



# City of Ghent

(Belgium)

## Sustainable Procurement Profile



*Images credit: City of Ghent*

**PROCURING SUSTAINABLY, LEADING GLOBALLY**



## Introduction

Since late 2008, the City of Ghent has emphasized the need for a structural approach by committing to the *Masterproject Sustainable Procurement*. Come 2016 the Masterproject is still alive and ever gaining momentum within the organization. One of the main realizations that sets Ghent apart from others is the politically acknowledged Procurement Strategy, expressing the strong ambition to be a leading consumer using its buying power as an instrument to reach its strategic goals. This puts procurement at the table at a strategic level. Moving forward from this Strategy, the City of Ghent has adopted a quality management approach with regards to sustainability, establishing clear indicators and targets for all of its Strategic objectives.

In 2014, the City of Ghent was host to the International Ecoprocura series (<http://www.ecoprocura.eu/ghent2014/>)

## Procurement in the city

- Evolution towards centrally coordinated procurement department responsible for company-wide contracts and sharing procurement excellence with decentralized procurers
- Technical contracts such as Energy, Fleet, Cleaning services and smaller contracts are managed by the responsible departments
- Annual manageable procurement spend: approx. €400 million
- Evolution towards a procurement centre of excellence within a new Facility Management Operating model for the City of Ghent (scheduled implementation: 2018).



Credit: City of Ghent

### OUR SPP ACHIEVEMENTS

- Clear Strategic Agenda, assisted by defined Key performance indicators and clear targets
- Sustainable festival organization through partnering of cultural organizations in the Green Track working Group
- 2013 Auroralia Award for best initiative with regards to sustainable city lighting
- Fleet transition towards electric and CNG vehicles
- First city to use Cradle-to-Cradle Certified cleaning products for all of its buildings

## Sustainable procurement strategy

A first Procurement strategy with a deep-rooted focus on sustainability was approved and published in 2012. In 2014 this strategy was renewed in accordance with the adapted priorities set forth by the newly elected city council. During Ecoprocura 2014, held in Ghent, this strategy was formally signed by the Mayor and selected representatives. This strategy (read more [\(in Dutch\)](#)) aims at:

### FIRST PROCUREMENT STRATEGY

**I. Minimizing the ecological footprint throughout the entire lifecycle with a focus on:**

- a) Rational use of energy and independence of non-renewable energy
- b) Minimizing the impact on local air quality through efficient and environmentally friendly transportation and deliveries
- c) Avoiding waste

**II. Encouraging sustainable employment of disadvantaged groups with a focus on:**

- a) Increasing the opportunities on the labor market for job seekers from disadvantaged groups – with specific attention for youth unemployment
- b) Strengthening the sustainable growth of the social economy sector

**III. Promoting sustainable innovations.**

**IV. Fostering local economic growth with special attention for start-ups and innovative companies.**

**V. Integrating and assuring international labor standards and fair trade principles throughout the supply chain.**

**VI. Encouraging sustainable entrepreneurship amongst suppliers**

**VII. Increasing the maturity of the procurement function and striving towards excellence in procurement**

- The cross referencing of contracts and their contribution to each of the strategic goals in the procurement strategy is done through the Strategic Roadmap
- Based on the contract-specific targets, the procurer is assisted by policy and criteria documents to develop the contract specification documents
- Manager's Dashboards are in use to report the results and outcomes of sustainable procurement for each of the strategic goals
- In order to facilitate administration and monitoring during contract execution a custom made digital toolbox will be made available (estimated implementation: 2017) to the procurers and suppliers, allowing contract management
- Methodologies, expertise and tools will be spread through the organization by means of a procurement coordination platform.

- Communication of sustainable procurement benefits is done through the website, company intranet and through communication means of (inter)national networks and partnerships

## Near future for SPP

In 2016/2017 the focus will be on:

- Making SPP reporting embedded in the organization
- Use of CO<sub>2</sub>-calculation tool to evaluate different delivery strategies
- Tendering of a new contract for fair trade working clothes
- Development of a custom Sustainable contract management tool

## Targets

- Reduction of 10% of CO<sub>2</sub>-emissions for deliveries in 2016
- 10% growth (year-on-year) in contracts awarded to the social economy sector
- 30% less purchase orders, transports and invoices through sustainable ordering behavior
- Digipolis Ghent will allocate 10% of the budget for ICT to procure innovative products and services or use innovative procurement methods



## What we purchase sustainably

### Masterproject Strategic and Sustainable Procurement

- Approach to implement sustainability in procurement structurally through generally applicable methodologies rather than on a case-specific basis. This is done by working on Strategy, Organisation Structure and Communication
- **Achievements:**
  - eProcurement, eCatalogue (sustainable products) and managing ordering behavior
  - Sustainable Procurement Strategy
  - Social Criteria Action plan, promoting suppliers to create opportunities for job seekers

