

Buyer Groups

as catalyst for sustainable procurement

30-06-2021

Lennart van de Vliert

Outline

Introduction

Methodology

Findings

Discussion
& limitations

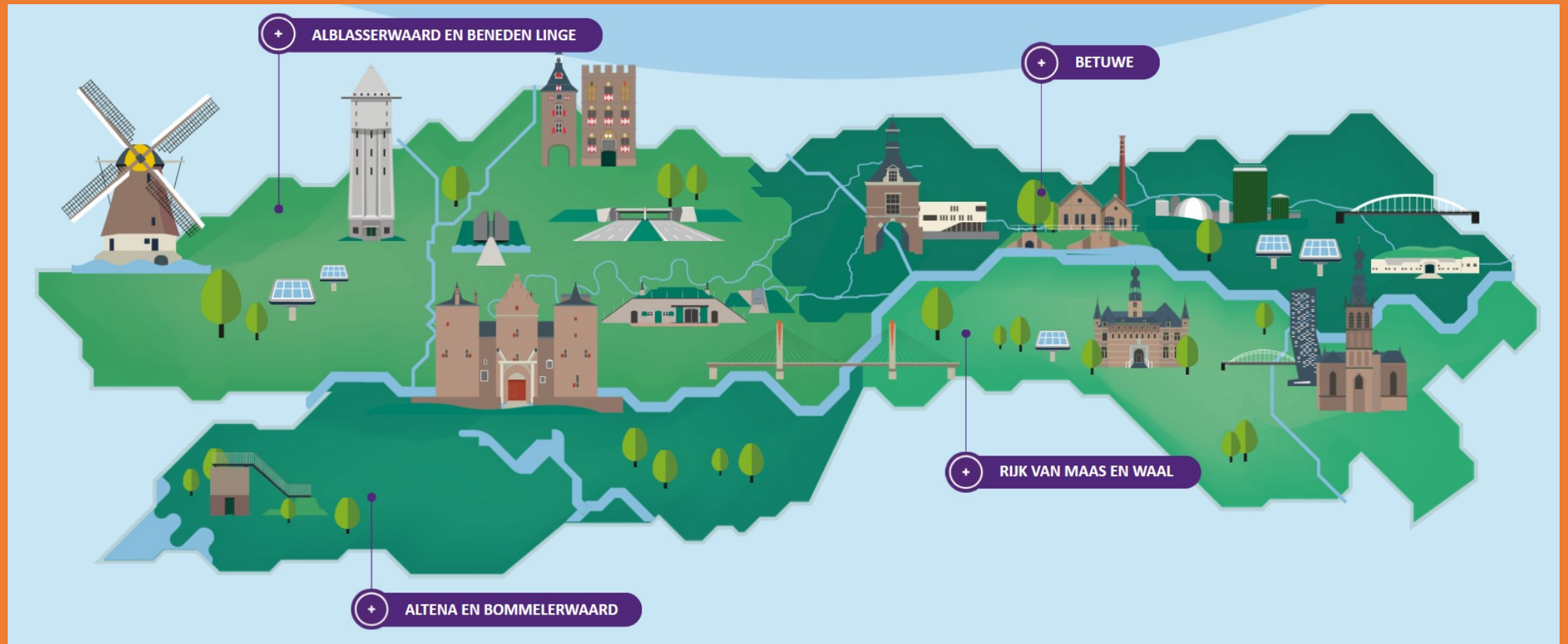
Public clients

- Rijksoverheid
- Water authorities
- Rijkswaterstaat
- Schools

Public procurement

- Public clients buying from market suppliers
- Competitive bidding process (tender)
- Legislation

Waterschap Rivierenland



Source: Jaarbeeld 2020 (Waterschap Rivierenland, 2021)

