consolidation approach, identified as procurement priority area within BuyZET30.

The following sections describe what Copenhagen’s stakeholder dialogue have revealed in relation to buyers groups.

### 3.1. Procurement area 1 – Consolidation

#### Other Cities

Other cities are very interested in looking into the consolidation approach and there are some experiences to learn from around the world. But there are very few cities that have worked with consolidation as a part of their own procurement and deliveries for own (public) institutions, and often within a limited area, such as food procurement. Most research is related to private sector consolidation, like for example the delivery for shops in the city centre of Gothenburg31, delivery for hotel chains in Paris, etc.

Consolidation of deliveries from several suppliers is a complex exercise, and further research is required regarding the potential environmental impacts (CO2 and air quality) and influence on congestion. The consolidation approach does not have the same relevance for smaller cities that do not have particular issues regarding air quality and congestion, but some of the larger cities in Denmark like Aarhus, Odense and Aalborg are interested in the findings from the BuyZET project and have declared their interest in following the result and the further investigation, and eventually look at the possibility to implement the BuyZET recommendations if relevant from their local perspective. But further investigations are needed before the cities can decide whether it is relevant and possible for them to implement similar solutions. This work will continue throughout the project.

The quality of data on deliveries in the City of Copenhagen found in this project so far is not sufficient to gain useful insights on the potential of consolidation from different suppliers, in terms of both environment and congestion. Therefore, the City of Aarhus and the City of Copenhagen are looking at the possibility to join forces and make a more profound investigation of the actual deliveries to the cities’ institutions based on real time


data – inspired of the study that the Brussels Region made in the report “Mapping of procurement transportation footprint and prioritization of procurement categories” – how much consolidation is already happening, which are the most used freight companies, how full is the truck, where is the next destination etc. This data hopefully will form the basis for the further research needed to find out more about the actual impact and possible effect by implementing consolidation approach in relation to cities own procurement.

Some of the stakeholders involved in a dialogue during BuyZET are interested in closely following the results to see if there is any of the results that fits to their local context, and if there will be possibilities to adapt/replicate some measures that Copenhagen will recommend based on the further research. Other public authorities, like municipalities and regions, are interested in making their own research and then work together to assess if there is common ground due to solutions and statements needed to push the market.

Private sector

The market engagement process gave some indications from different buyers (hotels, retailers, government buildings, housing companies) using freight companies that there is an interest in joining forces and support an initiative from Copenhagen, such as a joint statement of demand, in relation to put pressure on the freight companies and shippers in adopting ZE strategies and invest in green and sustainable logistics solutions. In particular, big companies having their own Corporate social responsibility (CSR) strategies, are keen on supporting the city of Copenhagen for the introduction of more stringent CO2-free emission policies. This kind of strategic cooperation can push other private companies to adopt more sustainable behaviour.

Some of the reasons that the companies mention as drivers for such a kind of cooperation is that, although they have their own sustainability strategies and targets, they find it difficult to reach the general CO2 emissions targets in Denmark due to national regulations and political climate that do not give any incentives for the transformation process towards more ZE transportation (i.e. no tax reduction/exemption for EVs, rewarding access regulation, etc.). A joint action could be thus helpful to align strategies and measures in this regard.

Several transport and logistics companies\(^{32}\) have indicated during the market dialogue in WP3 that they need their customers, including public procurers, to request ZE-deliveries, thus sending the freight industry a clear signal to start investing in sustainable mobility solutions. This supports the idea of finding common ground between buyers and see to what extent they can work in the same direction to promote ZE mobility solutions. This also indicates that there is a potential for further corporation between the public and private sector partners to push the market in the right direction.

During the next steps of the BuyZET project, Copenhagen will look further into the possibility to work with the private sector to promote ZE solutions. For example, a joint statement of demand between the City of Copenhagen and the private sectors located in the Capital Area of Denmark could provide the freight companies’ accelerate their transition towards ZE-vehicles policies. In this regard, the types of common procurement

---

\(^{32}\) For the moment, they prefer not to be cited in this report.
practices listed in section 2 will be explored, as well as the Copenhagen Freight Partnership model established in the framework of the NOVELOG project.\(^{33}\)

### 3.2. Procurement area 2 – Repair and maintenance services

The market for repair and maintenance services mostly consist of Small and medium-sized enterprises (SMEs) that are locally based. This also mean that it is not necessarily the same companies that operates in Copenhagen as in other Danish cities and therefore it can be difficult to create the incentives for the suppliers to invest in EVs if they have to travel long distances.

