



# European Construction Sector Observatory

## Policy measure fact sheet

## Malta

### National Guidelines for Green Public Procurement

### Thematic Objective 3

January 2017

<b>Implementing body:</b>	The Office of the Prime Minister (OPM); The Department of Contracts (DoC); The Ministry for Sustainable Development, the Environment and Climate Change (MSDEC).
<b>Key features &amp; objectives:</b>	Implementation of national guidelines to ensure that all calls for tender to procure products or services in 18 specific categories adhere to green public procurement criteria.
<b>Implementation date:</b>	2 <sup>nd</sup> January 2012 – present.
<b>Targeted beneficiaries:</b>	Public authorities and private sector companies in the construction and related sectors.
<b>Targeted (sub-) sectors:</b>	Public sector, construction and all sectors/sub-sectors that supply goods, services and works to the public sector.
<b>Budget (EUR):</b>	n/a

### In a nutshell

In response to the global climate and resource challenge, European policy-making is moving towards a sustainable, resource efficient and low carbon economy. To decouple resource use and greenhouse gas emissions from economic growth, legislative measures must be combined with a change in the behaviour of producers and consumers and the provision of incentives across policy areas<sup>1</sup>.

European public authorities are major consumers of goods and services, spending approximately EUR 2 trillion annually or 17% of EU GDP. By procuring goods and services that are less harmful to the environment, public authorities are able to use their purchasing power to influence and drive the implementation of sustainable consumption and production policies<sup>2</sup>, such as Green Public Procurement (GPP) practices. As an island with limited natural resources, Malta is obliged to import many of the resources it consumes. GPP provides the opportunity for Malta to move towards more sustainable consumption and production

practices and goals.

Green Public Procurement (GPP) was formally introduced into Malta's policy framework in 2005, as a component of the National Reform Plan 2005-2008. The first GPP National Action Plan (NAP) was later compiled by the Ministry responsible for the Environment in close collaboration with the Department of Contracts (DoC) and other major stakeholders. After consultation with stakeholders, the NAP was approved by Cabinet in November 2011 and implemented from January 2012<sup>3</sup>.

The GPP NAP establishes the environment as a key national priority, and as part of the plan, the Government has committed itself to implementing GPP targets for 18 product and service groups. 'Construction works and related products and services' is one of those groups. Overall, success has been achieved in some areas, but not in others. Mandatory targets for GPP criteria in 2012, 2013 and 2014 were not reached, whereas voluntary targets for GPP criteria in those years were actually surpassed. According to the GPP Coordinator at the Ministry for Sustainable Development, the Environment and Climate Change (MSDEC), the relatively small size of Malta has both aided and impeded GPP implementation. The limited number of contracting authorities has aided GPP dissemination and the delivery of GPP training; however, limited resources have also impeded full implementation across the public sector, most notably at local levels. The Government aims to address ongoing implementation challenges in the 2<sup>nd</sup> GPP NAP for 2016-2020.

### General description

The Department of Contracts (DoC) issued the Contracts Circular No. 21/2011 on Green Public Procurement in December 2011, instructing all contracting authorities to follow the National Guidelines for Green Public Procurement (GPP) and apply its criteria when drafting calls for tenders for 18 product and service groups<sup>4</sup>.

With effect from 2<sup>nd</sup> January 2012, compliance with GPP criteria became mandatory for some of the 18 product and service groups

and non-mandatory for other groups, although compliance is strongly advised for all groups. A Tender Originator's Form<sup>5</sup> must be completed by a contracting authority and must accompany all calls for tender, including Departmental tenders and those published by the Department of Contracts. The form has been revised to include a GPP compliance checklist, which also identifies the 18 product and service groups affected by GPP criteria<sup>6</sup>. Construction and related sector groups are highlighted in bold.

