
Training materials

Module C – Procurement procedures and timber products

Sub-module C.2 – Green Public Procurement (GPP)

Contents of the presentation:

- Objectives and general framework of GPP
- Principles and basic regulations of GPP
- GPP benefits

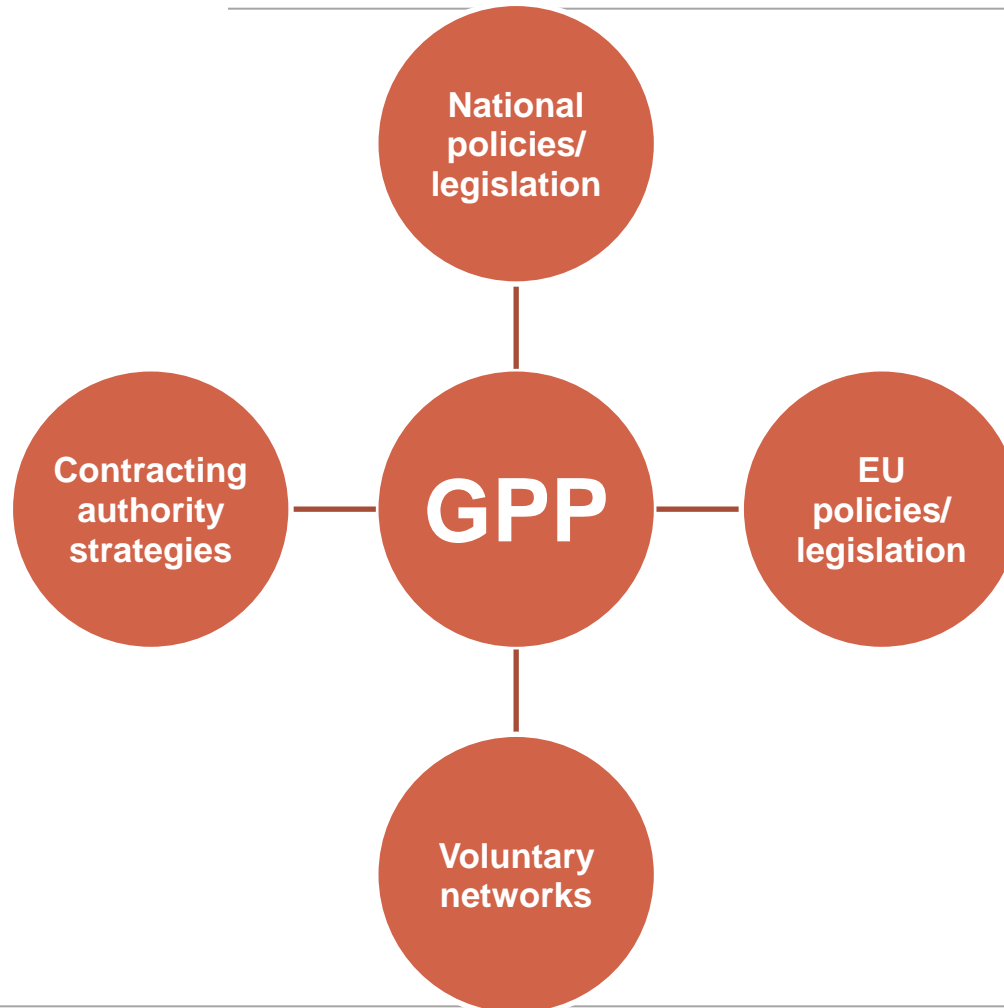
Objectives of GPP

GPP is normally defined as procurement which aims to reduce the environmental impact of goods and services purchased by (or for) the public sector over their life-cycle.

