

## Memo

**To:** Ms Antoinette Calleja, Director Contracts  
**From:** Perit John Ebejer BICC Chairman and CEO  
**Date:** 22<sup>th</sup> February 2010  
**Subject:** Green Public Procurement – BICC Recommendations to the GPP Task Force

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I refer to your email of 27<sup>th</sup> October 2010. I submit the feedback of the BICC on Green Public Procurement (GPP) Criteria relating to Construction for eventual inclusion in the Draft National Action Plan on Green Public Procurement". A BICC Council meeting on the subject was held on 29<sup>th</sup> January 2010.

### **A BICC supports Green Public Procurement**

**The BICC supports the introduction of green public procurement criteria relating to Construction as an important part in the drive towards sustainable development.**

The BICC also believes that by championing GPP the Central Procurement Authorities would not only be leading by example but more importantly, would positively influence the market by incentivizing the uptake of ecologically sensitive green technologies.

#### **B.1 Introduction of GPP criteria related to Construction**

**The BICC recommends caution in setting the implementation objectives and milestones.** It is the BICC's opinion that the GPP implementation strategy must place into perspective the current operational realities of both the Contracting Authorities and the Contractors.

Whilst acknowledging that GPP is an opportunity for reinforcing innovation, the BICC is concerned about the possible damaging effects of setting too rapid a timeframe for its implementation in Malta.

#### **B.2 State of readiness of the Industry for GPP**

The following observations represent an overview of the industry's current state of preparedness in respect of GPP as perceived by the BICC:

1. A culture in favour of green buildings in the local construction industry requires years to develop. This requires appropriate regulations supported by suitable awareness campaigns.
2. There exists insufficient local experience of designing green buildings amongst the local design profession;

3. Some of the proposed GPP criteria as included in the submitted documents might not be appropriate for the local context. In particular, the size of companies operating in Malta and the size of projects are on average smaller than in other EU states. Reduced size increases the relative complexities and costs.
4. At present the construction-related procurement tenders lack the level detail in respect of green-orientated technical specifications and award criteria.
5. Only the larger local construction projects currently benefit from a Design Brief. Requirement relating to green measures should be included in the design brief, failing which green measures will be fitted in as an afterthought.
6. There exists inadequate understanding and very little application of life-cycle costing / analyses related to local construction.
7. Local economic operators (especially SME's) lack the organisational networking and the technical aptitude to rapidly adapt to GPP criteria.
8. Support from satellite authorities (MSA, MCAST, UoM, MRRA, BICC, MCST, professional Bodies – KTP, COE) to the Central Authorities and the Contractors / Suppliers is sporadic and unfocused since these themselves lack the resources to mount prolonged and meaningful GPP support campaigns.

## **C Introduction of GPP related to Construction BICC recommendations**

To counter the difficulties imposed by the current scenario, BICC recommends:

### For Contracting Authorities:

1. The involvement of the Contracting Authorities in support of the Contractors requires to be sustained over a long period of time;
2. "GPP Pilot Tenders" (simulations) targeting selective construction materials and processes should be run in parallel with non-GPP Tenders to analyse costs and benefits;
3. It should be mandatory for all Contracting Authorities to compile "Project Briefs" for all construction projects; These should comprise clear project requirements (including specific "green" provisions). To ensure early focusing and mapping the Contracting Entities may consider the issue of "Preliminary Service Tenders" to procure expertise in the formulation of the briefs.<sup>1</sup>
4. The compilation of clear, detailed technical specification requirements for micro-detailing of "green" materials; Eg. references to Standards should not be limited to simply quoting the standard's name and number but provide actual performance values and distinguishing class and features.<sup>2</sup>

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<sup>1</sup> The "Project Brief" assumes critical importance in the design phase which defines the critical aspects of the project concepts that cannot be easily modified at a later stage (energy and energy performance demands, selecting the building materials on the basis of sustainability, bio-climatic elements, life-cycle costings);

<sup>2</sup> In brief, avoiding the "cut/copy and paste" syndrome;

5. It is recommended that for the initial phases, GPP should be limited to environmental requirements. GPP criteria *related to the production processes in general or the life-cycle assessment of certain products or services* should be introduced at a much later date. Imposing excessive GPP requirement at an early stage will impose a high level of technical complexity and require good financial back-up to the point that small and medium sized companies will, de facto, be excluded from the procurement process.<sup>3</sup>
6. For the implementation of whole-life analysis the Contracting Authorities should first decide on a life-costing “model” to be applied for construction projects in Malta. If necessary basic models should also be formulated to be used selectively by SME’s. This should be followed by training and support for all stakeholders and a gradual implementation programme<sup>4</sup>; During early implementation life-cycle analysis should be considered as an additional financial burden for the Contracting Authorities *only* – an additional tender rate should thus be applied rather than simply expecting bidders to “mask” the expense in the item rates;
7. All tender awards are characterised by varying levels of subjective decision-taking. On the purely technical level, and particularly for the “green” specification provisions the detailing of “measurable” and “quantifiable” award criteria should help in limiting “subjectivity” to the bare minimum;
8. A “Technical Expertise Pool” should be set up offering specialised “support” to the tender project leaders and adjudication boards;
9. The verification procedures in respect of bidders’ declarations / certification (especially self-certification) should be reinforced;
10. The compilation of a “Procurement Reference Database” for construction materials – This should include technical performance data, environmental requirements and target market price ranges.

#### For Economic Operators:

1. Investing in basic “eco-mapping” of construction processes – How can energy demand, waste and emissions be reduced, recycling increased;
2. Reviewing item costings to include for “green” procurement even if these may result in higher bid prices;
3. Supporting staff eco-specialisation and training and assessing the future needs for skills and competencies in “Green” construction according to anticipated technological, economic, environmental and social developments;
4. Sponsorship of research and innovation especially with regards to the eco-potential and/or limitations of local construction materials (Eg. “Franka” masonry blocks, Aggregates);
5. “Gap Analysis” and auditing of present procurement methods, sub-contracting and process improvement;

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<sup>3</sup> It is important to consider GPP in the light of the ongoing discussion – both at EU and national level – on how to increase SME’s participation in the economy.

6. Benchmarking with national and EU industry leaders;
7. Active pooling of technical resources and exchange of technology through associative membership both locally and internationally;

For Other Authorities:

1. Hands-on support from the authority responsible for standards (MSA) in assisting Contracting Authorities and Economic Operators to respond to changes in materials specification and standardisation requirements especially with regards to the publication of national annexes;
2. The implementation (long overdue) of the non-formal qualifications certification by the MQC to permit the classification of vocational skills;
3. Better co-ordination BICC/ UOM/MCAST/MCST/MQC – Identification of the GPP criteria requirements for the different operators (Designers, procurers, Contractors, Verifiers) and the provisions of courses and CPD's tailor-made to these exigencies;