- **Future Plans:**

- 30% Reduction of CO<sub>2</sub>-impact for deliveries on selected contracts
- Setting up criteria documents for all strategic goals
- Procurement Coordination Platform: Broadening the scope of the project to include all partners within the Group Ghent

## Cleaning

- **Why:** Green Public Procurement of Cleaning services for city buildings including office buildings, schools, nurseries, museums, historical buildings, police – and fire brigades,...
- **Achievements:**
  - Environmental friendly cleaning (Cradle to Cradle (C2C) cleaning products, environmental friendly consumable goods such as hand soap, toilet paper, paper towels, eco-friendly cleaning methods and machines), good waste sorting
  - Social sustainable cleaning (specific cleaning tasks performed by socially vulnerable groups like sheltered workplace, social economy teams)
- **Future Plans:**
  - Affordable environmental friendly cleaning through new and better environmental cleaning products and methods e.g. testing cleaning with probiotic cleaning products
  - Better waste sorting e.g. moving away from composting to fermentation of veg and fruit waste in kitchens and offices
  - More social sustainable cleaning for specific, simple en repetitive cleaning tasks such as cleaning library shelves, sweeping of playgrounds...

## City Development Projects

- **Why:** Approach to implement sustainability as a defining factor in the selection-, design- and build-phases of urban (re)development projects through generally applicable methodologies and on case-specific basis.
- **Achievements:**
  - Use of the Ghentian Sustainability Index as basis for the project definition and as a tool in the selection of design-bureaus and developers
  - Integration of the full spectrum of Sustainability (through the use of the GSI) in the complete realization process of the urban (re)development projects
  - Setting pilot-projects (Tondelier, Oude Dokken) as benchmarks regarding sustainable development for other regional public and/or private development projects
  - Driving innovation in communal solutions regarding energy and heating, mobility, and water

- **Future Plans:**

- Update of the Ghentian Sustainability Index and alignment with the Flemish Sustainability Index (under development)

## Logistics and fleet management

- **Why:** The city wants to obtain a greener vehicle and machinery fleet.

- **Achievements:**

- Insertion of sustainable vehicles (HEV, PHEV, BEV, CNG)
- Creation of vehicle pools to optimize the use of cars
- Installation of all-integrated car-management software system

- **Future Plans:**

- Progressive replacements of polluting cars and machines (multiannual planning)
- Decrease the number of cars and machines related to their function (fuel cost management)
- Implementation of ‘new technology vehicles’ (TCO);
- Optimizing the inner city displacements (decrease the volume of ‘air transport’ by empty lorries) of city services (mobility flows)
- Profound integration of the car-management software system (transparency input)
- Implementation of a high-developed bicycle network with particular bicycles adopted to the functional needs (mobility choices)

## Public Lighting

- **Why:** to achieve standardization of materials and illumination grades throughout Ghent. This improves the replacement of parts, deliverability of parts, increases the exchangeability between different addresses and unifies the city’s personality.

- **Achievements:**

- The establishment of a ‘Light group’ within the city Administration to guard the standardization
- Limiting the models/materials used in situ
- The city [Light Plan](#) (exists since 1999) as guidance in lighting city roads and monuments

- **Future Plans:**

- Increasing the communication to all possible partners involved in public lighting
- Implement the standardization of materials and illumination in all suburbs

- Revising/upgrading the Light Plan to new technologies and embedding these in the procedures
- Embedding the routines as to achieve a set routine in handling lighting in all its aspects

## Energy-efficiency & Building renovation

- **Why:** Reducing the energy cost of city buildings
- **Achievements:**
  - Energy monitoring in city buildings since 2003. An overall reduction of 25% in heating energy since 2003 benchmark.
  - Exclusive use of 100 % renewable electricity for all the city services since 2008
  - A global policy of passive new buildings and nearly energy neutral building renovations since 2012
  - Building maintenance with energetic upgrade (roofs, window, boilers,...), where applicable with social economy initiatives
- **Future Plans:**
  - A global plan (2013-2019) to reduce the energy use (electricity, gas) and water consumption by 15 %
  - An active energy efficiency plan for the public school buildings by thermal roof and ceiling insulation and upgrading boiler houses
  - Energy Performance Contracting (EPC) for 14 buildings ('creative financing' for capital improvement which allows funding energy upgrades from cost savings)
  - An active plan for early detection of water leakages
  - Awareness actions to encourage building users to take action to reduce their energy and water consumption

## How we purchase it

A few key changes made to the procurement process in recent years include:

- **eProcurement:** In 2014 the decision was made to implement an eProcurement module SRM, as an interface to the enterprise software SAP. This eProcurement system allows a more structural approach to purchasing policies and enables centralized reporting on the basic spend analysis questions (*when* is *what* being bought *by who* from *which supplier?*). These analyses will be the basis for further grouping of contracts and dealing with maverick buying.