This implies various objectives, for example:

- Reducing the volume of goods or services procured/avoiding waste
- Purchasing goods/services with lower embodied impacts
- Purchasing goods/services with lower in-use impacts
- Purchasing goods which are more durable, reusable or recyclable
- Rewarding companies with positive environmental records and/or penalising those with negative records

Framework of GPP



Relevant Laws

- EU procurement directives and national implementing laws
- Sector-specific legislation e.g. Energy Star, Clean Vehicles, Timber Regulation, Energy Efficiency Directive
- Treaty on the Functioning of the European Union
- Case law of the European Court of Justice and national courts



Procurement basics

- EU procurement rules apply to central and local government and bodies governed by public law (“contracting authorities”)
- Also apply to entities (whether public or private) operating in the utilities sector (“contracting entities”)
- Contracts may be fully or partially covered by the Directives
- Covered contracts must be advertised in the Official Journal
- Contract notice or PIN published at beginning of procedure, and award notice published at the end
- From 2016, procurement documents must also be published
- Framework agreements and dynamic purchasing systems may be used to award multiple contracts (by central purchasing bodies).



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Principles of procurement

- **Non-discrimination and equal treatment** („not treating similar situations differently, or different situations in the same way, unless such treatment is objectively justified.“)
- **Transparency** –particularly relevant for advertising, criteria, weightings, specifications, notification of procedures & results
- **Proportionality** –is a measure appropriate to achieve its objectives and does it go beyond what is needed?
- **Mutual recognition** –of standards, qualifications, labels
All of these have been developed under the Treaty to support free movement of goods and services, freedom of establishment

Directive 2014/24/EU

EUROPEAN REGIONAL DEVELOPMENT FUND

Procurement stage	Opportunities to address GPP
Selection/ exclusion	<ul style="list-style-type: none"> • Compliance with fundamental labour and environmental law (Art.18, Annex X) • Environmental management measures (Art.62)
Technical specification	<ul style="list-style-type: none"> • Production processes and methods (Art.42) • Functional or performance based specifications (Art.42) • Accessibility or design for all users (Art.42) • Environmental or social standards (Art.42) • Reference to labels (Art.43)
Award criteria	<ul style="list-style-type: none"> • Environmental, social and innovation characteristics (Art. 67) • Life cycle costing (Art.68) • Reference to labels (Art.43)
Contract performance	<ul style="list-style-type: none"> • Environmental or social conditions for performance (Art. 70)

Art.18 Dir. 2014/24/EU

“Member States shall take appropriate measures to ensure that in the performance of public contracts economic operators comply with **applicable** obligations in the fields of environmental, social and labour law established by Union law, national law, collective agreements or by the international environmental, social and labour law provisions listed in Annex X.”

Annex X:

- Eight core ILO Conventions
- Vienna Convention on ozone layer
- Basel Convention on hazardous waste
- Stockholm Convention on persistent organic pollutants
- PIC Convention (hazardous chemicals/pesticides)

Art. 62 Dir. 2014/24/EU

Environmental management systems such as **EMAS** or **ISO 14001** can be a useful way for candidates to demonstrate, during the selection phase, their ability to deliver the environmental aspects of a contract.

It is important to check that any certificates presented relate to the specific activity or activities which the contract concerns. Alternatively, contracting authorities can set award criteria to assess the specific environmental management measures that are proposed for the carrying out of the contract.

Art. 42 Dir. 2014/24/EU

Technical specifications can relate to **sustainability impacts at any stage of the life cycle of a product** and it is not necessary for them to define qualities of the finished product only.

In all cases, requirements must be **related to the subject matter** of the call for tender (i.e. they must relate to the contract in question and not to the general sustainability performance of the supplier), must be **clearly verifiable**, and must afford **equal access to bidders** (so they cannot restrict competition for example by including requirements that could only be met by bidders from one company, country or region). Where standards are referred to, **equivalent standards** must also be accepted.

Type of specifications:

Input-based or traditional specifications, which describe the product, service or work, e.g by reference to materials used (“double-glazed windows”)

Performance-based or functional specifications which describe the desired outcome of the contract (e.g. “indoor temperature range of 18-20°C”)

Hybrid specifications which combine elements of both, e.g. “building with double-glazed windows and solar shading to achieve indoor temperature range of 18-20°C”)

Art. 43 Dir. 2014/24/EU

Where contracting authorities intend to purchase works, supplies or services with specific environmental, social or other characteristics they may, in the technical specifications, the award criteria or the contract performance conditions, require a specific **label as means of proof**.

A wide range of labels exist, however the ones which are of greatest use for procurement are those which have **underlying criteria set by an independent body**, are based on **life cycle considerations** and are **monitored by a third party auditing process** (often referred to as **Type I** or **Type I-like labels** according to ISO 14 024).