**Table 1: GPP Compliance Checklist in Tender Originator's Form**

<b>E – Green Public Procurement</b>	
<b>Questions</b>	<b>Answer</b>
1 Does this call for tenders include the procurement of paper, IT equipment, textiles, gardening products or services, <b>thermal insulation, wall panels</b> , cleaning products and services? ( <b>mandatory criteria</b> ).	Yes/No
2 Does this call for tenders include, transport, furniture, food and catering services, electricity, <b>construction</b> , mobile phones, <b>combined heat and power, hard floor coverings, windows, glazed doors and skylights, street lighting and traffic signals, road construction and traffic signs?</b> ( <b>non- mandatory criteria</b> ).	Yes/No
3 If the answer to question 1 is yes, have the tender specifications been drawn up on the basis of the GPP criteria and guidance available for download from <a href="http://www.gpp.gov.mt">www.gpp.gov.mt</a> ?	Yes/No
4 If the answer to question 2 is yes, have the tender specifications been drawn up on the basis of the GPP criteria and guidance available for download from <a href="http://www.gpp.gov.mt">www.gpp.gov.mt</a> ?	Yes/No

Source: Tender Originator's Form, MSDEC<sup>7</sup>

The Department of Contracts (DoC) is required to send a copy of this form to the Office of the Prime Minister (OPM) for all tenders that are published through this Department. Eventually, the aim is for all tenders to be audited for GPP compliance. In the meantime, by answering 'yes' to any of the checklist questions above, a contracting authority confirms that a call for tender adheres to GPP criteria and, by extension, that GPP criteria will be factored into the bid evaluation process. The Departmental Contracts Committees for each Ministry are directed not to approve the award of Departmental tenders for GPP products or services without confirmation that the mandatory technical specifications have been adopted<sup>8</sup>.

For **construction works and other related products and services**, GPP criteria requires contractors to demonstrate:

- Sufficient expertise in environmentally-friendly building design;

- Technical capacity to implement green management measures to ensure construction works are executed in an environmentally-friendly manner;
- How a building design and the materials used will reduce energy consumption;
- Capacity to deliver energy efficiency training to building managers upon work completion, including an outline of training content;
- Compliance with required criteria and standards related to the purchasing and use of, or exclusion of, specific building materials, products and installations, in accordance with the terms of each tender;
- Ability to meet contract performance clauses, for example, on book keeping, transport and recycling of building materials and waste management.

GPP guidelines identify national targets for the percentage of tenders to procure construction works and other related products and services. For the procurement of construction works, hard floor coverings and windows, the target is for 10% of tenders to comply with GPP criteria in 2012, 20% in 2013 and 30% in 2014. For the procurement of thermal insulation and wall panels, the target is for 80% of tenders to comply with GPP criteria in 2012, 90% in 2013 and 100% in 2014.

## Achieved or expected results

With overall responsibility for coordinating GPP in Malta, the Office of the Prime Minister (OPM) is also responsible for monitoring GPP initiatives and taking policy decisions. The DoC has overall responsibility for implementing procedures to ensure that GPP forms part of the mainstream public procurement process, and is in compliance with the respective public procurement regulations. In addition, the MSDEC is also responsible for GPP implementation and oversight activities and provides a GPP information resource on its website, including GPP guidelines, the Tender Originator's Form, the first NAP, information for public procurers and GPP criteria<sup>9</sup>.

In October 2012, the government announced that between 2<sup>nd</sup> January and 30<sup>th</sup> September 2012, full GPP compliance had been achieved in 113 tenders that fell within the 18 product and service groups identified in the GPP NAP. These tenders carried a total value of around EUR 15.9 million. This amounts to 4.5% by number and 5.3% by value of all tenders published during this period, and 22.2% by number and approximately 23.2% by value of the total tenders for the GPP product groups. At that stage, a further 15 GPP compliant tenders totalling EUR 7.6 million were also due for publication in the fourth quarter of 2012. Following their publication, the overall figures for 2012 show that GPP compliant tenders accounted for 24.4% by number and 30.9% by value of the tenders that fell within the GPP product/service groups<sup>10</sup>.

In 2012, the government established a GPP function and administrative process to oversee the screening of all government tenders to ensure compliance with GPP criteria and provide a GPP Helpdesk to advise public procurers, suppliers and potential bidders. Other achievements in 2012 include the setup of the GPP online resource with relevant materials and guidance (now on the MSDEC website) and the delivery of 10 information sessions targeting 400 representatives of public procurers and private sector suppliers to raise awareness of the new GPP criteria and guidelines<sup>11</sup>.

