

# **Green Public Procurement Support Plan 2015- 2017**

**Riga, 2015**

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## Abbreviations

**CCFI** – Climate change financial instrument

**CM** – Cabinet of Ministers

**Directive 2004/18/EC** – Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts

**Directive 2004/17/EC** – Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors

**Directive 2014/24/EU** – Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

**Directive 2014/25/EU** – Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

**EC** – the European Commission

**EPS** – electronic procurement system

**ESB** – Environment State Bureau

**ESI Funds** – the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund

**EU** – the European Union

**GDP** – gross domestic product

**GG** – greenhouse gases

**GP** – green purchasing

**GPP** – green public procurement

**GPPSP** – Green Public Procurement Support Plan

**IT** – information technologies

**ME** – Ministry of Economics

**MEPRD** – Ministry of Environmental Protection and Regional Development

**MF** – Ministry of Agriculture

**MF** – Ministry of Finance

**NDP** – Latvian National Development Plan 2014 -2020

**OECD** – Organisation of Economic Cooperation and Development

**PMB** – Procurement Monitoring Bureau

**PPL** – Public Procurement Law

**Regulation 2013/1303/EU**- Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006

**SAT** – specific aid targets

**SIS** – the Single Information System

**SRDA** – State Regional Development Agency

**UN** – the United Nations Organisation

## Introduction

The Action Plan Agenda 21 included in the Declaration of the 1992 United Nations Conference on Environment and Development at Rio de Janeiro called on the governments to responsibly treat public procurement. The environment-friendly procurement process was given the name 'green procurement' 10 years later – at the Rio+10 Johannesburg Summit. Since that time the idea has become popular throughout the world, including the EU.

Alongside with environmentally-friendly technologies, environmentally-friendly production of goods and implementation of environmental management systems, **GP** is one of the environment policy instruments. GP is a systematic integration of environment factors taking into consideration the cost of a product or service throughout their life cycle: the initial price, costs of operation (for example, energy and water consumption, maintenance), costs of the generated waste management, utilisation costs, useful life of the product, etc., GP is sometimes called 'smart procurement', as it improves the efficiency and at the same time alters the goods and services market in an environmentally friendly and socially responsible way.

For public procurement purposes the EU Member States are spending in total an average of 19% of their GDP each year<sup>1</sup>. In Latvia, public procurement accounts for 17% of the GDP. Such impact on the goods and services market is significant; therefore, by including environmental requirements in the public procurement (making the green public procurement) it is possible to not only promote the increase of the share of environmentally-friendly goods and services in the market, but also to achieve financial and social improvements<sup>2</sup>. Therefore, green public procurement may serve as the "critical mass" for the development of environmentally-friendly product markets<sup>3</sup>.

**GPP** is "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured"<sup>4</sup>.

Green Public Procurement has become one of the priority instruments of the EU Environment, Climate and Energy policies; therefore inclusion of environment factors in public procurement specifications is also a priority task in Latvia.

GPPSP is a strategic short-term policy planning document aimed at promoting sustainable consumption and production through increased share of GP, especially GPPSP. GPPSP is intended to ensure that procurement planned from the state and local government budgets to which GP applies in financial terms reaches at least 15% of the total volume of procurement made by state and local government institutions starting from 2015, 20% in 2016, and 17% in 2017, and that GP and GPPSP requirements are applied and integrated in the implementation process of the EU Structural Funds and of the Cohesion Fund.

Green Public Procurement Support Plan 2015-2017 does not apply to procurement under Points 1 and 2 of the first paragraph of Section 3 regarding procurement in the field of defence and security, as well as products that are directly related to those in Points 1 and 2 of this paragraph at any stage of their life-cycle.

Green procurement conditions ensure public benefits in the long run through prudent, sustainable and inclusive growth, as first of all it is related to environmental improvement and protection aspects. The benefits of green procurement include shorter distances for transportation of products thus reducing carbon dioxide emissions and promoting energy efficiency and preservation of natural resources. Green procurement conditions also provide

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<sup>1</sup> EC, 2014. *What is GPP*. Website: [http://ec.europa.eu/environment/gpp/what\\_en.htm](http://ec.europa.eu/environment/gpp/what_en.htm)

<sup>2</sup> EC, 2011. *Buying Green! A handbook on green public procurement*. Luxembourg, Publications Office of the European Union. Website: <http://ec.europa.eu/environment/gpp/pdf/handbook.pdf>

<sup>3</sup> Testa, F., Iraldo, F., Frey, M., Daddi, T. 2012. *What factors influence the uptake of GPP (green public procurement) practices? New evidence from an Italian survey*. *Ecological Economics*, 82. p. 88-96

<sup>4</sup> EC, 2011. *Buying Green! A handbook on green public procurement*. 2nd Edition. Luxembourg: Publications Office of the European Union [http://ec.europa.eu/environment/gpp/pdf/handbook\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/handbook_en.pdf)

for cost-savings which in turn create greater confidence of the citizens in public authorities. For the achievement of the target concrete tasks and precise and measurable deliverables have been defined within GPPSP for the parties involved, and a monitoring system has been envisaged for progress and problem evaluation.

The main tree parts of GPPSP are:

1. Review of the current situation (information about the benefits of GP, relationship with other planning documents, the regulatory framework, and also progress made so far in implementing and promoting GP);
2. Strategic directions, framework (objective, formulation of action lines, sources of financing, the functioning of public procurement, main problems associated with the use of green purchasing/green public procurement);
3. Action lines (3 GPPSP action lines have been formulated with concrete steps for their implementation).

GPPSP will advance the implementation of the Directive 2004/18/EC, Directive 2004/17/EC, as well as Directive 2014/24/EU and Directive 2014/25/EU. Similarly, GPPSP will further the implementation of the task "Wider provision of energy-efficient products and products and services of ecological origin (Green Public Procurement) in the public procurement" of the action line "Sustainable Management of Natural and Cultural Capital" under the NDP2020 priority "Growth Supportive Territories". With the development of this GPPSP the task included in the Environment Policy Guidelines 2014 -2020: "Promoting application of green public procurement (GPPSP development)" under the action line (A4) "Use of market-based economic instruments in achieving environmental policy goals", will also be performed.

# 1 Description of the current situation

## 1.1 Legal basis of green public procurement

The importance of GPP is increasingly emphasised not only at the EU level, but also of such international organisations as OECD. Currently GPP has been integrated in the EU action plan on Sustainable Consumption and Production and also in the Sustainable Industrial Policy. The principles of promoting sustainable consumption and production are also included in international development planning documents such as the United Nations Millennium Declaration and United Nations Conference on Sustainable Development, Rio+20 documents<sup>5</sup>. The EU strategy "Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth", in turn, emphasises GPP as one of the tools for achieving such growth. From an international perspective the EU is bound by the conditions of the General Procurement Agreement of the World Trade Organisation<sup>6</sup>.

The legal basis of public procurement is defined in the EU Procurement Directives:

- Directive 2004/18/EC;
- Directive 2004/17/EC.