The use of custom catalogues with defined products enables the procurer to supply sustainable solutions fulfilling the customer's need (rather than providing a product, the

procurer evolves to a solution-provider).

The platform allows the monitoring and regulation of order and delivery frequencies. Based on these reports communication campaigns will be launched raising awareness with the internal customer and new policies can be agreed upon in cooperation with suppliers.

- Joint procurement (Economy of Scale):** Two of the main principles established for strategic and sustainable procurement at the City of Ghent involve efficiency, with regards to the total product cost and efficiency in reducing the total process cost of procurement. Combined with the new operational model for the city of Ghent, developing a closer link in operations between City of Ghent and its partners (OCMW Ghent, non-profit organizations, Cultural organizations, etc), the opportunity is explored for all new contracts to broaden the scope of customers to all partners within the Group Ghent. This creates significant opportunities with regards to economies of scale and achieving better prices for products, as well as freeing up procurement expertise resources by combining contracts and thus reducing overhead costs.
- Strategic Roadmap:** In order to introduce sustainable procurement on a structural level into all contracts, a strategic roadmap was developed. This roadmap lists all the planned contracts for the near future (year+1) and enables the discussion with all relevant stakeholders in order to set individual targets for each contract taking the market maturity into account. By allowing the relevant policy advisors to engage in conversation with the respective procurers it is made sure that the contracts contribute optimally to the strategic goals of all parties involved.



## Keeping track on procurement

All purchases made within the city occur through a central eProcurement system SRM – an add-on to the enterprise software SAP – allowing for monitoring of procurement activities. A Business Intelligence platform based on Microsoft products serves as a reporting layer.

However, these systems are not yet ready to capture, monitor and report sustainability benefits.

Since 2014 the procurement function of the City Of Ghent has put strong emphasis on working according to an EFQM (European Foundation for Quality Management) focus. Within this approach it has received extensive guidance to set up Manager's Dashboards® and Key Performance Indicators to cover all aspects of the procurement process.

One of the main goals of the Masterproject is to set up city-wide measurement and reporting



methodologies to allow communicating the benefits of Sustainable Public Procurement.

On a pilot scale (the central procurement department) these reporting tools involve strategic indicators as well as operational indicators used for measuring and adapting the processes.

A few examples of available metrics (non exhaustive list):

## Strategic Goals

- **Sustainability**
  - Volume (in €) of procured goods and services delivered by Social Economy
  - Number of contracts for Electrical appliances with criteria related to the reduction of Energy Consumption
  - Actions taken to reduce CO<sub>2</sub> on deliveries
  - Re-use of Recovery Furniture (avoidance of cost (€), avoidance of waste (kg), avoidance of resource usage (kg))
- **Processes**
  - Percentage of process mapping
  - Action plan for risk mitigation

## Operational Goals

- **Contracts**
  - Continuity in the renewal of contracts
  - Supplier satisfaction survey indicator
- **Resources**
  - People (Effective staffing vs. formation)
  - Budget (Spend vs. available budget)

## Challenges for the future

- Establishing the sustainable public procurement methodologies throughout all contracts made within the city. Scaling up the initial efforts from the centralised procurement function to all procurers. The current view is to establish a Procurement Coordination Platform within the City, allowing easier sharing of expertise on the subject. Developing this platform will allow the creation of a (Sustainable) Procurement Centre of Excellence
- Significant effort will have to be put into measuring and reporting the realized benefits. The foundations have been laid through the implementation of manager's Dashboards,

but the challenge for the coming years will be to structurally embed these principles into the reporting cycles and develop a sustainable procurement accounting system.

- The City Of Ghent is transitioning towards a new operating model (to be finalised and implemented by 2018), with important considerations concerning the role and position of the procurement function in the organization. The choice between central, decentral, central-led or any hybrid form will have important consequences on how to assure the dissemination of Sustainable Procurement expertise throughout the organization.

## Further information

RESOURCE	WEBSITE
City of Gent – in Dutch	<a href="https://stad.gent/voorbeeldconsument">https://stad.gent/voorbeeldconsument</a>

## Contact



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## About the GLCN on SP

The **Global Lead City Network on Sustainable Procurement** is a group of cities committed to drive a transition to sustainable consumption and production by implementing sustainable and innovation procurement. All participating cities are acting as ambassadors of sustainable procurement to lead to a resource efficient, low carbon and socially responsible society.