Raising awareness of GPP, its importance, criteria and how it will work in practice, has been considered essential to ensure stakeholder support and acceptance and encourage uptake. As part of its awareness campaign, the government launched the 'Introduction to GPP' course on 1<sup>st</sup> and 28<sup>th</sup> February 2013. By the end of the first quarter in 2013, the government had run 16 information sessions and training seminars targeting over 600 stakeholders. It had also achieved a significant increase in the level of GPP compliance in tenders published. 57% by number and 88% by value of all tenders within the scope of the GPP product/service groups were classified as GPP compliant<sup>12</sup>.

Awareness raising activities continued into 2014 with at least two information sessions and one information seminar being run in collaboration with the Ministry of Finance. The 'Introduction to GPP' course was also run at the Centre for Development, Research and Training (CDRT) in 6<sup>th</sup> November 2014<sup>13</sup>.

In June 2014, the Government secured Cabinet approval for a series of measures aimed at strengthening and mainstreaming the GPP function within public authorities, and simplifying the administrative process and procedures, particularly in preparation for the launch of the second GPP NAP. The measures include:

- The Director Corporate Services of each Ministry or his representative shall act as Ministry GPP Coordinator for the respective Ministry and Contracting Authorities falling under its portfolio, as outlined in the Memorandum to Cabinet dated 23 June 2014;
- Details of the appointed Ministry GPP Coordinator shall be forwarded to GPP Office at MSDEC by no later than 31<sup>st</sup> December 2014;
- The Ministry GPP Coordinator shall ensure that all Contracting Authorities within the respective Ministry comply to the provisions of the GPP NAP;
- Each Contracting Authority shall in turn set up a GPP function as a specific and integral part of its procurement function;
- Contracting Authorities shall ensure effective verification of compliance of public procurement procedures with GPP criteria at all stages of the procurement process, including design, tender, award and implementation;
- Contracting Authorities shall use the compliance system to extract valid and meaningful data that can be used for the monitoring and evaluation of the NAP. This data shall be communicated to the GPP office within the MSDEC through the

Ministry GPP Coordinator on a quarterly basis or as required; and

- Reactivation of the Inter-Ministerial Taskforce (IMTF) on GPP to carry out a review of the first NAP and to develop the second NAP for 2016-2020;
- The Ministry GPP Coordinator shall sit on the GPP Inter-Ministerial Task Force (IMTF) and shall contribute to the work of the Task Force in accordance to its terms of reference;
- Delivery of GPP training between January and May 2015 for all contracting authorities<sup>14 15</sup>.

MSDEC provided GPP training in 2015 to an estimated 450 public officials across all Ministries that are involved in drafting and evaluating tenders, as part of its work to mainstream GPP throughout the Maltese public procurement system. Opportunities to deliver additional and more specialised training are being examined. In parallel, inter-ministerial consultations were held to discuss GPP reforms. As a result, MSDEC is working with the Department of Contracts to better mainstream GPP and reinforce the role of GPP Coordinator within every Ministry, and with the Department of Local Government to implement GPP in local authorities<sup>16</sup>.

A recent study commissioned by the European Commission to assess public procurement across the EU highlights Malta's procurement framework, centralised competences within the Department of Contracts and procurement training initiatives, including GPP training, as important strengths. However, the study also identifies a lack of awareness and understanding of procurement procedures at local level and across local authorities as a barrier to GPP and e-procurement implementation<sup>17</sup>.

Three years after the launch of the first GPP NAP, it was deemed prudent to conduct a review of the plan and its implementation to date. On 18<sup>th</sup> December 2015, MSDEC published a call for tender for the undertaking of a study on the uptake of Green Public Procurement in Malta and the provision of recommendations for the second GPP National Action Plan 2016-2020. The study's first task is to carry out a qualitative review of the economic and environmental impacts of the current GPP NAP (2012-2016). The second task is to provide a list of recommendations on which new criteria to adopt and retain in the second NAP for 2016 to 2020. These assessments will then guide the drafting of the new NAP.