The Procurement Directives adopted on 31 March 2004 strengthen and supplement the legal context. Their declarations, and provisions in particular, mention possibilities to include environmental considerations in technical specifications and contract award criteria, as well as in contract performance clauses.<sup>7</sup>

Public procurement is about matching supply and demand, in order to deliver the goods, services and works which the public sector is responsible for providing. Two basic principles apply:

- Value for money;
- Acting fairly.

**Value for money** – Contracting authorities have an obligation to get the best value for taxpayers' money for everything they procure. Best value for money does not necessarily mean going only for the cheapest offer. It means finding a solution which meets the requirements you have identified – including environmental ones – in the most cost-effective way. Best value not only measures the cost of goods and services, but also takes account of factors such as quality, efficiency, effectiveness and fitness for purpose.

Protection of the environment can be one of these factors and can therefore act as an equal consideration amongst others for the award of the contract.

**Acting fairly** means applying the principles of the internal market, which form the basis for the EU Directives on the public procurement and subsequent national legislation. The most important principles are: non-discrimination, equal treatment, transparency, and proportionality.<sup>8</sup>

By integrating the rules of the Directive 2004/18/EC and Directive 2004/17/EC in the national law of Latvia, the application of the GPP principles in Latvia is provided for in Sections 17, 21, 42, 46 and 46<sup>1</sup> of the Public Procurement Law governing the application of environmental criteria in the public procurement procedure. The application of the GPP principles is also determined in the Law "On Procurement for the Needs of Public Service Providers under Sections 19, 20, 26, 45 and 51, as well as in the Law "On Public Transport Services" under Section 18.

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<sup>5</sup> EC, 2013. *A decent life for all: Ending poverty and giving the world a sustainable future*. COM(2013) 92 final, Brussels, website: [http://ec.europa.eu/europeaid/documents/2013-02-22\\_communication\\_a\\_decent\\_life\\_for\\_all\\_post\\_2015\\_en.pdf](http://ec.europa.eu/europeaid/documents/2013-02-22_communication_a_decent_life_for_all_post_2015_en.pdf)

<sup>6</sup> EC, 2012. *GPP criteria for waste water infrastructure. Technical Background Report*. Website: [http://ec.europa.eu/environment/gpp/pdf/waste\\_water\\_tech.pdf](http://ec.europa.eu/environment/gpp/pdf/waste_water_tech.pdf)

<sup>7</sup> EC, 2005. *Buying Green! A handbook on green public procurement*. Website: [http://ec.europa.eu/environment/gpp/pdf/buying\\_green\\_handbook\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/buying_green_handbook_en.pdf)

<sup>8</sup> EC, 2011. *Buying Green! A handbook on green public procurement*. Website: [http://ec.europa.eu/environment/gpp/pdf/handbook\\_summary\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/handbook_summary_en.pdf)

On 26 February 2014, the Directive 2014/24/EU and Directive 2014/25/EU envisaging inclusion of environmental criteria in public procurement rules, were adopted. The date of the transposition into national legislation is 18 April 2016

There are no EU directives and regulations on direct application of the GP and GPP, nevertheless the use of GPP is indirectly promoted by the European as well as Latvian environmental and climate policies. An increased attention has been paid to some areas, such as purchasing of office equipment.

Based on the indicators and benchmarks set by the EU Member States, the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions proposes that, by the year 2010, 50% of all tender requirements should be green, where "green" means "compliant with endorsed common "core" GPP criteria"<sup>9</sup>. The percentage is expressed both in the number and value of green contracts as compared to the overall number and value of contracts concluded in the sectors. This EC proposal, however, was not obligatory, and consequently not all the Member States have implemented it, including Latvia.

In the current situation, in order to apply GPP and GP, the following measures have been taken: adoption of amendments to the Public Procurement Law, Cabinet of Ministers Instructions No. 5 of 9 September 2014, "Instructions for application of Green Public Procurement criteria in procurement of food supply and catering services by direct administration institutions" (no longer in effect), and the adoption of the Cabinet of Ministers Regulations of 28 October 2014 No. 673 "Regulations on application of environmental criteria and determination of selection criteria in procurement of food supply and catering services".

GPP policy in the leading EU Member States:

- Austria – 5 targets defined (95% for IT products; 80% for electricity; 30% for paper; 95% for cleaning products; 20% for vehicles;
- Finland – a 100% target for public institutions in 2015 (50% for local government institutions in 2015);
- France – obligatory targets defined for 15 product groups;
- Germany – use of the life-cycle costing criterion is an obligatory condition for procurement;
- the Netherlands - 100% in 2015 for government institutions, regions and local governments;
- Sweden – in 2010 criteria documents were prepared for use in GPP for 60 product/service groups;
- UK – uses the so-called SOGE targets (sustainable operations on the government estate) aimed at no increase of the CO<sub>2</sub> emissions and achieving a 30% reduction of CO<sub>2</sub> emissions by 2020.

## 1.2 GPP criteria

**Procurement using at least one GP criterion and constituting at least 5% of the total contract price in financial terms can be called green procurement.**

In deciding what to buy, it is important to know the market situation. It is very difficult to develop a concept for a product, service or works, without knowing what is available in the market. Green alternatives are not always obvious or well advertised, so market research must be carried out. A market analysis is a general survey of the market potential that could satisfy your needs defined. In order to be successful, this analysis has to be conducted in an open and objective manner, focusing on the availability of the products and services on the market and

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<sup>9</sup> EC, 2008. COM(2008) 400 final. Website: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0400:FIN:enPDF>

not on the options proposed by the preferred or favoured contractors. The market analysis will show the availability of environment-friendly alternatives, if any, and the price options available

The environmental benefits of green supply and service contracts assessment should be based on the result: the final product or service. An important consideration, for example is the improvement of the general energy consumption with higher energy efficiency. Another point to consider is the environmental impact of green products or services at the final stage of waste disposal. A market analysis may reveal large differences in terms of:

- disposal *volume*,
- the harmful *impact* of materials,
- the amount of materials that can be *recycled*.<sup>10</sup>

In the process of prioritisation of the product, service and works, three main factors should be initially kept in mind.

