



## Sustainable and innovation procurement journeys - BUDAPEST

PROCURA+

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Municipality of Budapest

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# Basic regional data

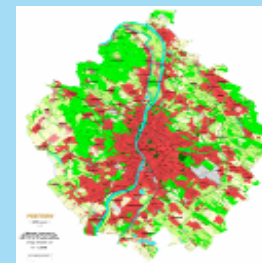
- Hungary (7 regions – 19 counties)  
93 029 km<sup>2</sup>; Inhabitants 9.937.628 (2011)



- Central Hungarian Region  
(Budapest + Pest county)  
6919 km<sup>2</sup>; Inhabitants 2.946.516 (2011)

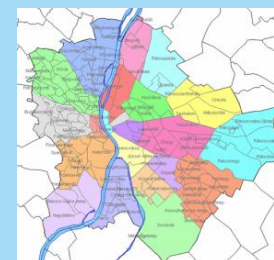


- Agglomeration of Budapest  
(Budapest + 80 settlements)  
2538 km<sup>2</sup> ; Inhabitants 2.534.888 (2011)



Budapest (23 districts)

- 525 km<sup>2</sup> ; Inhabitants 1.729.040 (2011)



# Municipality of Budapest

The local government system of Budapest is unique: a two-tier arrangement – unparalleled in Hungary – operates in the capital comprising the municipality of the City and those of the Districts. The Act on Local Governments specifies different rules with respect to its special two-tier system of local government. Both the City and the Districts are local governments, not subordinated to one another, each having specific duties and powers, specified by law. Both are eligible to exercise the basic rights of local governments.



## Mayor's Office

- Implementation of resolutions relating to matters of public administration
- Budgetary entity arranging its own finances with full authority
- 14 departments
- Maintains and supervises art and public culture institutions, social homes providing specialised care, markets and market halls. Certain theatres maintained by the City operate as non-profit companies.
- Following their transformation, public utility works of the Municipality of Budapest now operate as companies.



## WHO WE ARE?

- Project Management Unit and Unit on Public Procurement
- EU (co)funded large scale infrastructural and soft projects
- Public procurement processes in the Mayor's Office
- 2015: **CEPPI project**: save at least 33GWh/year and to develop the capacity of public authorities to implement **innovation procurement solutions** for energy-related projects.



# ENVIRONMENTAL INITIATIVES

1992 **EUROCITIES**

2012 **Climate-KIC**

2008 **Covenant of Mayors**

CO2 reduction commitments by 2020 in Sustainable Energy Action Plan

2016 **Compact of Mayors**

World's largest cooperative effort among mayors to reduce greenhouse gas emissions, track progress, and prepare for the impacts of climate change

2017-2018 **Climate Strategy of Budapest – MITIGATION ADAPTATION AWARENESS RAISING TARGETS FOR 2020/2030/2050**

2017-2018 **European Green Capital** candidate city



# Procurement related activities

2016 **Global Lead Cities Network on Sustainable Public Procurement**  
City-to-city cooperation to push rapid and effective implementation on the ground, and drive the market for sustainable and innovative products, services and works.



2018 **PROCURA+** and **ICLEI** membership



## **Sustainable Procurement in Budapest**

### **Legal background**

- EU: Directive **2014/24 EU** on Public Procurement
- National: Hungarian **Act 2015/143** on Public Procurement
- Inner regulations of the Contracting Authority: **Normative Rulebook** on Public Procurement for the City Hall and for the Municipality of Budapest

### **The Wind of Change in 2016**

- New obligations towards Contracting Authorities:
  - using sustainable aspects when defining
    - technical specifications
    - suitability criterias
    - contractual provisions
  - no more „the cheapest” wins procedures
    - evaluation criteria is primarily „The Best Value”
- New grounds for exclusion referring to the protection of the enviroment

# The City Hall as an SPP Pioneer in Budapest

Key note 1: Slow changes - Step by Step

Key note 2: Changing minds not the Climate



Key note 3: Transforming the regulation

New inner regulations are under preparation

Key note 4: Motivation - Peer Learning- Training – Sharing- Capacity Building

- CEPPI
- GLCN
- ICLEI and Procura+



# Results

## Results in 2017 – Procurements of the City Hall

Procurements under public procurement threshold	Sustainable criterias, aspects used	Applicable	Not applicable
Products	33%	purchasing utensils (fridges, coffee machines etc), purchasing furniture	medallions for retiring employees, new sports equipment and sound devices for the gym, utensils for the cabinetmaking unit
Services	31%	cleaning services, modernization of the lighting in the parks and courts of the building	planning, maintainance services