Art. 43 Dir. 2014/24/EU

To require **labels**, the following conditions have to be fulfilled:

- they only concern criteria which are **linked to the subject matter** of the contract;
- the criteria for the label are **verifiable and non-discriminatory**;
- they are established using an **open and transparent procedure** in which all relevant stakeholders, including government bodies, consumers, social partners, manufacturers, distributors and non-governmental organisations, may participate;
- they are **accessible to all** interested parties;
- they are **set by a third party** over which the economic operator applying for the label cannot exercise a decisive influence.



IE-CDE-99
Place of Farming



Art. 67 Dir. 2014/24/EU

Contracting authorities shall base the award of public contracts on the **most economically advantageous tender (MEAT)**.

Award criteria target performance above the minimum levels set out in the technical specifications.

The MEAT shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as **life-cycle costing** (see Art. 68), and may include the best price-quality ratio, which shall be assessed on the basis of criteria, including **qualitative, environmental and/or social aspects**, linked to the subject-matter of the public contract in question.

The contracting authority shall specify, in the procurement documents, the relative **weighting** which it gives to each of the criteria chosen to determine the MEAT.

Life Cycle Costing is a method for directly calculating and comparing the real costs of different alternatives for use in procurement decision making.

LCC is typically used at two stages of a procurement:

- Planning**: to assess the real cost of alternative options (e.g. different vehicle technologies/fuels for a bus call for tender).
- Evaluation**: directly comparing the life cycle costs of bids.

Procedural rules for life-cycle costing:

- Covers costs borne by contracting authority or other users as **acquisition, use, maintenance and end-of-life**;
- Also **environmental externalities**, provided their monetary value can be determined and verified, e.g. greenhouse gas emissions.

Art. 68 Dir. 2014/24/EU

When LCC is required, the Contracting Authority must indicate **calculation method to be applied and data required** from tenderers in the procurement documents.

Method must be:

- Based on objectively verifiable and non-discriminatory criteria;
- Accessible to all interested parties;
- Data required can be provided with reasonable effort by normally diligent economic operators, including operators from third countries.

Where **common EU methodology** developed, must apply this:
Currently only applies under Directive 2009/33/EU (Clean Vehicles Directive)

Art. 70 Dir. 2014/24/EU

Contract clauses “may include economic, innovation-related, **environmental**, social or employment-related considerations.”
Must be linked to the subject-matter and explicitly mentioned in procurement documents.