ZE logistics is still quite expensive and Public Procurement is mainly focusing on saving money - the two things not necessarily going hand to hand. Moreover, most Danish cities do not have any particular issues related to congestions and air quality, so the incentive to implement ZE strategies depends on the political focus on global CO2 environmental issues only.

Some of the larger Danish cities are interested in looking at how to reward the service companies that use ZE vehicles. The Danish Partnership for Green Public Procurement has indicated that, depending on the procurement plans made and the criteria suggested based on the BuyZET findings, their partners will consider the opportunity to recommend or adopt this approach in their local public administrations.

For the City of Copenhagen, it could also be relevant to look further into cooperation with private sector companies that are placed in the city and work strategically with ZE and carbon footprint as a part of their sustainability goals. Some of the buyer companies involved in WP3 market dialogue are interested in supporting the cities in which they are located to reach their sustainability targets. In the Copenhagen case, this would entail, among others, the promotion of cargobikes to reduce CO2 emissions, when distance and necessary load/weight to perform the service allow using bikes.

---

4. Buyers Groups in Oslo

4.1. Procurement area 1 – Facility waste

Based on the experiences from the priority area ‘facility waste’, the suitable buyers could be found in all groups mentioned in section 2. Although they could all join in, it should be distinguished between public and private buyers. The composition of the buyers groups also depend on the large geographical distances in Norway, most suitable with different types of collaboration among the groups.

The type of buyers that are most likely to join, clearly depends on the purpose of the buyers group. A cooperation is only relevant for Oslo if other buyers shares the same needs. In the market analysis, it was discovered that the population size has to be quite large, in order to have waste volumes from the agencies which is significant. Smaller municipalities tend to sort the ‘facility waste collection’ under the ‘household waste collection’ contracts.

Joint Procurement and Procuring in Parallel (see SPICE categorisation\(^34\)) could both be interesting approaches for the largest cites in Norway (Oslo, Bergen, Stavanger, Trondheim). But, as mentioned above, the long geographic distances are barriers making it difficult to do conduct concurrent procurements. The distance between Oslo and other large cities, as well as the fact that the city of Oslo does not currently use a central body for waste management contracts, also excludes the procedure Joint Procurement via Central Body.

The remaining type of cooperation is consequently Procurement Based on a Common Specification. In the formation of buyers group in Oslo, this has been the preferred type of collaboration. A common statement is not yet developed, but there is an understanding among the members that an agreement is an important signal to send to the markets.

According to this approach, the buyers group was established in collaboration with The National Programme for Supplier Development\(^35\). The purpose of the programme is to accelerate innovations and development of new solutions through the strategic use of public procurement. The programme is a joint collaboration by both private and public entities, including: Difi (Agency for Public Management and eGovernment), the Norwegian Association of Local and Regional Authorities (KS), the Confederation of Norwegian Enterprise (NHO), Innovation Norway (IN) and the Research Council of Norway (FR). The buyers group that was created represents 132 municipalities, which covers one third of the population in Norway. Most of the municipalities are organized in existing formal regional procurement partnerships, so the actual members in the working group counted 15 people.


\(^{35}\) [http://innovativeanskaffelser.no/about/](http://innovativeanskaffelser.no/about/)
The process that was undertaken was to explore common interests and challenges in achieving ZE from waste transportation, as well as sharing of best practice from completed tenders. The group agreed on to arrange a dialogue conference with relevant suppliers on the 22nd of August 2018. The conference lasted for six hours and was divided into four different parts:

1. Introduction from high level speakers.
2. Presentations from different regions/municipalities on transportation volumes and CO2 targets.
3. Dialogue session were suppliers could share their thoughts and respond to the challenge.
4. Conclusions and presentations on governmental funding schemes.

**Barriers and potential positive impacts**

The main barrier for Oslo is that few of the other buyers in the group are able to distinguish between household waste collection and facility waste collection from the agencies. Most of the municipalities in the group were interested in transportation associated with waste sent to end treatment over longer distances, either between different regions in Norway or cross border to other countries. This means that most of the other municipalities’ needs deviate from the procurement area that is targeted through the BuyZET project. The Agency for Waste Management in Oslo is anyway interested in this subject and plans a follow up on this. For the facility waste there are some common interests between Oslo, Trondheim and Bergen, and further cooperation and knowledge sharing will be conducted in the future.