According to the Government's GPP Coordinator, the first GPP NAP has had wide ranging results. Firstly, the new guidelines have undoubtedly instilled new environmental considerations for contracting authorities. However, in terms of reaching the targets that were set in the first NAP, results have been mixed. The targets set for the mandatory GPP product and service groups were not reached in 2012, 2013 and 2014, with the only exception being the copying and graphic paper in 2013. In the case of the non-mandatory GPP groups, the results observed were much better. 60% of GPP sectors satisfied the 10% target for 2012, 100% satisfied the 20% GPP target for 2013, and 70% achieved the 30% GPP target for 2014<sup>18</sup>.

The scope of the 2nd GPP NAP is intended to be more ambitious whilst continuing to adopt a realistic and incremental approach. The plan also aims at being fit for purpose by providing clear and realistic targets to encourage greener public procurement. The new NAP will take a more comprehensive approach to public procurement procedures in general by addressing more procurement instruments, such as quotations, greening award criteria and setting up a pool of green advisory experts, as well as devising a training strategy for the lifetime of the 2nd NAP<sup>19</sup>.

## Perspectives and lessons learned

From a **government (public procurer) perspective**, MSDEC takes the view that Malta has benefited from learning about GPP implementation experiences in other EU Member States. By comparison, Malta is a small country and has a relatively low number of contracting authorities and volume of tenders, and this reality has enabled the government to adapt the common EU GPP criteria to Malta's own context and needs and establish a centralised national GPP process<sup>20</sup>.

Having gone through the process of adopting GPP, MSDEC says that learning to be proactive and an effective communicator with stakeholders has been central to getting the GPP message across and to a successful GPP implementation. This has been a key lesson learned. Through the GPP website, the Inter Ministerial Task Force, training sessions, the GPP helpdesk and consultation sessions, the GPP office has made itself available to a wide range of stakeholders. Since 2012, many discussions have taken place which have increased awareness and understanding of the benefits of implementing GPP<sup>21 22</sup>.

According to MSDEC, the process that has been set up to screen tenders for GPP compliance has also proven to be efficient and uncomplicated. MSDEC believes this to have been instrumental in bringing contracting authorities on board without creating the perception that GPP is an extra bureaucratic burden. GPP work over recent years has also enabled the government to develop more collaborative relationships with procurers and industry representatives<sup>23</sup>.

MSDEC also argues that stakeholder feedback on GPP implementation has been broadly positive. An academic study published in September 2015 assessed the level of awareness of and support for GPP among economic operators in the Maltese market. The data indicated that although 62.6% of operators have not attended any information session or training workshops, 53.1% felt confident about GPP criteria. A further study, commissioned by MSDEC in 2016, carried out a series of consultation sessions with bidders to assess the implementation of the 1st NAP. In general terms, the vast majority of the participants (75%) were able to satisfy the conditions imposed by the GPP criteria without experiencing any significant difficulties. Additionally, the GPP Office within MSDEC has also recently held four consultation sessions in November and December 2016 with

prospective bidders in the fields of road construction, medical equipment, indoor lighting, sanitary tapware and toilets and urinals, and office IT equipment<sup>24</sup>.

By way of contrast, there are other **industry perspectives** that paint a more mixed picture about the success of the GPP initiative to date. The **auditing and business adviser organisation, PKF Malta**, argues that GPP has not yet been widely implemented, despite the intention of government to gradually introduce GPP directives following the circulation of GPP criteria and guidelines in 2011. PKF argues that the slow progress made since 2011 is not due to a lack of awareness of the GPP directive, or the criteria and guidelines circulated by the government, as all procurement departments are well aware of them. According to PKF, the official answer for the lack of progress is a lack of policy and strategic vision, fragmentation of institutional responsibilities, poor awareness of the benefits of GPP, and that public procurers lack the technical capacity to properly implement GPP<sup>25</sup>.

PKF points to the launch of the GPP National Action Plan in 2012 as recognition by the government of GPP implementation problems. The National Action Plan was designed to overcome the implementation barriers. PKF argues that the facts on the ground show that there continues to be a disconnect between good intentions on the one hand, and the achievement of actual results on the other hand<sup>26</sup>.

PKF considers GPP to be very important to Malta, especially because Malta is an exporter nation that lacks natural resources, and therefore has to procure and import a large quantity of raw materials, industrial supplies and consumer goods. Full implementation of GPP, coupled with more open and transparent procurement procedures, would be hugely beneficial to business competitiveness in Malta, providing greater opportunities for SMEs in particular, and helping to grow innovation and the green economy<sup>27</sup>.