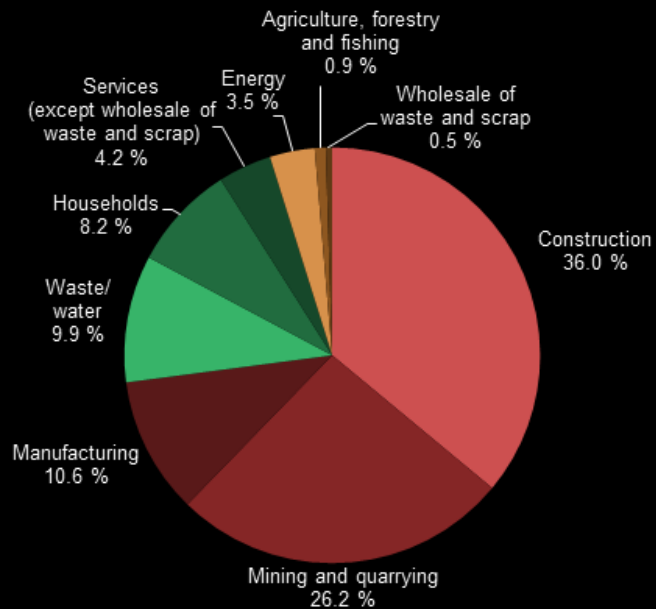
Waterschap Rivierenland



Source: Leerproject Wolferen - Sprok (Hoogwaterbeschermingsprogramma, 2020)

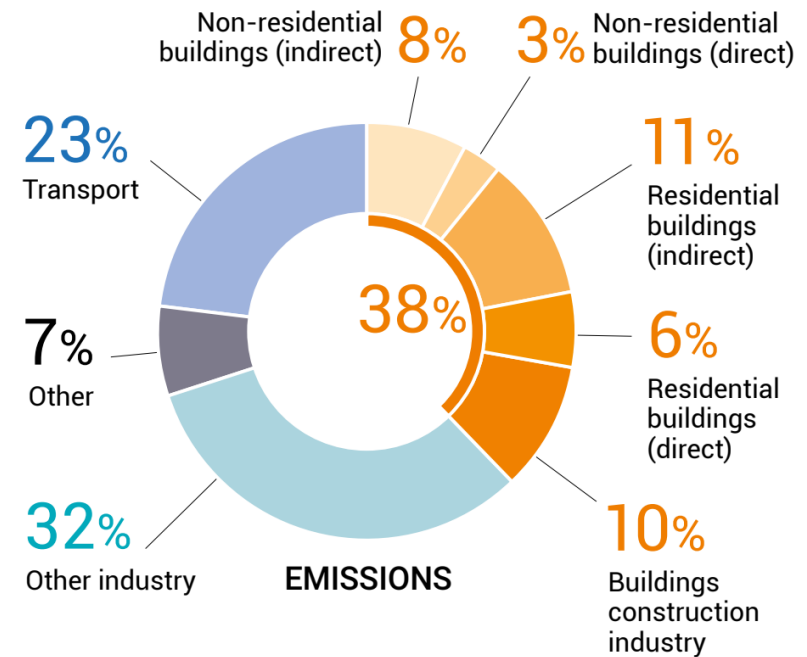
Construction & climate change

Waste generation by economic activities and households
(in % share of total waste, EU-27, 2018)



Source: Eurostat (online data code: env_wasgen)

Global emissions per sector



Source: United Nations Environment Programme (2020).
2020 Global Status Report for Buildings and Construction

Dutch government & climate

Klimaatakkoord & National Program Netherlands Circular in 2050

- 2050: fully circular and 95% CO₂ emission reduction
- 2030: 50% of 2050 goals

Circularity

- Significantly reduce the consumption of resources, by limiting both the input and output (e.g. waste) of materials in the economy.

Dutch government & climate

Lauching customer

- 2023: most public tenders circular
- 2030: all public tenders climate neutral and circular
- €73 billion
- ±100% of infrastructure market

MVI: socially responsible procurement

Focus on circularity and carbon emission reduction



Source: Van Oord neemt eerste zware elektrische graafmachine van Nederland in gebruik (Van Oord, 2020)

MVI difficulties

Existing MVI concepts and tools still have a limited effect

Causes:

- Insufficient knowledge or funds
- Clients have limited power to take lead

- Suppliers not willing to commit R&D
- Impact difficult to measure

Buyer Groups

Public clients together formulate a shared market vision
harmonize their MVI-demands in the pre-procurement process
individually implement these requirements into a tender

Buyer Groups

- Pilots in pre-procurement process
- Deal with MVI difficulties
- Clear signal to market (standard)

BG zero emission construction equipment



- Market vision
- Tenders
- Contracts

Source: Buyer Group Zero Emissie Bouwmaterieel (PIANOo, 2020)

Problem statement

Insight needed:

- Tackle existing MVI difficulties?
- Potential legal hazards
- Negative effects external buyers
- Cooperation within groups
- Process of harmonising demand
- Impact

Relevance

- Short time span (2023/2030)
 - Public procurement spending
 - Powerful tool but with risks
-
- New phenomenon

Research objectives

- Provide overview of relevant literature
- Capturing knowledge generated by pilot buyer groups:



- Create a guideline to implement buyer groups

Recap introduction

- Who? Public clients
- Why? Minimise carbon emissions and maximise circularity
- What? Implement buyer groups in the pre-procurement process of construction projects
- How? This graduation project

Introduction

Methodology

Findings

Discussion
& limitations

Research question

How can public clients successfully implement buyer groups in the pre-procurement process of construction projects, to minimise carbon emissions and maximise circularity?