The most prominent positive impact is the signal sent to suppliers that a large part of the public buyers requests environmental-friendly transportation. This shows a clear direction and gives suppliers predictability when choosing which type of vehicles and technology to invest in.

Another important impact is information sharing among the participants which is enabled when such a network is created. To learn from best practice makes is an effective approach making it possible to achieve good results in new tenders.

### 4.2. Procurement area 2 – Maintenance and repair services

The establishment of a buyers group on this field has not been carried out yet. The reason for this is that the work associated with creating buyers group on facility waste required a lot more time than expected. The plan is to use the same approach as for facility waste but in a smaller scale, only including regional public entities.
5. Buyers Groups in Rotterdam

Activities by Rotterdam within WP4 involved contacting other local authorities and (semi-) public service providers to discuss the opportunity to get involved in common buyers groups for the priority areas identified in WP2 and WP3. The outcome of the market engagement has been used as starting point. One of the findings of this consultation was that the efficiency of transportation is a major factor in making a successful business case for ZE transportation. A change in purchasing behaviour and/or in the response time for delivery can be influenced by the city itself. However, another way to achieve this is by voluntary coordination of deliveries by several big buyers of a supplier. The city of Rotterdam is also looking at the opportunity to use its ECOSTARS recognition scheme, which rates vehicles and operating practices using star rating criteria, to recognise levels of environmental and energy savings performance of logistics operators, for example by incentivising the promotion of common procurement practices among the clients joining the scheme.

5.1. Procurement area 1 – Construction material

Other local bodies

One of the potential opportunities to reduce the transportation footprint is to combine and consolidate deliveries for clients in the same region. One of the companies who participated in the market engagement regarding building materials was the city’s current supplier of PVC piping, DYKA. As there appeared to be other major companies buying PVC piping from this company (e.g. the drinking water company Evides), a meeting has been organised to further investigate this possibility. This meeting has taken place but could not be attended by the PVC piping supplier because of an emergency.

An important concern for the drinking water company was that the logistical optimization might cause unacceptable delay in their projects. However, it turned out that Evides uses various hubs in the region, where piping for projects is stored. A joint working group composed of the city of Rotterdam and Evides is currently investigating the possibilities for the combined use of these locations. It was pointed also that there is a covenant between the municipality, Evides and some electricity companies to harmonise their infrastructure works to minimise disruption. The coordinator of this covenant has put an item on the agenda for the next meeting in December 2018. BuyZET will be used as the framework to discuss possibilities for extending the cooperation to minimising the transportation footprint through procurement or contract management. For more information, see Annex A.

Another participant in the market engagement was the supplier of lighting pole fixtures, Philips. In this case, too, the possibility of combining deliveries to clients in the Rotterdam region was identified as a potential measure to improve efficiency and increase the chances for ZE urban logistics. A meeting to discuss potential cooperation will be organised soon.

[36 http://www.logistiek010.nl/nl/programma-s/Ecostars-42]
The second line of activity involved research into identifying potential partners for cooperation in buyers groups, either in one of the ways suggested in the SPICE project (see section 2), or another way in line with the sustainability policy of the organisation. The footprint analysis (the mapping exercise of WP2) yields a list of suppliers and their relative contribution to the delivery footprint. A similar list can be drawn up fairly easily by other (big) buyers in the city and/or region. By identification of the suppliers the city has in common with its neighbours, there is a common ground for two or more organisations to investigate if they can reduce their delivery footprint by aligning their ordering patterns. So far, the city of Rotterdam has contacted the Academic hospital. Their representative is interested, but has so far not been able to produce the requested list of suppliers.

Rotterdam also managed to establish a meeting with RET, the local public transport company. RET is interested in BuyZET, although their organisation is not as advanced as the city of Rotterdam in systematically using procurement power as a tool to achieve company policy aims. The municipality and RET recognised their joint interest, and corporate responsibility, as contractors of infrastructural works (development and maintenance), and as such could be partner in a joint effort to minimize the footprint of these works.

In the meeting held on October 2nd, 2018, it was agreed that Rotterdam will support RET in the effort to apply the BuyZET methodology to the footprint contribution of their working sites (mobile machinery) for public infrastructure projects. Moreover, they will identify common suppliers and see if cooperation (e.g. adaptation of ordering frequency) can help the supplier to optimize delivery efficiency. See the minutes of meeting in Annex B for more details.

