

# **GREEN PUBLIC PROCUREMENT**

## **1. How It All Started – The Legal Framework**

Albania incorporated the concept of Green Public Procurement (GPP) into its legal framework through Law No. 162/2020 “On Public Procurement”, which is aligned with the main EU public procurement directives. This law provides public institutions with the legal basis and tools to procure goods, services and works by taking environmental criteria into account, rather than focusing solely on price.

Specifically, the law allows the use of the Most Economically Advantageous Tender (MEAT), Life-Cycle Costing (LCC), and environmental labels as evaluation criteria. However, Green Public Procurement is treated as a voluntary instrument, meaning that each contracting authority decides whether and how to apply it.

## **2. Implementing Institution and Guidance Documents**

The institution responsible for the implementation and promotion of Green Public Procurement in Albania is the Public Procurement Agency (PPA), which operates under the Council of Ministers. The PPA is also the lead institution coordinating negotiations with the European Union in the field of public procurement.

With the support of the World Bank and funding from the Swiss Government, the PPA has published two key documents in 2024:

- The Guide on the Implementation of Green Public Procurement;
- The Methodological Guidelines for the Implementation of Green Public Procurement.

### **What the Guide Says**

The Guide explains how environmental criteria can be integrated into every stage of the procurement process, from preliminary market consultations and the drafting of technical specifications to the evaluation of bids and contract performance clauses.

It encourages public institutions to use environmental standards and labels recognized in Albania and the European Union and emphasizes that Green Public Procurement should never be used to restrict competition or favor specific suppliers.

## **What the Methodology Says**

The Methodology is the practical implementation document. It identifies 20 specific categories of products and services where Green Public Procurement can be applied and provides examples of technical specifications, evaluation criteria, and life-cycle costing methods for each category.

It is the document that procurement specialists consult when they need to design and launch a green public procurement procedure in practice.

### **3. The 20 Green Public Procurement Categories**

The Methodology covers 20 categories of products and services where environmental criteria can be incorporated into public procurement procedures:

1. Office IT equipment
2. Copying and graphic paper
3. Food and catering services
4. Road transport: (a) passenger cars; (b) buses; (c) bus services
5. Road infrastructure
6. Imaging equipment, consumables and printing services
7. Data centres, server rooms and cloud services
8. Public space maintenance
9. Street lighting and traffic signals
10. Indoor cleaning services
11. Textile products and services
12. Furniture
13. Sanitary taps and faucets
14. Flush toilets and urinals
15. Paints, varnishes and road markings
16. Water-heating equipment
17. Wastewater infrastructure
18. Design, construction and management of office buildings
19. Electricity
20. Electrical and electronic equipment in the healthcare sector

### **4. What Green Public Procurement Aims to Achieve**

Green Public Procurement aims to ensure that public funds are used to purchase products, services and investments that are more sustainable, more efficient and have a lower environmental impact.

**a) Environmental Protection and Sustainable Development** - One of the primary objectives of Green Public Procurement is to reduce the negative environmental impact of publicly procured products, services and investments.

The Guide places environmental protection and sustainable development at the core of procurement decision-making. This means that when public institutions purchase goods or finance public works, they are encouraged to consider the environmental consequences of those choices alongside other procurement requirements.

**b) Efficient Use of Energy and Resources** - Green Public Procurement promotes products and solutions that consume less energy and make more efficient use of natural resources.

The Guide encourages contracting authorities to favor products and services that require fewer resources throughout their use. This approach not only supports environmental protection but also helps avoid unnecessary costs over the lifetime of a product, service or infrastructure asset.

**c) Promotion of Green Technologies** - Another objective is to support the development and use of environmentally friendly technologies and to create demand for greener alternatives.

By including environmental requirements in public tenders, public institutions can stimulate the market for cleaner products and services and encourage innovation in green technologies.

**d) More Efficient Use of Public Funds** - Green Public Procurement encourages the purchase of products and services that are more durable, more efficient and less harmful to the environment over time.

The Guide does not view green procurement as an additional expense. Instead, it highlights that investing in longer-lasting and more efficient products can improve the overall value obtained from public spending by considering costs and benefits throughout the entire life cycle of a product.

**e) Improving Quality of Life** - Green Public Procurement also aims to promote environmentally responsible behavior and contribute to citizens' well-being through public investments.

The Guide directly links green procurement to the quality of life of citizens, recognizing it not only as an administrative tool but also as an instrument capable of generating broader social and environmental benefits.

## 5. Summary of the Main Steps of Green Public Procurement

No.	Step	What It Does	When It Is Applied
1	Market Assessment	Assess whether green products and services are available on the market and determine their costs.	Before launching the procurement procedure
2	Technical Specifications	Define the minimum environmental requirements that the product, service or work must meet.	During the preparation of tender documents
3	Award Criteria	Allocate additional points to bids that exceed the minimum environmental requirements.	During the preparation of tender documents
4	Life-Cycle Costing (LCC)	Evaluate the actual cost of a product or service throughout its life cycle, rather than considering only the purchase price.	During the evaluation of bids
5	Contract Clauses	Include provisions that ensure compliance with environmental requirements during contract implementation.	During contract drafting
6	Monitoring	Verify that the supplier complies with the environmental requirements and commitments set out in the contract.	During contract implementation

**Life-Cycle Costing (LCC)** Life-Cycle Costing is one of the most important elements of Green Public Procurement. It requires public institutions to look beyond the purchase price and consider all costs associated with a product throughout its lifetime, including energy consumption, maintenance, spare parts, repairs, and end-of-life treatment such as recycling or disposal. This approach recognizes that a product with a higher upfront cost may ultimately prove more economical and sustainable over the long term.