- **Environmental impact.** Select those products (e.g., fleet vehicles) or services (e.g., cleaning services) which have a high impact on the environment over their life cycle.
- **Budgetary importance.** Focus efforts on areas of significant expenditure within the institution.
- **Potential to influence the market.** Focus on areas where there is the most potential to influence the market. This may be due to the volume and the significance of the contract, for suppliers attracted to have a contract with customers within the public sector.<sup>11</sup>

#### **Environmental considerations can be included in:**

- **the Contract title / subject matter of the contract** – mentioning environment in the procurement title sends a message that an important role in the contract will be assigned to ecological characteristics;
- **Technical specifications**, applying technical standards, eco-label criteria and conditions related to the energy efficiency level:
  - restrictions regarding presence of certain substances and compounds in the product or service,
  - the maximum permissible concentrations of substances and compounds,
  - preferred processing and production methods,
  - product use and type of warranty requirements,
  - information requirements for users;
- **Requirements for the selection of tenderers:**
  - existence of the necessary technical equipment,
  - the required knowledge and professional qualifications,
  - previous experience of performance of similar works;
- **Selection of the economically most advantageous tender** – choosing to apply the economically most advantageous tender selection criteria, alongside with the price, other criteria may also be assessed, including environmental aspects. Life-cycle approach will help to evaluate all the costs that will be incurred during the lifetime of the product (price, installation, energy, usage, maintenance and disposal);
- **Special contract performance clauses** related to environmental protection requirements on the condition that they have been included in the procurement

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<sup>10</sup> EC, 2005. *Buying Green! A handbook on green public procurement*. Website:

[http://ec.europa.eu/environment/gpp/pdf/buying\\_green\\_handbook\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/buying_green_handbook_en.pdf)

<sup>11</sup> EC, 2011. *Buying Green! A handbook on green public procurement*. Website:

[http://ec.europa.eu/environment/gpp/pdf/handbook\\_summary\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/handbook_summary_en.pdf)

documentation (the contracting authority can specify the way the goods are to be supplied, the type of service provision and professional qualifications of staff, for example).

Another important feature is the durability of the product. In some cases it seems very attractive to buy the cheapest product, but in fact it could prove more expensive in the long run and also detrimental to the environment. Products of inferior quality (regardless of their environmental characteristics) tend to have a shorter lifespan. If a cheaper product/equipment has to be replaced more often than a more expensive product/equipment, this will result in higher costs, extra energy consumption, and more waste.

The EU has developed GPP criteria for 21 products and service groups that are regularly updated and supplemented<sup>8</sup>. The criteria are envisaged to be included into tender documents. They include information on verification methodologies using evidence-based data, the existing eco-labelling criteria and other information obtained from industry stakeholders, the public and the Member States. The information has been based on the analyses of the available scientific data obtained by using the life-cycle approach and the involvement of stakeholders. Although the criteria have been developed for GPP, they can also be applied to GP.

GPP criteria cover not only extraction of the raw materials, the production stage and the content of a product, and its life-cycle (etc.), but also the distribution stage, which is very important for food products.

Since the performance of a supply contract consists merely in the delivery of goods, the main opportunity for the use of environmental contract clauses is to specify how the goods will be delivered. Simple ways to improve the environmental impact of the contract include:

- having the product delivered in the **appropriate quantity**. In general terms this means a bulk delivery, as this will be more environmentally efficient in terms of transport impact per item than having smaller quantities delivered more often. Specifying a maximum number of deliveries per week or month can also be another way of achieving the same result;
- requiring that the supplier takes back (**and recycles or reuses**) **any packaging that comes with the product**. This has the double advantage of centralising collection of packaging prior to reuse or recycling and encouraging the supplier to reduce any unnecessary packaging.<sup>12</sup>

According to Directives 2004/17/EC, 2004/18/EC, 2014/24/EU and 2014/25/EU, production methods can be taken into account directly when laying down technical specifications.<sup>13</sup>

The criteria are divided into two sets<sup>14</sup>:

*Core* GPP criteria address the most significant environmental impacts (example is given in Table 1) and are designed to be used with minimum additional verification effort or cost increases. Core criteria can be used by any contracting authority, and they apply to the most significant environmental impacts. Core criteria can be applied by any contracting authority without significant consultation with experts.

*Comprehensive* GPP criteria are intended for use by authorities who seek to purchase the best environmental products available on the market, and may require additional administrative effort or imply a certain cost increase as compared to other products fulfilling the same function.

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<sup>12</sup> EC, 2005. *Buying Green! A handbook on green public procurement*. Website:

[http://ec.europa.eu/environment/gpp/pdf/buying\\_green\\_handbook\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/buying_green_handbook_en.pdf)

<sup>13</sup> Annex VI to Directive 2004/18/EC and Annex XXI to Directive 2004/17/EC.

<sup>14</sup> EC, EU GPP criteria. Website: [http://ec.europa.eu/environment/gpp/eu\\_gpp\\_criteria\\_en.htm](http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm)

**Table 1**

**The examples of core principles of GPP criteria for copying and graphic paper developed by the EU,<sup>15</sup>**

Significant environmental impacts	GP/GPP approach
Forest destruction and possible loss of biodiversity	→
Emissions to air and water during pulp and paper production	
Energy and water consumption during production	
Chemical consumption during production	
Waste generation during production such as rejects and sludge	
	Procurement of paper based on post-consumer recovered paper fibres (recycled paper) or paper based on legally and/or sustainably harvested virgin fibre
	Procurement of paper produced through process characterised by low energy consumption and emissions
	Avoidance of certain substances in paper production and bleaching

Until now criteria have been developed for the following groups of the products and services<sup>16</sup>:

- Transport;
- Gardening products and services;
- Office IT equipment;
- Copying and Graphic Paper;
- Cleaning products and services;
- Water taps and Showers;
- Hard floor coverings;
- Wall Panels;
- Indoor lighting;
- Construction;
- Street lighting and traffic signals;
- Electricity;
- Combined Heat and Power (CHP);
- Textiles;
- Food and Catering services;
- Toilets and Urinals;
- Thermal insulation;
- Furniture;
- Road construction and traffic signs;
- Sanitary Tapware;
- Waste Water Infrastructure<sup>17</sup>.

In each individual contract, the different possible environmental impacts must be taken into account. However, supply, service and construction works contracts usually involve somewhat different considerations.

1. **Supply contracts:** the environmental impacts of materials used to make the product, and the impact of production processes, the use of renewable raw materials in making the product, the energy and water consumption of the product during use, durability/lifespan of the product, opportunities for recycling/reusing the product at the end of life, the packaging and transportation of the product.
2. **Service contracts:** the technical expertise and qualifications of staff to carry out the contract in an environmentally friendly way, the products/materials used in carrying out the service, management procedures put in place to minimise the environmental impact of the service, the energy and water consumed, and waste generated in carrying out the service.