*Other cities/national level*

With respect to cooperation at national level, the city of Rotterdam has contacted Connekt, a joint agency of the Ministry of Economic Affairs and the Ministry of Infrastructure and Water Management. They have agreed to share the outcome of the BuyZET footprint mapping and the experience with further steps in development of a procurement strategy to systematically stimulate the ZE delivery policy ambition. A joint dissemination activity for other Dutch local authorities is being developed at present. Other municipalities in the Metropolitan Region Rotterdam – such as The Hague (MRDH) - are part of the target audience. This may yield operational contacts for identification of possibilities for cooperation. Previous attempts to organise this type of cooperation have proved to be quite difficult (cf. Rotterdam involvement in the EU project SPP Regions). One of the problems is that smaller municipalities often depend on expert third parties.

Moreover, Connekt has agreed to help investigate the possibility to develop a tool which helps big buyers to identify their peers (i.e. other big buyers which have at least one supplier in common). The City of Rotterdam aims to try this out with RET, the local public transport company, which have their head office quite close to one

---

of the city’s main working locations (Wilhelminaplein). A similar first contact has recently been established with the Rotterdam Port Authority, which has its head office next to one of the city’s major working locations.

A one-to-one discussion with the other big municipality in the MRDH (The Hague), quite advanced in using procurement as a tool to achieve policy aims, has yielded even more encouraging results: as RET, The Hague will apply the BuyZET methodology to the footprint contribution of their working sites (mobile machinery) for public infrastructure projects. Moreover, a declaration of intent or a joint demand statement may be released by the governments of the two cities (or even more cities), accompanied by a joint market consultation. If appropriate, they will publish tender documents with the same sustainability criteria (in line with the SPICE category *Procurement Based on a Common Specification*). See minutes of meeting in Annex C for more details.

Finally, the city of Rotterdam has contacted a local start-up company supplying logistic services, called U-TURN. Although their primary business is optimising freight efficiency for long distance transport, they showed interest in applying their expertise to help organisations achieve ZE urban delivery. In particular, U-TURN and Rotterdam will consider to jointly pursue an initiative regarding the potential for a tool to support cooperation in buyers groups to reduce their delivery footprint. As mentioned above, Connekt has shown interest in acting as a sponsor for this. See Annex D for the minutes of meeting.

### 5.2. Procurement area 2 – Craftsman services

As observed in the market engagement sessions for craftsman services, the municipality has a preference for accessibility of their contracts to local small medium-sized enterprises (SMEs). This was the reason for subdividing the total contract volume into smaller lots. As SMEs generally have less resources to invest in ZE vehicles or delivery concepts, it was not considered to demand to perform ZE deliveries for these services.

Another idea was to cooperate with social housing corporations. However, a heavy financial burden has recently been placed upon these institutions because of the national climate policy. All their stock needs to become climate-neutral at short term. Therefore, the footprint contribution of craftsman services delivery did not have sufficient priority at present.

As the craftsman services contract was actually being renewed during the BuyZET project, the focus for this procurement priority are has been placed on the procurement strategy (see upcoming reports in the framework of WPS).
6. Implications and conclusions

The investigation of the possibility of setting up common buyers groups is part of the various activities of BuyZET regarding stakeholder engagement to maximise the impact of innovative procurement measures.

Each city in the project, Copenhagen, Oslo and Rotterdam, has involved other municipalities and local and regional authorities to discuss the possibility of buying together a range of products and services to increase the efficiency of deliveries and at the same time reduce costs. However, the analysis has also been extended to semi-public and private subjects that present the volume and therefore the potential to purchase a significant amount of services, and which have Corporate Social Responsibility strategies in place, with clear targets for the reduction of emissions.

Although each city has different characteristics, and therefore different ranges of solutions for the formation of buyers groups, some common elements can be identified.

All the cities have identified the SPICE category *Procurement Based on a Common Specification*, as the approach most likely to work for common procurement practices in their respective procurement areas: in line with the BuyZET approach, the focus is not to form groups that already commit themselves to a Joint Procurement process, but rather to address common challenges and find the best ways to support public procurers, like discuss different procurement approaches, possible criteria within a tender, or common challenges.