## 6. Link with the RACHP Sector

One of the areas where Green Public Procurement is particularly relevant for Albania is the Refrigeration, Air Conditioning and Heat Pump (RACHP) sector. This is due to a very specific reason: Albania ratified the Kigali Amendment to the Montreal Protocol in 2019, committing to gradually reduce and phase down the use of hydrofluorocarbons (HFCs) — refrigerants widely used in air conditioners, refrigerators, industrial refrigeration systems and other cooling equipment that have a high global warming impact.

The public sector is one of the largest purchasers of this type of equipment in the country. Ministries, schools, hospitals, prisons and elderly care facilities all rely on air-conditioning and refrigeration systems. When public institutions procure new equipment, they have the opportunity to choose technologies that use alternative refrigerants with lower climate impact.

This contributes directly to reducing the volume of HFCs placed on the market and has an additional important effect: as one of the largest buyers in the economy, the public sector can influence the wider market and encourage the transition towards cleaner cooling technologies.

## **7. What This Means for Suppliers**

When public institutions introduce environmental criteria into procurement procedures, the impact goes beyond the purchasing authority itself. It directly affects every company seeking to supply products and services to the public sector.

A green tender means that bids are evaluated not only on price, but also on environmental performance. Factors such as energy consumption, refrigerant type, and emissions generated throughout a product's life cycle can influence the evaluation outcome. Products that fail to meet the required minimum standards may be excluded regardless of price.

Among the 20 categories covered by the Methodology, RAC/RACHP equipment appears across several sectors. For example, when public authorities procure buses or other public vehicles, air-conditioning systems may be required to use natural refrigerants rather than HFCs. When office buildings are constructed or renovated, a minimum Energy Performance Certificate rating of Class C may be required, implying higher performance standards for HVAC systems. When heat pumps are procured, refrigerant leakage and associated emissions may form part of the environmental assessment. Likewise, procurement of equipment for hospitals and healthcare facilities may include energy-efficiency requirements that affect refrigeration and air-conditioning systems.

The message is clear: the public procurement market is changing. Companies that already offer equipment using alternative refrigerants, hold recognized certifications, and can provide the necessary technical documentation will be better positioned to compete successfully in future public tenders.

## **8. What Would a Green RAC Procurement Look Like in Practice?**

Let us take the example of a school that wants to purchase new air-conditioning units. Under a Green Public Procurement framework, the process would be structured differently.

First, before launching the tender, the institution would carry out a brief market assessment to identify which units using alternative low-GWP refrigerants, such as R-32 or R-290, are available on the Albanian market and at what price.

Next, the technical specifications would include not only the cooling capacity requirements, but also environmental criteria. For example, the tender could require a

minimum energy efficiency rating of A++ and a refrigerant with a GWP below 150. Any bid failing to meet these minimum requirements would be excluded.

During bid evaluation, the institution would not focus solely on the purchase price. Instead, it would assess the total cost over a ten-year period, including the initial purchase price, electricity consumption, maintenance costs and end-of-life disposal costs. This approach, known as Life-Cycle Costing (LCC), often demonstrates that a seemingly inexpensive unit with high energy consumption may be significantly more expensive over its lifetime than a more efficient model.

Finally, the contract would include specific performance clauses. For example, the supplier would be required to guarantee the declared energy-efficiency performance, with penalties applied if the equipment fails to achieve the specified level in practice.

## **9. Where Do We Stand Today?**

Despite the existence of a legal framework and supporting guidance documents, no Green Public Procurement procedures had been officially reported in Albania by 2025.

Price continues to be the dominant criterion in public purchasing, including procurement of RAC equipment. No public institution has applied Life-Cycle Costing methodologies, no tenders have required environmental labels, and no contracts have incorporated environmental performance clauses.

## **10. Key Challenges**

The reasons for this situation are numerous and interconnected.

First, there is a lack of strong political commitment. Green Public Procurement remains voluntary, and no institution is currently required to implement it.

Second, institutional capacity remains limited. Procurement specialists have generally not been trained to apply environmental criteria or to calculate life-cycle costs.

Another challenge is the absence of green budgeting mechanisms. Public institutions often lack dedicated resources to purchase equipment with a higher upfront cost, even when it would be more economical over the long term.

In the RAC/RACHP sector specifically, additional barriers exist. The domestic market still offers a limited range of equipment using alternative refrigerants, these products are often more expensive than conventional alternatives, and there are currently no sector-specific methodologies for calculating life-cycle costs for RAC equipment.

## 11. Obligations Related to the European Union

The EU integration process makes this issue increasingly important.

Albania's Public Procurement Strategy 2024–2030 foresees that by 2027 at least 20% of all public procurement procedures should include environmental criteria. This is a key performance indicator that will be monitored and reported within the framework of the EU accession process.

The European Commission has already noted limited progress in implementing the Green Agenda and has called for stronger efforts. Failure to meet these targets may directly affect Albania's assessment under negotiation chapters related to environment and public procurement.

## 12. What Should a Public Institution Director Remember?

- The application of Green Public Procurement is currently voluntary.
- When applied, the same principles governing all public procurement procedures must be respected: transparency, fair competition and equal treatment of bidders.
- Green Public Procurement must never be used as a mechanism to favor a specific supplier.
- The detailed methodology developed by the Public Procurement Agency is available and provides practical examples for different product and service categories.

## 13. Where Can Assistance Be Obtained?

**Public Procurement Agency (PPA)** - The PPA provides the full methodology, practical examples and technical guidance on the implementation of Green Public Procurement.

**Website:** [app.gov.al](http://app.gov.al)

**National Ozone Unit** - The NOU can provide technical support and information related to RACHP equipment, including air conditioners, refrigeration systems, heat pumps and alternative low-GWP refrigerants.

**Website:** [ozoneal.com](http://ozoneal.com)

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