**Works contracts:** in addition to all of the above considerations, works contracts may have significant environmental impacts, e.g., in respect of land use or traffic planning, for some

<sup>15</sup> EC, Copying and Graphic Paper – Green Public procurement (GPP) Product Sheet. Website: [http://ec.europa.eu/environment/gpp/pdf/toolkit/paper\\_GPP\\_product\\_sheet\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/toolkit/paper_GPP_product_sheet_en.pdf)

<sup>16</sup> June 2014

<sup>17</sup> EC, EU GPP criteria. Website: [http://ec.europa.eu/environment/gpp/eu\\_gpp\\_criteria\\_en.htm](http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm)

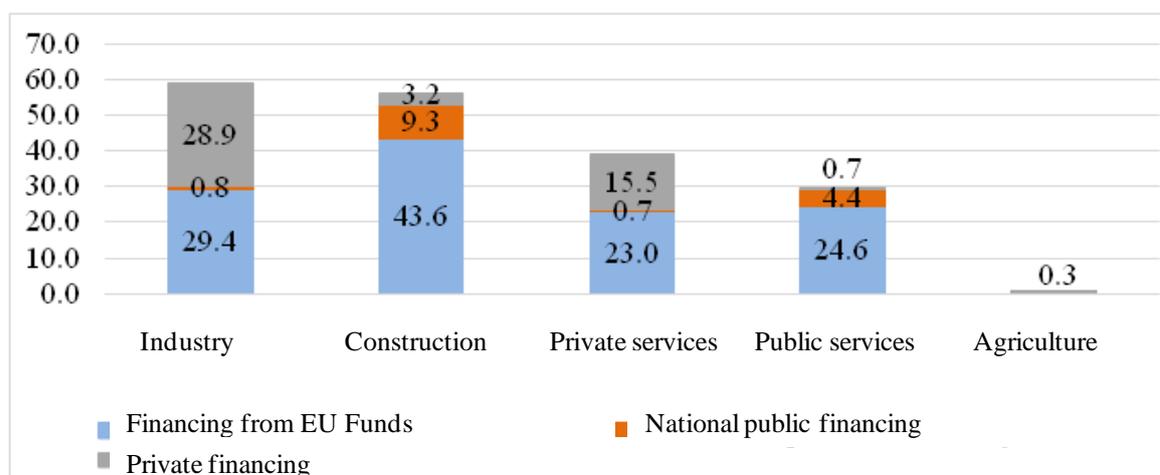
projects a formal Environmental Impact Assessment will need to be carried out – and the results should inform your procurement.

### 1.3 Inclusion of GPP requirements in EU-funded projects

The project funding provided by the European Social Fund, the European Regional Development Fund and the Cohesion Fund (hereinafter – the EU Structural Funds and the Cohesion Fund) has a significant impact on the development of the Latvian economy. The impact of EU Structural Funds and the Cohesion Fund on the Latvian economy and their significance is evaluated in line with the "Communication to the Cabinet of Ministers on the implementation of the European Union Structural Funds and the Cohesion Fund, the EEA Financial Mechanism, Norwegian Financial Mechanism and Latvian-Swiss Cooperation Programme until 31 March 2014", developed by the Ministry of Finance.

According to the Central Statistical Bureau, in 2013 Latvian GDP increased by 4.1% compared to the previous year, continuing to show the fastest growth among the EU countries. It must be noted that in the 4th quarter of 2013 its GDP increased by only 3.6% compared to the same period of the previous year. The investments by European Structural and Investment Funds have had a positive impact on GDP dynamics<sup>18</sup> (in the wider meaning). Analysis shows that without ESI investments the GDP growth would have been approximately 1.5 percentage points lower.

Out of the 4.96 billion EUR public funding available from ESI for project implementation, consisting of ESI funding and state and local government co-financing (excluding the allocated state budget over-commitment financing in the amount of 404.6 billion EUR), 6,672 contracts have been signed on project implementation in the amount of 5.1 billion EUR, i.e., 102.7% (using over-commitment). Beneficiaries, in turn, have received 3.7 billion EUR or 73.9%.<sup>19</sup>



**Figure 1. Funding available within the framework of the Cohesion Policy implemented between 1 January 2014 and 31 March 2014 by sectors (NACE, 2nd Edition), EUR millions<sup>20</sup>**

The biggest ESI fund investments in the construction sector (82.6%) during the 1st quarter of 2014 were made in the development of the transport infrastructure (36 million EUR), motorways (68.7% or 30 million EUR), and in the integrated urban and rural regeneration

<sup>18</sup> According to the Latvian Methodological Model, the impact of ESF, ERDF, CF/ISPA, the EU's Pre-accession financial assistance instruments Phare and SAPARD, INTERREG, the EU Cohesion Policy Target 3 "European Territorial Cooperation" programme (ERDF), EEA/Norwegian Financial Mechanism, as well as Latvian-Swiss Cooperation Programme, has been evaluated.

<sup>19</sup> Ministry of Finance, "Information report on the implementation of the European Union Structural Funds and the Cohesion Fund, the EEA Financial Mechanism, Norwegian Financial Mechanism and Latvian-Swiss Cooperation Programme until 31 March 2014", 2014.

<sup>20</sup> Ministry of Finance, "Information report on the implementation of the European Union Structural Funds and the Cohesion Fund, the EEA Financial Mechanism, Norwegian Financial Mechanism and Latvian-Swiss Cooperation Programme until 31 March 2014", 2014.

projects (15.4% or 6.7 million EUR) of significant importance for promoting the growth of national and regional development centres, and for balanced national development. In the 1st quarter of 2014, about 32% of the total funding (including 24% of the total ESI funding or 29.4 million EUR) were channelled to the industry sector. Within the sector, the largest part of the funding was attracted in the field of drinking water management and distribution (15 million EUR) and energy efficiency and management (8.3 million EUR), and companies directly involved in research and innovation (3 million EUR). It must be noted that in the reporting period the biggest private funding was allocated to industry – 28.9 million EUR, of which 20.5 million EUR were implemented in energy efficiency and management.

In order to support GPP and GP within the ESI co-financed projects, GPP and GP must be incorporated in the regulatory framework on implementation of ESI Funds as supported activities and eligible costs; application of GPP and GP must be assessed in project performance evaluation, and progress evaluation of GPP and GP implementation must be introduced.

Article 8 of Regulation (EU) No. 2013/1303 defines the scope of sustainable development which includes environmental aspects (environmental protection requirements, resource efficiency, climate change mitigation and adaptation, biodiversity, disaster resilience, and risk prevention and management) with regard to ESI Funds. Title **1.5.4** of the Partnership Agreement for the European Union Investment Funds Programming Period 2014-2020, "**Horizontal policy aim**", provides that "According to methodologies developed by the MEPRD concerning the impact of specific support objectives to horizontal priorities, more detailed information about the impact level, corresponding specific activities and indicators is determined in legislative documents at national level. The project assessment criteria will provide for the need to assess conformity with the horizontal policy objectives by determining which criteria have to be fulfilled in order for the project to be approved."

The Interim Monitoring Committee meeting of 28 March 2014 of the EU Structural Funds and the Cohesion Fund for the programming period 2014-2020 reviewed the methodology developed by MEPRD for monitoring the implementation of the horizontal priority "Sustainable development" by those involved in implementation of the EU Structural Funds and the Cohesion Fund in 2014-2020. According to this methodology, "Green Public Procurement" and "Green Jobs" have to be determined as the common monitoring indicators of the action programme.

Thus, in the future implementation process of the EU Structural Funds and the Cohesion Fund, the appropriate indicators will be included in the selection criteria for measures planned by the responsible authorities according to the EU Structural Funds and Cohesion Fund project selection methodology for 2014-2020, expected to be approved in the first Monitoring Committee meeting of the EU Structural Funds and the Cohesion Fund for the 2014-2020 programming period.