National partnerships are essential to foster and promote the BuyZET approach in the partners’ respective countries. Although with different procedures, all three cities have actively involved the agencies that deal with the national management of good practices and common actions for green public procurement and ZE logistics:

- Copenhagen: the Danish Partnership for Green Public Procurement, a collaborative effort of Danish public organisations for GPP, will consider supporting the results and the recommendations of BuyZET, also in collaboration with the Danish central purchasing body SKI.
- Oslo: the National Programme for Supplier Development, which includes regional procurement partnerships for a total of 132 municipalities, explores common interests and challenges in achieving ZE from waste transportation, as well as sharing of best practice from completed tenders.
- Rotterdam: Connekt, a joint agency of the Ministry of Economic Affairs and the Ministry of Infrastructure and Water Management, has agreed to share the outcome of the BuyZET footprint mapping and the experience for the development of a procurement strategy to systematically stimulate the ZE delivery policy ambition.

However, not all cities in a country have common needs and problems. This sometimes hinders the possibility to define common and effective criteria throughout different cities, unless clearer pathways to zero-emission
Delivery practices are defined. For this reason, there is a need for further (joint) research, inspired by the mapping report of the Brussels Region\textsuperscript{39}, to identify potential areas for joint intervention among different cities.

So far, it has been observed that high density and large population in a city positively influence the possibility to form buyers groups, since suppliers and logistics operators can more easily consolidate orders and deliveries. In this regard, the city of Rotterdam, together with other private and public local players, plans to identify common suppliers among local buyers, to align ordering patterns: to facilitate this process, Rotterdam is considering developing a tool which helps big buyers to identify their peers. This tool could then be easily transferred to other cities, that could apply a universal solution to their local-specific environment.

Regarding the procurement areas investigated in BuyZET, whereas Consolidation of deliveries, Industrial waste collection and Construction material transportation have potential as regards the establishment of common buyers groups or actions of joint procurement, Repair and maintenance services seems to be a problematic area to set up buyers groups.

SMEs dominate the sector, and the problem is twofold. On the one hand, the vast majority of suppliers are active in a single city, or even a smaller geographic area, making it very difficult for different buyers to procure the service from the same supplier, considering the fact that it is not about sporadically supplying goods, but it entails the provision of high-frequency on-site services. On the other hand, in order to support the local economy, the strategy of some public buyers (see Rotterdam) implies the diversification of the supplier portfolio, to favour small and medium enterprises: this represents an example of a trade-off between social and economic inclusion versus organisational efficiency and environmental performance.

The market is ready to offer ZE delivery. Our market dialogue activities within BuyZET clearly indicate that market actors are ready to deliver their services and products emission-free if this is clearly demanded by public procurers. In this regard, BuyZET cities are considering the possibility to draft and sign a Call to Action for zero-emission deliveries for the public sector by 2025. This is meant to inform the market about the need for the shift towards sustainable procurement practices, and to raise awareness among other private and public buyers interested in using public procurement to help drive the transition to ZE transportation for commercial activities within towns and cities.

Although the project is still ongoing, and these conclusions are preliminary, they are instrumental in supporting and improving the effectiveness of the further market engagement activities that cities will have to carry out from now to the end of the project. Moreover, the work to define more concretely the establishment of buyers groups will continue for the rest of the project, and this deliverable will be updated taking into account the final results.

\textsuperscript{39} BuyZET observer city. More details here: http://www.buyzet.eu/observer-cities/brussels-region/
ANNEXES

ANNEX A. Rotterdam: minutes of Meeting with Evides

BuyZET Work Package 4
Minutes of Meeting with Evides regarding Buyers Group

Meeting: Evides – City of Rotterdam
Subject: Buyers Group potential for PVC piping materials
Date: May 29, 2018.
Location: Rotterdam, Kleinpolderplein 5
Participants: Evides: Willem van der Schans, Mike Veldhuis
Rotterdam: Jos Streng, Han van der Steen
DYKA: representative absent due to personal circumstances

Evides is a public drinking water company servicing the south-western part of The Netherlands including the City of Rotterdam. The occasion for this meeting was a statement during the market consultation, made by a representative of piping company DYKA. A group of their largest customers in the Rotterdam, consisting of the City of Rotterdam and Evides, might potentially cooperate in a buyers group to reduce their delivery footprint.