Sub questions

1. How can (semi-) public clients successfully establish or join a suitable buyer group?
2. How can (semi-) public clients successfully cooperate and harmonise demand within buyer groups?

Research method

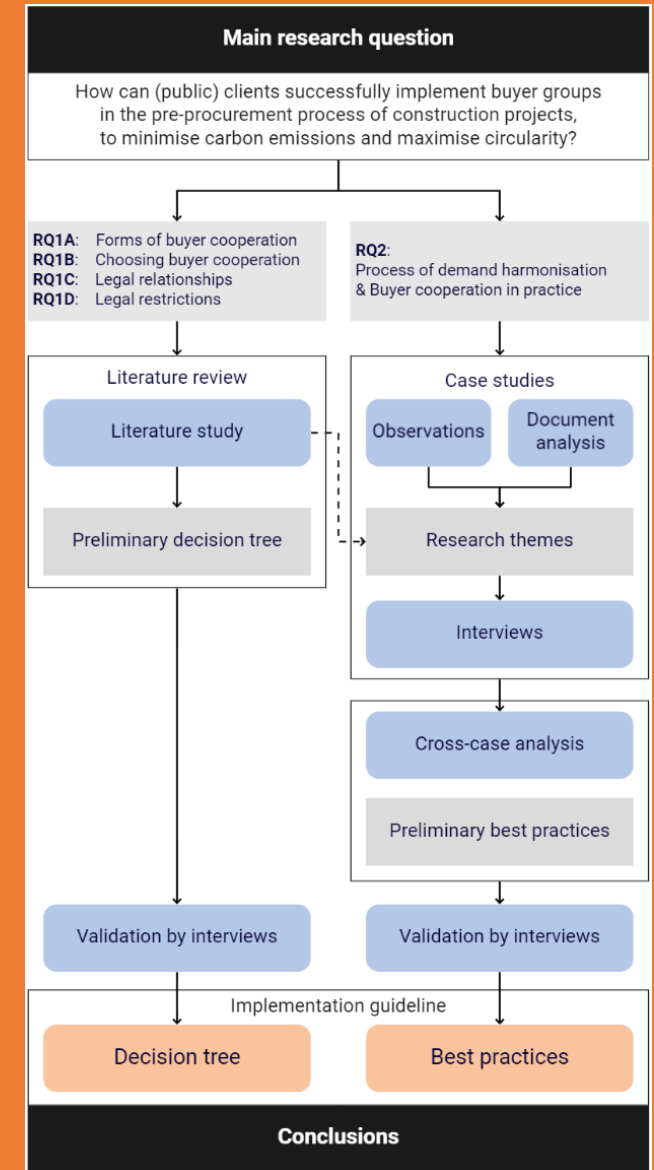
Explorative, qualitative study

Dual-method:

- Literature study
- Case studies

Outcomes:

- Decision tree & best practices





Introduction

Methodology

Findings

Discussion
& limitations

RQ1 Literature study

How can (semi-) public clients successfully establish or join a suitable buyer group?

RQ1A: Classifying buyer groups

1. **Organisational structure**
the degree of influence by all group members on the joint activities
2. **Number of activities / duration**
one occasional cooperative activity vs. to continuously undertaking different activities
3. **Degree of cooperation**
Sharing information
Sharing processes and resources
Sharing purchasing volumes

RQ1B: Choosing a form of cooperation

Choosing organisational structure		
←		→
Outsourcing individual tasks	Take turns (Lead buying)	Equal influence by all group members
High number of group members Uncomplicated procured product Low desired member involvement High organisation similarities Similar organisation sizes		Low number of group members Complex procured product High desired member involvement Low organisation similarities Different organisation sizes
Choosing number of different group activities		
←		→
One occasional cooperative activity		Continuously undertaking different activities
Low group ambition Limited shared procurement needs Unsuccessful cooperation Starting cooperation		High group ambition High shared procurement needs Successful cooperation Continuing existing cooperation
Choosing degree of cooperation		
←		→
Economies of information	Economies of process	Economies of scale
Sharing information and learning from other clients	Establishing a common line of conduct towards suppliers	Pooling purchasing volumes maximises buyer power and financial savings
Improve knowledge and competence of clients	Creating sustainability standards and harmonised regulations	Requires standardization and synchronisation among buyers
Not adequate to stimulate new product development	Enabling suppliers to commit R&D with marginal effort	Not applicable for customized products and services.