#### **1.4 Life-Cycle Costing (LCC)**

Procurement decisions are often still made on the basis of the purchase price; however, for many products and works, costs incurred during use and disposal may also be highly significant, e.g., energy consumption, maintenance, disposal of hazardous materials. Taking life-cycle costs into account in procurement makes clear economic sense.<sup>21</sup> Purchasing

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<sup>21</sup> EC, Life-cycle costing. Website: <http://ec.europa.eu/environment/gpp/lcc.htm>

energy efficient equipment will not only reduce their maintenance costs but also environmental impacts.

The most common misconception about GPP is that green or environmentally friendly products cost more. However, upon closer inspection, this does not necessarily hold true. Although in many cases (though certainly not all) greener alternative is higher priced, analysing all costs (over the entire product life or the life-cycle), greener products can generally turn out to be cheaper. If contracting authorities wish to assess which products are most cost effective for them they need to apply Life-Cycle Costing (LCC) approaches in their procurement decisions.

This means comparing not only the initial price of the goods, but also all the expected costs in the future:

- running costs (energy/water consumption, consumer goods such as ink or paper),
- maintenance costs,
- disposal cost or resale value.

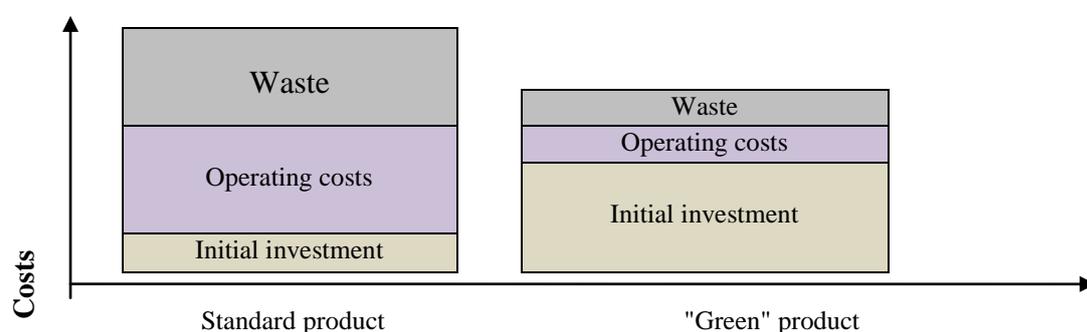


Figure 2. Impact of operating and waste management costs on total cost of the product<sup>22</sup>

As Figure 2 shows, an initially higher price of a green product is compensated by the much lower operation and disposal costs. For the majority of products, operation costs constitute a large part of costs to be covered by the purchasing authorities. This principle applies to energy consuming products, such as vehicles, IT equipment or lighting devices and, certainly, buildings – building operating costs can represent up to 85% of their life-cycle costs. This means that, while energy-efficient building construction may cost more, due to lower operating costs (e.g., heating costs) it may have a shorter payback period and higher return on investment.

In the case of energy-efficient products the seemingly higher purchase price is often compensated by bigger savings in the long-run. For example, the price of a single compact fluorescent bulb is about 8 euros. These bulbs are more expensive than conventional incandescent bulbs, but they last 15 times longer and use only a quarter of the electricity consumed by an ordinary incandescent bulb. Therefore, by using these compact fluorescent bulbs, it is possible to make significant savings during their life-cycle.

For the purchaser to get a clear picture of the estimated costs, it is important to take into account the product life-cycle: the longer the item can be used, the less frequent is the need to replace it, which can allow for successful savings.

## 1.5 Eco-labels and their importance

<sup>22</sup> EC, Life-cycle costing. Website: <http://ec.europa.eu/environment/gpp/lcc.htm>

Eco-labelling is a voluntary type of product or service declaration, by which manufacturers and service providers inform, in a standardized way, that the product has a less adverse environmental impact compared to other products in the same product/service group.

The holder of an eco-label logo, usually a non-governmental or governmental organisation, develops requirements (criteria) for obtaining an eco-label licence, taking into account the products' (services') important environmental impacts (air, water, biodiversity, etc.) throughout their life-cycle based on verified scientific information. Different sets of criteria are established for each product or service group with the aim of reducing the most significant environmental impacts. Prior to being given permission to place an eco-label logo on the product, the holder of the label or an independent auditor verifies the applicant's compliance with the requirements for use of the eco-label and confirms the permission by issuing a certificate.

There are many different kinds of eco-labels. There are labels which address a single issue such as the Energy Star label or those which cover multiple criteria throughout the life-cycle, such as European label (the Flower). Requirements for various logos differ, therefore, when choosing to use an eco-label for GPP, ascertain its compliance with the requirements of green purchasing.

Eco-labels can be used in two different ways in the context of GPP:

- To help you draw up your technical specifications in order to define the characteristics of the goods or services you are purchasing;
- To check compliance with these requirements, by accepting the label as one means of proof of compliance with the technical specifications.<sup>23</sup>

The most popular labels in the European Union with strict requirements set for obtaining their usage licence are indicated below. Criteria for those logos are publicly available and can be used for preparing green purchasing requirements.

Examples:



### **European Ecolabel**

The European eco-labelling system by the European Commission in 1992 to encourage manufacturing and consumption of products that have a reduced environmental impact throughout their life-cycle. See:

<http://eco-label.com/>;

<http://www.lva.gov.lv/eko/index.htm>.



### **Nordic Swan**

The Nordic Ecolabel issued by the Nordic Council.

<http://www.svanen.nu/Eng/default.asp>



### **Blue Angel (Blauer Engel)**

German Ecolabel (since 1978)

[www.blauer-engel.de](http://www.blauer-engel.de)

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<sup>23</sup> EC, 2011. *Buying Green! A handbook on green public procurement*. Website: [http://ec.europa.eu/environment/gpp/pdf/handbook\\_summary\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/handbook_summary_en.pdf)



### Energy Star

The U.S. Energy Department and Environmental Protection Agency Programme. Office equipment with low energy consumption is marked by this label throughout the world. In the EU countries this label can be obtained voluntarily since early 2002.

[www.eu-energystar.org](http://www.eu-energystar.org)



### TCO

Swedish environmental and ergonomic label (applies only to office equipment). The label includes requirements concerning ergonomics, power consumption, emissions and ecology. The emphasis is on labour safety. The energy criteria are more or less similar to those of the Energy Star.

Homepage: [www.tcodevelopment.com](http://www.tcodevelopment.com)

Other Eco-labelling schemes are available at the Global Eco-labelling Network website: ([www.gen.gr.jp/product.html](http://www.gen.gr.jp/product.html)).

The EU Energy Label (lighting and household appliances),  
Transport (Emission standards, the EU tire label).