Nice to know
Together with other public drinking water companies, Evides applies a “material passport” in their tenders, in order to know if and how materials can be applied after their technical lifetime for the function. Furthermore, Evides avoids “partial deliveries” in their tenders to optimize the transport logistics.

Evides has a covenant with electricity network management company Stedin to combine infrastructural works in order to reduce the burden on public space. For that reason, Evides is inclined to combine different infrastructural works (gas, water, electricity, telecom, sewer) as much as possible. In contrast, European public procurement directives encourage, however, to define smaller portions of projects so these combinations only incidentally need to be tendered.

Combining transportation through groups of buyers seems an interesting idea to Evides, but for project-related work, such as infrastructural works, Evides sees a severe risk that project planning from one of the buyers changes over time which would negatively influence the planning of the other buyers. Evides has experience that their pipelines remained for weeks at a third-party project site, due to a change in project planning of the other party. Drinking water products such as pipelines are under strict quality and hygiene norms.

As a conclusion, the meeting was interesting but formation of a buyers group with Evides is relevant only on a project basis in which there is a strict project planning.

Follow-up actions (to be reported on after the summer period):
- Suggesting/organising a session of the covenant working group to investigate the possibilities of joint action in reducing the (delivery) footprint of public infrastructure works
- Checking whether the Evides network of regional storage terrains annex delivery points can be used conjunctively by the covenant partners
ANNEX B. Rotterdam: minutes of Meeting with RET (Rotterdam Public Transport Company)

BuyZET Work Package 4
Minutes of Meeting with RET (Rotterdam Public Transport Company)

Date: October 2nd, 2018
Present: Virgil Grot (sustainability specialist RET)
         Michael Buskop (head of procurement, RET)
         Ed de Smit (Senior procurement officer, RET)
         Jos Streng and Léon Dijk (City of Rotterdam)

Introduction
Work package 4 of the BuyZET project involves investigation of the potential of cooperation between local authorities and other big buyers. This cooperation may take the form of actual joint procurement. The discussion with the employees of RET made clear that they are interested in BuyZET, although their organisation not as advanced as the city of Rotterdam in systematically using procurement power as a tool to achieve company policy aims.

Meeting with RET
The RET representatives showed interest in the BuyZET approach. We agreed that we have a joint interest (and corporate responsibility) as contractors of infrastructural works (development and maintenance), and as such could be partners in a joint effort to minimize the footprint of these works, as outlined in the discussion we had with The Hague. This also ties in with the result of earlier meetings with Evides.

We agreed that next actions will be:
- Rotterdam will contact RET to join the effort to apply the BuyZET methodology to the footprint contribution of working sites (mobile machinery) for public infrastructure projects
- RET will cooperate in an experiment in which comparison of lists of suppliers is used to identify joint suppliers and see if cooperation (e.g. adaptation of ordering frequency) can help the supplier to optimize delivery efficiency.
ANNEX C. Rotterdam: minutes of Meeting with The Hague Municipality

BuyZET Work Package 4
Minutes of Meeting with City of The Hague regarding Buyers Groups

Date: October 2nd, 2018
Present: Thimo de Nijis and Ravi Parhar (Procurement Officers for the City of The Hague)
Jos Strang and Léon Dijk (City of Rotterdam)

Introduction
Work package 4 of the BuyZET project involves investigation of the potential of cooperation between local authorities and other big buyers. This cooperation may take the form of actual joint procurement. The discussion with the colleagues from The Hague made clear that they are quite advanced in using procurement as a tool to achieve policy aims.

Meeting with The Hague
The procurement officers showed interest in the BuyZET approach. We agreed that an effective approach to make a procurement category Emission Free would be:
1) declaration of intent or a joint demand statement made public by the governments of two or more cities (or perhaps with (semi-)public buyers
2) joint market consultation (where more buyers represent more procurement power)
3) depending on the outcome of the consultation:
   - if the market is ready, all member of buyers group publish tender documents with the same criteria
   - if the market is not ready yet, organize a pilot project to investigate the feasibility
   - if the market is not ready at all or unwilling: “continue the battle in a different arena”

We agreed that next actions will be:
- joint effort to apply the BuyZET methodology to the footprint contribution of working sites (mobile machinery) for public infrastructure projects
- organizing 2 meetings, first in The Hague and later 1 in Rotterdam to present, explain and promote the BuyZET approach to the procurement department
ANNEX D. Rotterdam: minutes of Meeting with U-Turn