RQ1C: Legal relationships

Typology (Schotanus & Telgen, 2007)	Degree of cooperation (Faes et al., 2000)	Legal relationship
Piggy-backing group	Information	Covenant
	Process	Covenant, model contracts, model criteria
	Scale	Framework agreement / Joint procurement procedure
Project group	Information	Covenant
	Process	Covenant, model contracts, model criteria
	Scale	Framework agreement / Joint procurement procedure
Lead buying group	Information	Covenant
	Process	Covenant, model contracts, model criteria
	Scale	Centrumregeling / Public service contract
Third-party group	Information	Covenant
	Process	Covenant, model contracts, model criteria
	Scale	Foundation / Public body
Programme group	Information	Covenant
	Process	Covenant, model contracts, model criteria
	Scale	Framework agreements / Public body

RQ1D: legal restrictions

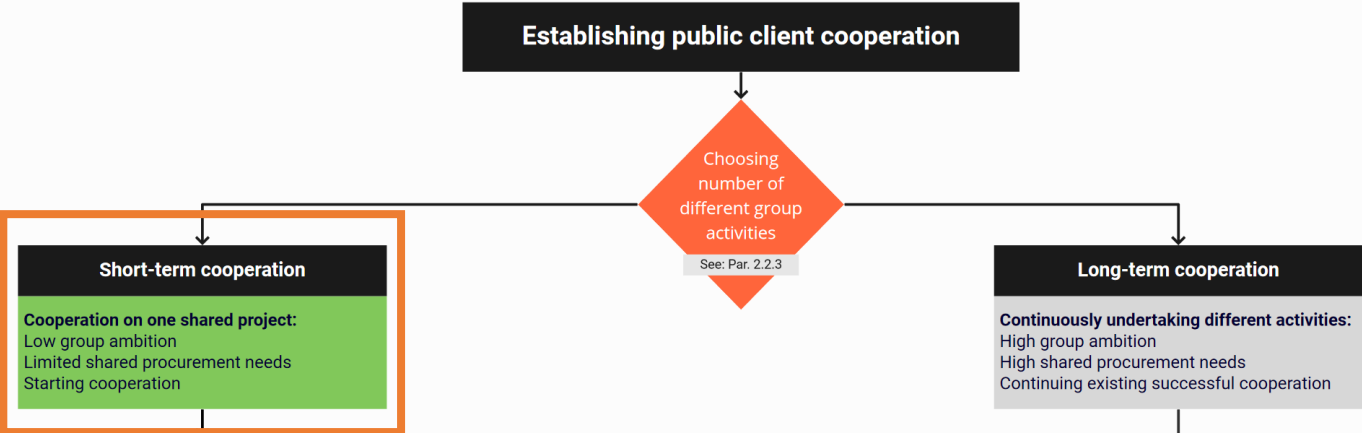
- Joint public procurement
- Not actively procuring clients bound by procurement laws
- Competition legislation