### 1.5.1 Benefits of GP and GPP

GP and GPP are important instruments for promoting sustainable development. They allow for:

- **Financial savings** – energy-efficient, water and natural resources-saving products, services and buildings reduce their operating costs. Green products are usually associated with lower disposal costs at the end of life.
- **Effective achievement of environmental and health policy targets** – GP and GPP can become one of the most cost-effective instruments to achieve the national or local government environmental and health policy targets. Regular renewal of the urban public transport fleet with low emission buses, for example, contributes to the improvement of urban air quality.
- **Effective achievement of social targets** – by setting stricter requirements while procuring services, it is possible to achieve improvements in working conditions, for example, by ensuring effective and environmentally friendly cleaning services.
- **Encourage innovative solutions** – regular cooperation with suppliers of products and services alters the products and services market in an environmentally friendly way.
- **Strengthening public support** – consistent implementation of environmentally friendly solutions is one of the ways to achieve public support for the work of state and local authorities.
- **Global contribution** – green procurement contributes, for example, to the reduction of CO<sub>2</sub> emissions or conservation of rainforests.

Calculations in the United Kingdom show that through GPP it is possible to save more than 27 billion EUR of the annual budget spending<sup>24</sup>. However, the promotion of GPP can be viewed not only as a way to save budget funds in the long run, but also as a tool to mitigate climate change. Greenhouse gases are the primary cause of global warming. One of the most significant greenhouse gases is considered to be CO<sub>2</sub>, as 60% of its total emissions relate to anthropogenic activity. Therefore, the expected environmental and climate challenges require coordinated and systematic approach to reducing CO<sub>2</sub> emissions. It must not only be linked to

<sup>24</sup> Central Government. Website: <https://www.gov.uk/government/policies/encouraging-businesses-to-manage-their-impact-on-the-environment>

the reduction of emissions at the production level, but also at the consumer level, where GHG reductions can affect the consumption of products and services, such as increasing energy efficiency (improved energy efficiency of public buildings, procurement of energy-efficient office equipment, energy efficient cars for public transport companies, etc.).

The main CO<sub>2</sub> emissions in the product life-cycle are related to transportation. GP and GPP not only can reduce CO<sub>2</sub> emissions, but also support local production. Based on *PricewaterhouseCoopers* report, the average reduction of CO<sub>2</sub> emissions through GPP varies from 9% in Germany to 49% in the Netherlands (EU average 25 %), while overall CO<sub>2</sub> impact varies by sectors.<sup>25</sup>

With the introduction of GPP as a good practice, alongside with the reduction of CO<sub>2</sub> emissions it is possible to reduce pollution (reduced eutrophication through choice of organic foods), and save natural resources (buying products made using recycled material; reducing the use of paper through buying printers able to print on both sides; promoting the use of multi-functional devices), as well as to promote renewable energy sources (buy green electricity, use alternative fuels for public transport and public car fleets)<sup>26</sup>.

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<sup>25</sup> PricewaterhouseCoopers, 2009. Collection of statistical information on Green Public Procurement in the EU. Report on data collection results. Website: [http://ec.europa.eu/environment/gpp/pdf/statistical\\_information.pdf](http://ec.europa.eu/environment/gpp/pdf/statistical_information.pdf)

<sup>26</sup> EC, 2008. *Buying Green! – Making a difference through GPP Introduction*. European Commission, DG Environment-G2, B-1049, Bruxelles. Website: [http://ec.europa.eu/environment/gpp/pdf/toolkit/gpp\\_introduction\\_lv.pdf](http://ec.europa.eu/environment/gpp/pdf/toolkit/gpp_introduction_lv.pdf)

## 2 Strategic directions, framework

GP and GPP are not made sufficiently in Latvia; therefore a systematic approach is necessary to solve the problem. Practice shows that in order to improve GP and GPP performance, involvement of the government at all levels and motivation of the public sector and citizens are necessary to promote sustainable consumption and production.

GPP criteria must be applied to those products and service groups that are already available in the e-purchasing catalogues under the title "Green" (for example, ecological computer equipment, office paper, various household products etc.), as well as to those groups where according to PMB statistics GPP is already being applied (construction works, transport, cleaning services). GPP criteria can also be applied to product groups that, according to statistics, have appropriate potential (food, beverages, office equipment and computing machinery, waste removal and environmental services, etc.).

**The aim of GPPSP is to ensure that in financial terms GP planned from the state budget reaches at least 15% of the total volume of procurement made by state and local government institutions starting from 2015, 20% in 2016, and 17% in 2017, and that GP and GPP requirements are applied and integrated in the implementation process of the EU Structural Funds and of the Cohesion Fund.**

3 action lines are proposed for the achievement of GPPSP targets:

- A. Improvement of the institutional system and regulatory framework;**
- B. Methodological management and monitoring;**
- C. Promotion of GP and GPP.**

To ensure the legal framework and application of binding GP and GPP activities, it is necessary to **improve the institutional system and the regulatory framework** (action line A). A monitoring and evaluation system is envisaged for controlling the results achieved, which would promote improvements to the existing system and make the results available to the public. **Methodological management and monitoring** (action line B) must be ensured in order to provide information about GPP and application of GP criteria to other state and local government institutions. In order to increase the understanding and environmental public awareness, as well as to facilitate GPP in public administration, **GP will be promoted** (action line C) among state and local government institutions ensuring its wider distribution.

Implementation of GPPSP is coordinated by MEPRD, with all the Ministries, PMB, SRDA and the ESB involved in the implementation. Envisaged as the target audience are public administration, state and local government institutions (for example, schools and kindergartens) and operators (for example, catering service providers and building companies), with an emphasis on beneficiaries of the state budget resources, including beneficiaries of the EU funding.

For the most part of the GPPSP activities, no additional funding is needed, and implementation will take place within the existing budget. Additional funding is necessary to organise workshops and training, to improve the visibility of the eco-label, to promote the implementation of environmental management and energy management systems and to develop the life-cycle costing methodology, which will be done by attracting Latvian environmental protection and foreign financial assistance resources.

### 2.1 GP and GPP implementation in Latvia

Promotion of GPP in Latvia is directly and indirectly included in the policy planning documents such as:

- Latvian Sustainable Development Strategy 2030 (Latvia 2030), providing that "State and local government procurement tender criteria should include energy efficiency and product life-cycle analysis considerations";

- Latvian National Development Plan 2014-2020 (NDP 2020) envisaging "Wider provision of energy-efficient and ecological products and services ("green public procurement") in public procurement";
- One of the tasks for the achievement of the environment policy targets included in the Environment Policy Guidelines 2014-2020 developed by the Ministry of Environmental Protection and Regional Development is promotion of GPP.

Green procurement in Latvia was started on a larger scale in 2006, thanks to the Intelligent Energy Efficiency projects related to energy efficient procurement implemented by SIA "Ekodoma". The first green EC project with "Ekodoma" as the Latvian partner was the "Green Labels Purchase" (2006-2008). This project aims to increase the use of energy labels in the procurement processes of public authorities and the tertiary sector, to develop standardised tools to support "greener" procurement procedures, to identify the main barriers to their introduction and to overcome them.<sup>27</sup> The second green procurement project "Buy Smart" started in 2009 as a follow-up to the "Green Labels Purchase" project. Within the project, work was continued according to the guidelines and instruments of the first project, green procurement was promoted in the public and the tertiary sector through training, consultations and procurement support<sup>28</sup>. From 2012 to 2014 SIA "Ekodoma" participated in the "Buy Smart+" project, which is a follow-up to the "Buy Smart" project.