Public Procurements	Sustainable criterias, aspects used	Applicable	Not applicable
Products	69%	cars, e-chargers, cleaning products, paper materials for tax forms	IT licences
Services	36%	maintance services	Internet services, IT support,

Plan for 2017: Finalizing the register for sustainable aspects by product groups

## Highest & Best Use

### Contractual obligation

- the disposal of hazardous waste
- requiring e-communication exclusively

### Technical specification

- we only procure cars with EURO 6 engines
- recycled paper materials
- energy saving as a requirement

### Suitability criteria

- usage of environmentally friendly cleaning supplies

### Evaluation criteria

- the lower use of energy the higher points

# Goals, Targets and Difficulties

## Goals and Targets – both for the City Hall and the Municipality

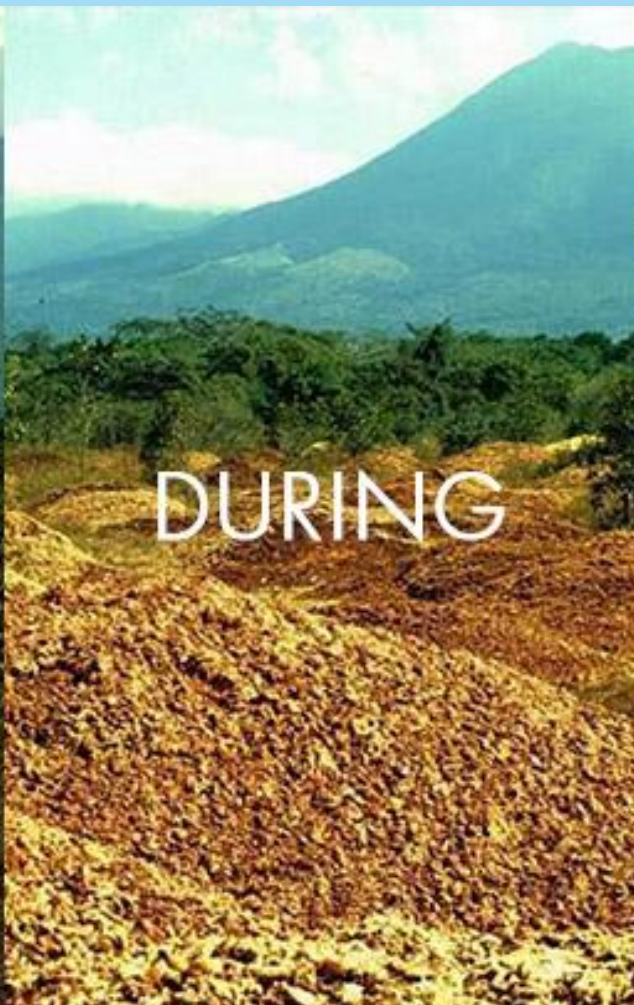
- By 2020, 100% of the procurement processes will integrate sustainability and green aspects (where applicable)
- By the end of 2018, 169 electric chargers will be implemented in the city, at first stage. By 2025 more than 900 new electric chargers will be installed in the city.
- By 2020, 70% of the newly purchased public transportation vehicles in Budapest will be clean.
- By 2020 21% reduction of CO<sub>2</sub>-emission and increased energy savings.
- By 2020, at least 30% of the evaluation criterias in the procurement processes of the Municipality and the City Hall where it is possible will be sustainable.
- By 2020, at least one training program per year to be accomplished for the Municipality, the City Hall, and the companies owned by the Municipality of Budapest.
- Sustainable procurement Strategy for Budapest
- Opening minds, training colleagues to be involved in procurement processes

## Typical difficulties in the public sector:

- Lack of knowledge regarding sustainability
- Decision making process is slow
- Regulation is strict and inflexible
- The requirement of spending the possibly least public money
- The requirement of planning yearly, from one annual budget to another
- Peer learning and sharing experiences can be difficult because of
- language barriers
- Strict hierarchy

**BUT....There is HOPE...let's try the magical „orange peels”...**

## There is HOPE!



# Thank you for Your kind attention!

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