Decision tree

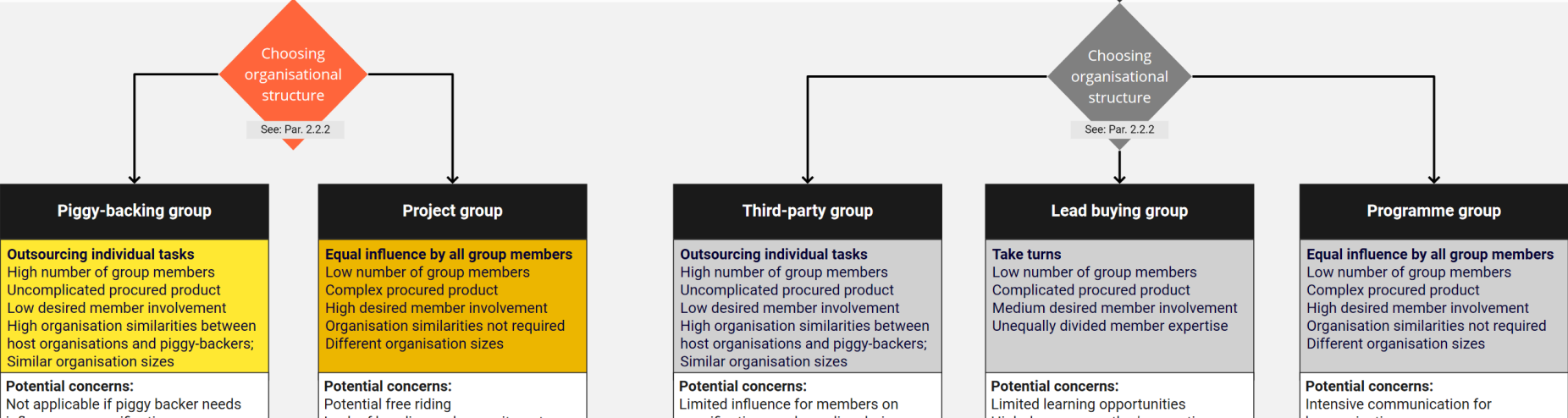
- Help public clients establish buyer cooperation
- Validation