In 2008, in Latvia, an inter-ministerial working group comprising external experts and coordinated by the Ministry of Environment prepared a report "Recommendations on Green Public Procurement Promotion in the State Institutions and Municipalities and Recommendations on Environmentally Friendly Constructing", including therein the results of the above mentioned projects implemented by SIA "Ekodoma". The document analyses the situation in Latvia in the context of other EU Member States and makes proposals for GPP promotion<sup>29</sup>:

- *Recommendations on Green Public Procurement Promotion in the State Institutions and Municipalities.* The Recommendations consist of 3 independent chapters each of them dealing with problems usually faced by public purchasers and local government institutions, and shows the possible solutions for the promotion of GPP. Recommendations are concluded by an Annex section with useful information for potential users.
- *Recommendations on Environmentally Friendly Constructing.* The Recommendations are aimed at building procurement, including construction services. They relate to the design, construction, and building operation and demolition phases. In each of these phases possibilities to include environmental criteria are considered. The criteria are related to energy consumption, use of renewable energy resources, construction materials and products, waste and water management, as well as other aspects associated with construction impacts on the environment, including architectural expertise, monitoring and user aspects.

Those recommendations for GPP promotion have been used by MEPRD in open tenders for projects financed by the CCFI, since 2009 including GPP in the tender requirements as one of the criteria for evaluation of project applications. This initiative was welcomed by the EC<sup>30</sup>.

<sup>27</sup> IEE, GreenLabelsPurchase – making a greener procurement with energy labels. Website: <https://ec.europa.eu/energy/intelligent/projects/en/projects/greenlabelspurchase>.

<sup>28</sup> IEE, Buy Smart – Green Procurement for Smart Purchasing. Website: <https://ec.europa.eu/energy/intelligent/projects/en/projects/buy-smart>.

<sup>29</sup> Website: [http://www.varam.gov.lv/eng/informacija\\_presei/preses\\_relizes/?doc=7022](http://www.varam.gov.lv/eng/informacija_presei/preses_relizes/?doc=7022).

<sup>30</sup> GPP example 14, The Latvian Ministry of Environment goes for green investments (Latvia). Website: [http://ec.europa.eu/environment/gpp/pdf/news\\_alert/Issue6\\_GPP\\_Example14\\_Latvia\\_Green\\_Investments.pdf](http://ec.europa.eu/environment/gpp/pdf/news_alert/Issue6_GPP_Example14_Latvia_Green_Investments.pdf).

GP and GPP promotion is also carried out through other activities, for example, based on the MEPRD recommendations a separate section "Green Procurement" has been created on the PMB website<sup>31</sup>. PMB organised workshops explaining GPP. In 2006, the association "Zala Briviba" issued a handbook on green public procurement<sup>32</sup>. On the ESB website (the institution responsible for awarding eco-labels) an eco-labelling section (*Ekomarkejums*)<sup>33</sup> has been created providing information about products and service groups included in the European eco-labelling system (the Flower).

In 2010, under the supervision by SRDA "green" catalogues were introduced in the EPS. The following "green" catalogues are included in the EPS:

- green laundry, kitchen and floor detergents;
- green multi-purpose, window glass and sanitary facilities cleaning products;
- green disposable tableware;
- green garbage bags;
- toilet paper and towels from recycled fibres;
- energy-saving and LED bulbs;
- rechargeable batteries;
- eco-computers (EPEAT);
- office paper and towels from recycled fibres;
- recyclable printer accessories;
- eco representation items.

Up to date, the experience shows that inclusion of products into the procurement procedure has shown mixed results. A successful example is EPEAT eco-computers, while inclusion of organic food in the EPS was less fortunate.

## 2.2 GP/GPP application in Latvia

PMB regularly collects information on procurement made within the PPL, the Law "On Procurement for the Needs of Public Service Providers" and the procurement rules in the fields of Defence and Security. No special GP and GPP accounting has been introduced in Latvia, therefore, for identification of GP and GPP procurement, account is taken whether the contracting authority has made a reference to environmental protection requirements. References are made at the contracting authority's discretion.

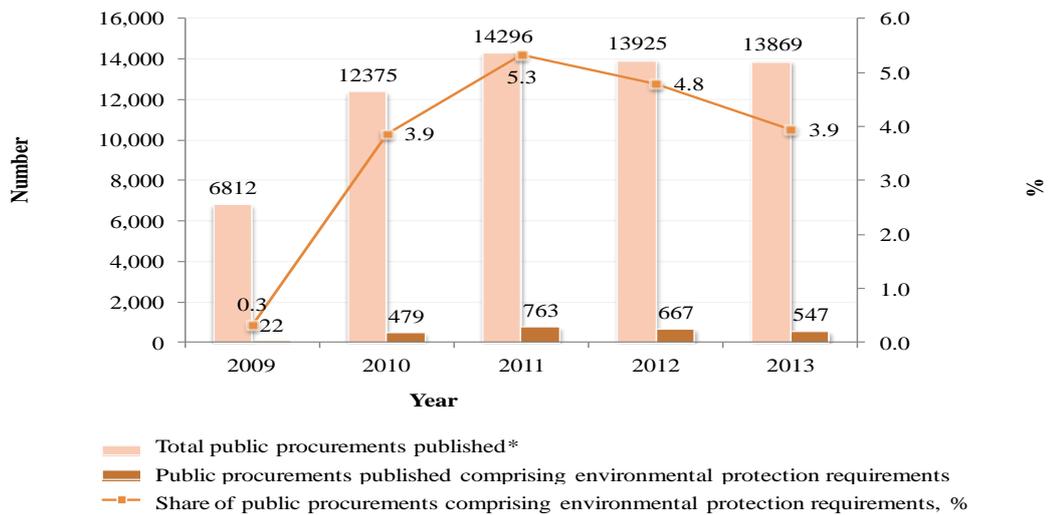
In cooperation with PMB, information has been collected regarding the total number of public procurements and those where environmental protection requirements have been included, as well as publication of public procurement contract prices during the period between 2009 and 2013 (Figures 3 and 4).

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<sup>31</sup> Procurement Monitoring Bureau. Website: [www.iub.gov.lv/](http://www.iub.gov.lv/).

<sup>32</sup> Janis Brizga, 2006. A handbook on green public procurement (*Zaļā iepirkuma rokasgrāmata*). Website: <http://www.zb-zeme.lv/images/dokumenti/zalaisiepirkums.pdf>.

<sup>33</sup> Environment State Bureau Eco-labelling. Website: <http://www.vpvb.gov.lv/lv/ekomarkejums/informacija>



**Figure 3. Number of calls for public procurements published in Latvia from 2009 to 2013** (according to PMB information)

The number of purchases with environmental requirements included started to increase in 2009 and reached their maximum in 2011 (763 publications or 5.3% of the total), which is mainly attributable to the CCFI (Figure 3). As already mentioned, GPP was set as one of the criteria in CCFI tender requirements. A total of more than 165 million EUR have been allocated within CCFI projects. However, due to smaller number of new CCFI tenders during the respective years, the percentage share of GPP has decreased over the last two years (3.9%).