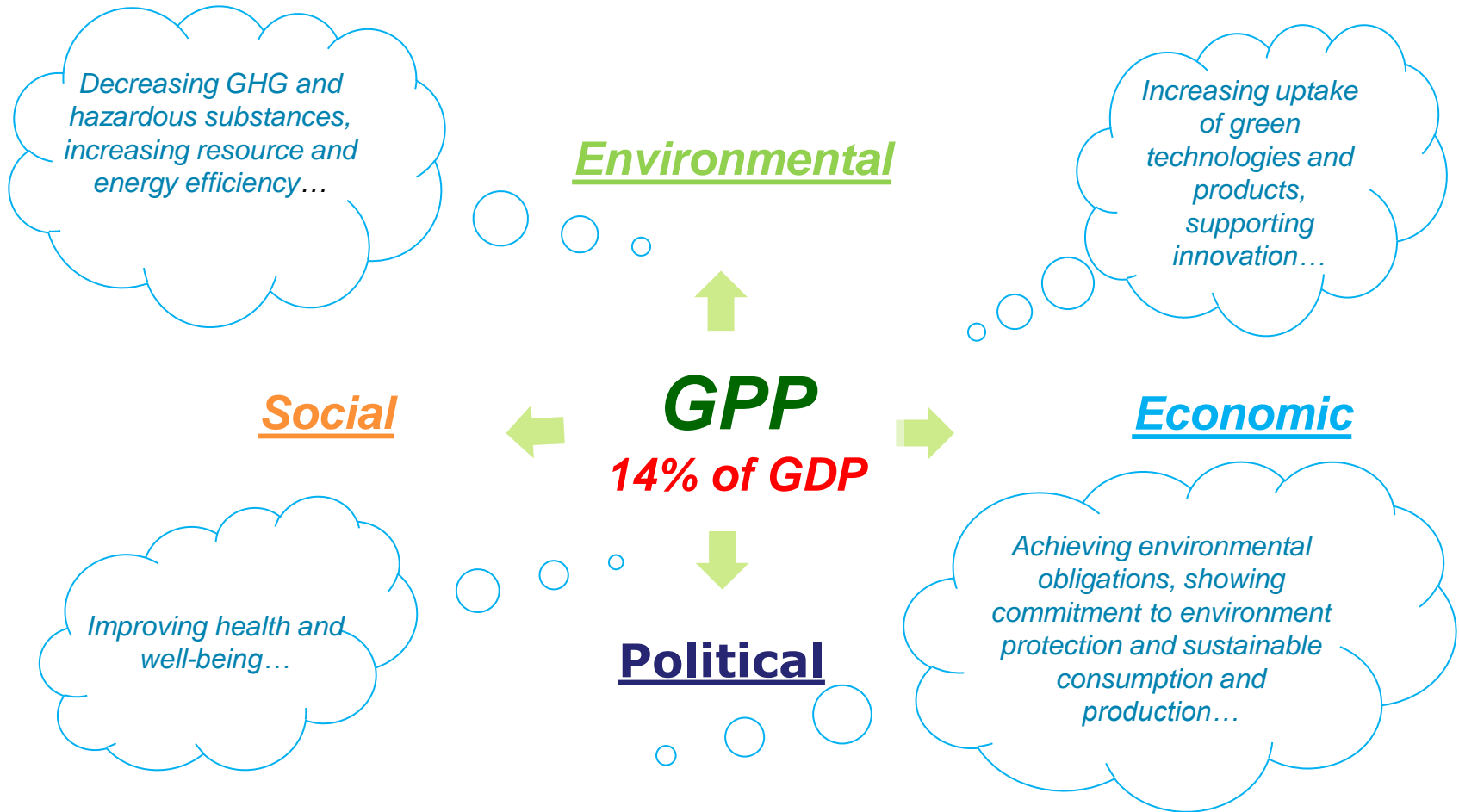
GPP contract clauses may:

- Enforce bid commitments
- Allow for monitoring, penalties or incentives
- Encourage continuous improvement and innovation

Most contract clauses need supervision and good working relations between the contracting authority and the supplier.



GPP Benefits

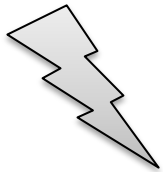


Why GPP?

- Legitimate expectation of citizens
- Strategic use of procurement:
 - purchasing cleaner buses helps achieving clean air targets
 - purchasing renewables, you buy electricity and reduce CO₂ emissions

Obstacle to GPP

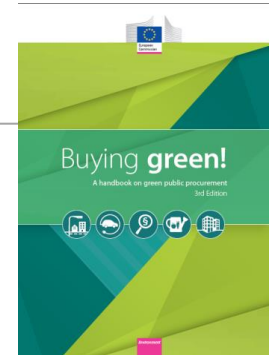
- Lack of political support
- Green products are perceived to cost more
- Legal uncertainty about green criteria
- Lack of knowledge on how to verify green criteria
- Lack of awareness of the benefits of green products
- Lack of professional workforce + time



Commission support

Web resources

Buying Green Handbook (3rd edition, 2016),
EU GPP website <http://ec.europa.eu/environment/gpp>



Procura+ Manual (3rd edition, 2016) www.procuraplus.org

Many online tools and criteria –most can be accessed via the
Sustainable Procurement Resource Centre

www.sustainable-procurement.org

or SCP clearing house www.scpclearinghouse.org

Ask for help on the **Procurement Forum**

www.procurement-forum.eu

or via **GPP Helpdesk**

Web resources

- CaSCo D2.2-Contracts incorporating low Carbon timber
(<http://www.alpine-space.eu/projects/casco/project-results/casco-d2.2-contracts-incorporating-low-carbon-timber.pdf>)

CaSCO reports

- Environmental product label - a comparison“
- Sustainable building certification schemes - a comparison“