Decision tree

1

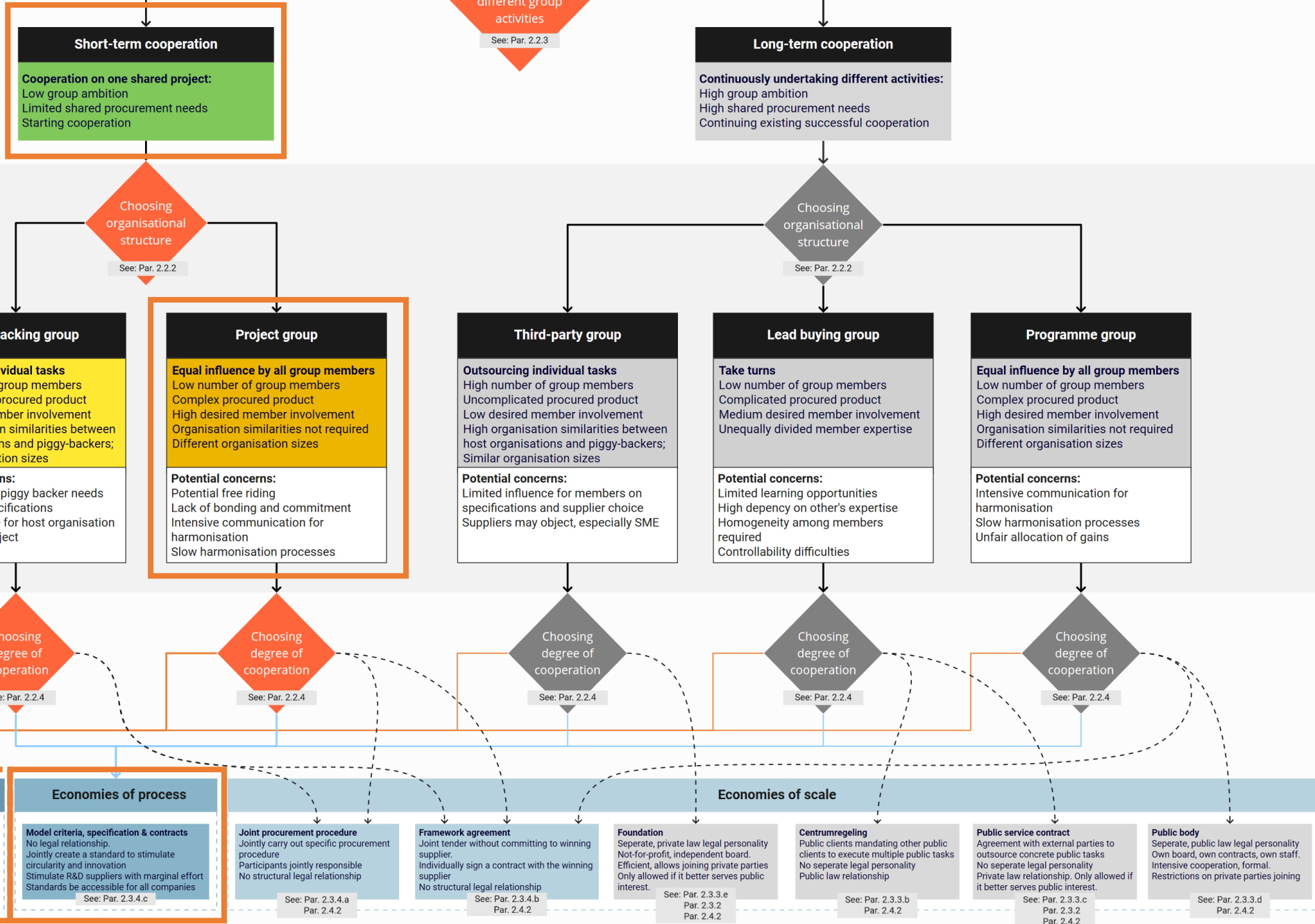


2



2

3



RQ2 Empirical study

How can (semi-) public clients successfully cooperate and harmonise demand within buyer groups?

Buyer group phasing

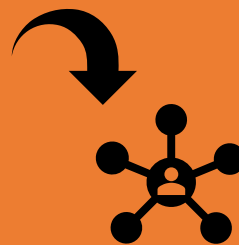


Phase 1: Explore cooperation

- Recruitment
- Selection
- Participant types



Top-down vs bottom-up



Existing networks



Based on desired group process

Phase 1: Explore cooperation

- Recruitment
- Selection
- Participant types



Warm-up sessions



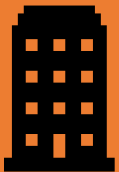
Voluntary nature



Choice of role

Phase 1: Explore cooperation

- Recruitment
- Selection
- Participant types



National governmental



Decentral governments



Non-governmental public



Semi-public/private

Phase 2: Establish cooperation

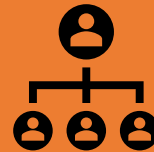
- Dealing with differences
- Organisational structure
- Covenant



Ambition: bottom-up vs top-down



Expertise



Organisational mandate



Commitment

Phase 2: Establish cooperation

- Dealing with differences
- Organisational structure
- Covenant



Choice of 3 roles



Size differences



Experience group



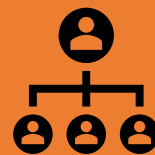
Frequency

Phase 2: Establish cooperation

- Dealing with differences
- Organisational structure
- Covenant



Covenant



Mandate



Intentions, not penalties

Phase 3: Harmonise demand

- Harmonising demand
- Aiming for impact
- Legal boundaries



Scope



Requirements



Incremental minimum



Ambition levels



Existing documents

Phase 3: Harmonise demand

- Harmonising demand
- Aiming for impact
- Legal boundaries



Calculation challenge



Direct impact



Indirect impact

Phase 3: Harmonise demand

- Harmonising demand
- Aiming for impact
- Legal boundaries



Functional requirements



Check outputs



Early phase

Introduction

Methodology

Findings

Discussion
& limitations

Discussion & Limitations

- Dutch context, construction sector
- Snapshot
- Based on current pilots
- Generalisation vs particularity

References

- Eurostat. (2020). Waste statistics. https://ec.europa.eu/eurostat/statistics-explained/index.php/Waste_statistics
- Hoogwaterbeschermingsprogramma, 2020 Leerproject Wolferen - Sprok ()
- PIANOo. (2021). *Buyer Group zero emissie bouwmaterieel*. PIANOo - Expertisecentrum Aanbesteden. <https://www.pianoo.nl/nl/themas/maatschappelijk-verantwoord-inkopen/buyer-groups/buyer-group-zero-emissie-bouwmaterieel>
- Swinkels, V., SKAO, & Van der Ree, B. (2021, June). *Resultaten Maatregellijst 2020*. <https://ska-skao.ams3.digitaloceanspaces.com/media/2021/Documenten%202021/Rapportage-maatregellijst-2020-skao-co2-prestatieladder.pdf>
- United Nations Environment Programme. (2020). 2020 Global Status Report for Buildings and Construction: Towards a Zero-emission, Efficient and Resilient Buildings and Construction Sector. https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf
- Van Oord. (2020, August 20). *Van Oord neemt eerste zware elektrische graafmachine van Nederland in gebruik* [Photo]. <https://www.vanoord.com/nl/updates/van-oord-neemt-eerste-zware-elektrische-graafmachine-van-nederland-gebruik/>
- Waterschap Rivierenland. (2021). *Jaarbeeld 2020*. <https://wsri-jaarbeeld2020.maglr.com/jaarbeeld-2020/>