According to other representatives of the Maltese construction industry, such as the **Federation of Building and Civil Engineering Contractors (FOBC)**<sup>28</sup>, the introduction of GPP criteria does not appear to have had much impact yet. One of its leading member companies is **AX Construction Ltd**<sup>29</sup>, which is also part of one of Malta's largest construction groups, AX Holdings. The CEO of AX Construction suggested that his company has not yet experienced any changes in tenders issued by the Maltese Government following implementation of the GPP initiative. He pointed out that in any tender submission, FOBC companies will always ensure that they are fully compliant with requirements. The concerns they may have would centre around the subjectivity of evaluating GPP and ensuring a level playing field among all participants in a competitive bid. GPP would in reality add an overhead to current cost structures, which as a private contractor they would need to recover<sup>30</sup>.

## Endnotes

- <sup>1</sup> Challenge Europe, European Policy Centre (EPC):  
[http://www.epc.eu/documents/uploads/pub\\_4950\\_leinen.pdf](http://www.epc.eu/documents/uploads/pub_4950_leinen.pdf)
- <sup>2</sup> Green Public Procurement: National Action Plan 2011, Office of the Prime Minister:  
<http://msdec.gov.mt/en/decc/documents/environment/gpp/gpp%20national%20action%20plan.pdf>
- <sup>3</sup> Study on GPP in Malta (Tender), Ministry for Sustainable Development, the Environment and Climate Change, Dec 2015. Section 8.4: Current State of Affairs in Sector  
<https://msdecms.gov.mt/en/Tenders%20and%20Quotations/Documents/Tenders%202015/136-2015%20GPP%20Study%20Tender.pdf>
- <sup>4</sup> Department of Contracts, Contracts Circular No. 21/2011, Green Public Procurement and Other Procedures:  
[http://msdec.gov.mt/en/decc/documents/environment/gpp/contracts%20circular21\\_2011.pdf](http://msdec.gov.mt/en/decc/documents/environment/gpp/contracts%20circular21_2011.pdf)
- <sup>5</sup> A copy of this form is available at the national GPP website at:  
<https://msdec.gov.mt/en/decc/Pages/environment/gpp/gpp.aspx>  
[https://msdec.gov.mt/en/decc/Documents/environment/gpp/Tender%20Originator's%20Form%20\(Circular\).doc](https://msdec.gov.mt/en/decc/Documents/environment/gpp/Tender%20Originator's%20Form%20(Circular).doc)  
Originators of Departmental tenders must submit a scanned signed copy of this form by email to the Office of the Prime Minister at: [gpp@gov.mt](mailto:gpp@gov.mt).
- <sup>6</sup> Department of Contracts, Contracts Circular No. 21/2011, Green Public Procurement and Other Procedures:  
[http://msdec.gov.mt/en/decc/documents/environment/gpp/contracts%20circular21\\_2011.pdf](http://msdec.gov.mt/en/decc/documents/environment/gpp/contracts%20circular21_2011.pdf)
- <sup>7</sup> A copy of this form is available at the national GPP website at:  
<https://msdec.gov.mt/en/decc/Pages/environment/gpp/gpp.aspx>  
[https://msdec.gov.mt/en/decc/Documents/environment/gpp/Tender%20Originator's%20Form%20\(Circular\).doc](https://msdec.gov.mt/en/decc/Documents/environment/gpp/Tender%20Originator's%20Form%20(Circular).doc)  
Originators of Departmental tenders must submit a scanned signed copy of this form by email to the Office of the Prime Minister at: [gpp@gov.mt](mailto:gpp@gov.mt).
- <sup>8</sup> Department of Contracts, Contracts Circular No. 21/2011, Green Public Procurement and Other Procedures:  
[http://msdec.gov.mt/en/decc/documents/environment/gpp/contracts%20circular21\\_2011.pdf](http://msdec.gov.mt/en/decc/documents/environment/gpp/contracts%20circular21_2011.pdf)