BuyZET Work Package 4
Minutes of Meeting with U-turn regarding Buyers Group

Date: May 24th, 2018
Present: Daan Meboer (company owner of U-turn)
         Jos Strong and Han van der Steen (City of Rotterdam)

Introduction
Work package 4 of the BuyZET project involves investigation of the potential of cooperation between local authorities and other big buyers. This cooperation may take the form of actual joint procurement. Another interesting prospect is bundling of the effort when managing the logistic footprint (delivery footprint) aspect of contract management. One possible way of doing this is to get purchasing organisations within the same city (district) in touch. By comparing lists of their suppliers, they can identify joint suppliers. Together, they can contact the supplier and express the intention to find out if delivery schemes can be optimized by (acceptable) changes in mode of operation.

The facilitation of this process could take the form of a webtool (allowing end buyers to upload a list of their suppliers and get in response an overview of neighbouring clients of the same suppliers, check a box to undersign a joint message to the suppliers that you are open to suggestions regarding).

We have contacted Connect (a national agency for the advancement of efficient and sustainable logistics), which organisation has expressed interest in investigating the feasibility.

Meeting with U-turn
U-Turn is a start-up company in Rotterdam facilitating transport service providers to improve their load factor. They automatically match available transport capacity and demands in real time by means of an IT platform. As part of our investigation, we organised a meeting to find out if the service they provide and/or the technology they use is applicable to the context of urban delivery.

Main conclusions of this consultation:
- The suggested WP4 initiative is described as a combination of horizontal cooperation (i.e. on the level of one shackle of the logistic chain, in this case the receivers of goods) and vertical cooperation, i.e. two or more subsequent shackles, in this case receivers and transporters/shippers.
- In the experience of U-turn it is a less promising approach to try and initiate cooperation of receivers to improve overall chain efficiency (in terms of energy use, mileage, emissions).
- Transport service providers nearly always already optimize their efficiency, and do what they can to increase this.
- According to U-Turn, the potential for improvement is likely to be found in 1. a change in the ordering behaviour of individual clients rather than in voluntary harmonization of delivery days and times. An extra improvement could be added by not limiting delivery optimization to individual suppliers, but by serving all your suppliers at once by providing online insight in confirmed orders and required delivery time and place. Suppliers (i.e. their logistic
operators) then have the broadest possible information to optimize delivery amongst themselves. This would be a “suppliers’ group” rather than a buyers group

- Transport service providers are technically able to do the return favour of reporting to the clients with which efficiency level their delivery has been made which is an important element to measure the efficiency improvement.

- It remains to be seen if suppliers (i.e. their logistic operators) manage to improve their joint performance in terms of efficiency through cooperation. But leading by example in the field of sharing information within the supply chains may be a challenging topic for local authorities.

- The experience of our contact person in the transport business is that non-public tenders for transport services rarely contain minimum requirements or award criteria other than financial. There may be some gain to spread the essence of the BuyZET project (use your procurement power to let your suppliers help you improve your environmental performance).

Actions - Next Steps

U-turn and Rotterdam will consider to jointly pursue an initiative regarding the potential for a tool to support cooperation in Buyers Groups in order to reduce their delivery footprint. As indicated, Connekkt has shown interest in acting as a sponsor for this.

A requirement for this is action is to try out the process “by hand” with a partner organization in or near Rotterdam.
About BuyZET

BuyZET stands for BuyZET ‘Procurement of innovative solutions for zero emission urban delivery of goods and services’.

The BuyZET project will develop innovative procurement plans to help the participating cities achieve their goals of zero emission urban delivery of goods and services.

Contact details

Reach us:

Visit the project website: [http://www.buyzet.eu](http://www.buyzet.eu)

Join the discussion at the BuyZET Procurement Forum Group: [https://procurement-forum.eu/](https://procurement-forum.eu/)

Follow BuyZET on Twitter: [@BuyZETproject](https://twitter.com/BuyZETproject)

Join the BuyZET LinkedIn Group: BuyZET Project

For more information:

Please, contact the project coordinator at ICLEI EUROPE:
Simon Clement
Phone: +49-761 / 3 68 92-0
Email: simon.clement@iclei.org

Or the project communication manager at Polis:
Giacomo Lozzi
Phone: +32 2 500 56 86
Email: glozzi@polisnetwork.eu