- <sup>9</sup> Green Public Procurement online resource, Department of Environment and Climate Change, Ministry for Sustainable Development, the Environment and Climate Change (MSDEC):  
<https://msdecms.gov.mt/en/decc/Pages/environment/gpp/gpp.aspx>
- <sup>10</sup> Government Reports Progress on Green Public Procurement, 30 October 2012:  
<http://gov.mt/en/Government/Press%20Releases/Pages/2012/October/30/pr2385.aspx>
- <sup>11</sup> Ibid.
- <sup>12</sup> DG Environment, European Commission, GPP News Alert, May 2013:  
[http://msdec.gov.mt/en/decc/Documents/environment/gpp/Issue\\_31\\_NewsAlert\\_May2013.pdf](http://msdec.gov.mt/en/decc/Documents/environment/gpp/Issue_31_NewsAlert_May2013.pdf)
- <sup>13</sup> Ministry for Sustainable Development, the Environment and Climate Change (MSDEC), GPP News and Events:  
[http://msdec.gov.mt/en/decc/Pages/environment/gpp/news\\_events.aspx](http://msdec.gov.mt/en/decc/Pages/environment/gpp/news_events.aspx)
- <sup>14</sup> Contracts Circular No. 22/2014; Mainstreaming Green Public Procurement across the Public Sector Contracting Authorities, Department of Contracts, 2014:  
[https://msdec.gov.mt/en/decc/Documents/environment/gpp/Circ22\\_2014%20GPP%20Mainstreaming.pdf](https://msdec.gov.mt/en/decc/Documents/environment/gpp/Circ22_2014%20GPP%20Mainstreaming.pdf)
- <sup>15</sup> Ministry for Sustainable Development, the Environment and Climate Change (MSDEC), Sustainable Development Annual Report 2014:  
<http://www.parlament.mt/file.aspx?f=51802>
- <sup>16</sup> DG Environment, European Commission, Minutes of Meeting of the GPP Advisory Group, October 2015:  
[http://ec.europa.eu/environment/gpp/pdf/06\\_10\\_2015/minutes.pdf](http://ec.europa.eu/environment/gpp/pdf/06_10_2015/minutes.pdf)
- <sup>17</sup> European Commission, Public Procurement – Study on administrative capacity in the EU – Malta Country Profile:  
[http://ec.europa.eu/regional\\_policy/sources/policy/how/improving-investment/public-procurement/study/country\\_profile/mt.pdf](http://ec.europa.eu/regional_policy/sources/policy/how/improving-investment/public-procurement/study/country_profile/mt.pdf)
- <sup>18</sup> Feedback provided by the Government's GPP Coordinator at MSDEC on 10<sup>th</sup> January 2017.
- <sup>19</sup> Ibid.
- <sup>20</sup> DG Environment, European Commission, GPP News Alert, May 2013:  
[http://msdec.gov.mt/en/decc/Documents/environment/gpp/Issue\\_31\\_NewsAlert\\_May2013.pdf](http://msdec.gov.mt/en/decc/Documents/environment/gpp/Issue_31_NewsAlert_May2013.pdf)
- <sup>21</sup> Ibid.
- <sup>22</sup> Feedback provided by the Government's GPP Coordinator on 10<sup>th</sup> January 2017.
- <sup>23</sup> DG Environment, European Commission, GPP News Alert, May 2013:  
[http://msdec.gov.mt/en/decc/Documents/environment/gpp/Issue\\_31\\_NewsAlert\\_May2013.pdf](http://msdec.gov.mt/en/decc/Documents/environment/gpp/Issue_31_NewsAlert_May2013.pdf)
- <sup>24</sup> Feedback provided by the Government's GPP Coordinator at MSDEC on 10<sup>th</sup> January 2017.
- <sup>25</sup> Green public procurement – a rich harvest, PKF Malta, 2015:  
<http://www.pkfmalta.com/news/green-public-procurement-rich-harvest/>

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Federation of Building and Civil Engineering Contractors (FOBC):

<http://maltacvs.org/voluntary/federation-of-building-and-civil-engineering-contractors/>

<sup>29</sup> AX Construction Ltd, which is a member of AX Holdings and the Federation of Building and Civil Engineering Contractors (FOBC):

<https://axconstruct.com/>

<sup>30</sup> Feedback provided by the CEO of AX Construction Ltd on 10<sup>th</sup> January 2017.