**Figure 4. Total price of public procurement contracts in Latvia from 2009 to 2013, LVL million, excluding VAT** (according to PMB information)

From 2009 to 2012 the value of procurements comprising environmental protection requirements increased. In 2012 the share of green procurements reached 19% (an increase by 13% compared to 2009). However, the 2013 data show that contract prices and the share

\*The number of calls published based on the Public Procurement Law (including calls published in accordance with Section 81, publications of calls with the expected contract price below the thresholds set by the Cabinet of Ministers, as well as publications of calls where the expected contract price is equal to or higher than the thresholds set by the Cabinet of Ministers) and the Law On Procurement for the Needs of Public Service Providers, where calls are published in Procurement Monitoring Bureau's website if the expected contract price of the procurement is equal to or higher than the thresholds set by the Cabinet of Ministers.

of public procurements comprising environmental protection requirements has declined sharply (7.1%).

Procurements comprising environmental protection requirements are mainly those where the following CPV (Common Procurement Vocabulary) classification codes apply: 3400000-7 "Transport equipment and auxiliary products to transportation", 45000000-7 "Construction work", 90000000-7 "Sewage, refuse, cleaning and environmental services", and 77000000-0 "Agricultural, forestry, horticultural, aquacultural and apicultural services".

### **2.3 Main obstacles to uptake of green procurements and green public procurement**

So far, a summary of the obstacles to the implementation of GPP has been included in the Information Report "On Recommendations for the Promotion of Green Public Procurement by State and Municipal Authorities and Recommendations for the Promotion of Green Construction". It identifies a range of specific barriers hindering GPP implementation so far, which in general are in line with those identified in the Communication from the EC COM(2008) 40035. Most of them are now also relevant. The obstacles to GP and GPP implementation can be provisionally divided into 5 groups: awareness and motivation, economic, legal, organisational, and technical.

#### *Awareness and motivation barriers*

The majority of contractors in Latvia are not sufficiently informed and educated about environmentally friendly products and services and their public benefits. There is a lack of knowledge about the environmental impact of consumption, as well as about the environmental policy in Latvia and the EU as a whole.

#### *Economic barriers*

The environmentally friendly product market in Latvia is underdeveloped; therefore the prices of green products are higher than those of similar conventional products. New products often require changing the behavioural model of consumers. More time and resources are needed, and due to incompatibility of the products, changes are necessary in the whole working environment. The budget funding for state and local government purchasing is limited.

#### *Legal barriers*

Uncertainty regarding the application of rules – it is often unclear whether the inclusion of environmental management systems and environmental labelling in the selection criteria is fully legitimate and will not be questioned by the supervisory authorities. Certain legal aspects are very specifically described in the legal acts; however, not all the GPP aspects are defined clearly enough.

The GP and GPP monitoring system has not been established, therefore adequate control of the situation and implementation of the appropriate policies is not possible.

A uniform product life-cycle costing methodology is also missing. Product life-cycle costing should be used as a basis for determination of the environmental impact "from cradle to grave".

#### *Organisational barriers*

Both centralised and decentralised organisational systems can be used for GPP promotion. In case of the decentralised approach training of all staff engaged in procurement procedures is necessary; consequently, without sufficient training the use of GPP can become chaotic and uncoordinated.

There is a lack of cooperation between the various authorities and operators. The lack of concerted exchange of best practices and networking between institutions and enterprises are recognized as barriers to broader uptake of GPP.

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<sup>35</sup>EC, 2008. *Public procurement for a better environment*. COM(2008) 400 final, Brussels. Website: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0400:FIN:EN:PDF>

*Technical barriers*

It may not be possible to assess the long-term benefits arising from GPP within the budget programming period, which is usually three years. Consequently, preference is often given to cheaper products whose short-term effectiveness is easier to reflect in the budget.

Product incompatibility: if new products are procured, they cannot be used with the existing equipment, and a lack of spare parts may occur.

The insufficient range of "green" catalogues in the EIS system restricts broader uptake of GP and GPP.

### 3 Action lines and activities to promote green purchases

The table shows action lines for GPP promotion and concrete steps for the achievement of the target.

Target	<b>Ensure that GP planned from the state budget reaches, in financial terms, at least 15% of the total volume of procurement made by state and local government institutions starting from 2015, 20% in 2016, and 17% in 2017, and that GP and GPPSP requirements are applied and integrated in the implementation process of the EU Structural Funds and of the Cohesion Fund.</b>			
Action line for the achievement of the target	<b>A. Improvement of the institutional system and regulatory framework</b>			
Tasks and steps for the achievement of the target	Timetable	The responsible and involved institutions	Direct performance results	Planned funding and its sources
A1. To develop MC regulations governing the procedure of GP and GPP application and monitoring, develop life-cycle costing for certain product groups	QIV, 2015	MEPRD, MA, MF	Cabinet of Ministers regulations establishing the GPP identification and implementation procedure, and envisaging the establishment of the monitoring system	Within the existing budget
A2. To prepare a CM order for direct administration institutions on the mandatory share of GPP in the total procurement volume to be achieved within one year	QIII, 2015 annually	MEPRD	The share of GPP in the annual procurement volume of direct administration institutions constitutes 30%	Within the existing budget
A3. To supplement the GP and GPP guidelines for certain products and service groups to include core criteria in the procurement tenders	QIV, 2015	MEPRD, PMB	Guidelines, technical specifications and criteria development model for certain products and service groups	Within the existing budget
A4. Annually by 1 May, to prepare and submit information reports on GP and GPP implementation, including by public administration	QII, 2015 annually	MEPRD, SRDA, PMB	Information reports are prepared annually summarising the progress achieved during the year	Within the existing budget
A5. To ensure a wider range of "green" catalogues in the	QIV, 2016	MEPRD, SRDA	EPS updated	Within the existing

EPS				budget
A6. To ensure that life-cycle costing is taken into account when selecting the most economically advantageous tender, if necessary preparing amendments to the relevant regulatory acts	QII, 2016	MEPRD, PMB	Possibility to apply life cycle-costing when selecting the most economically advantageous tender	Within the existing budget
Tasks and actions for the achievement of the target	<b>B. Methodological management and monitoring</b>			
B1. To develop guidelines for the inclusion of core GP criteria into project tenders organised by ESI Funds for the implementation of the horizontal priority "Sustainable development"	QI, 2015	MEPRD develops the general principles which are integrated and applied by the managing authorities	GP requirements included into project tenders organised by ESI Funds	Within the existing budget
B2. To organise regular methodological workshops and training for operators and state and local government institutions on GP and its application in purchases	QIII, QIV, 2015	MEPRD, with the involvement of the leading Ministries	Employees of state and local government institutions and operators are informed about the possibilities of GP and the procedure of its implementation and application	Within the existing budget, project financing
B3. To develop a life-cycle costing model for certain products and service groups	QII, 2016	MEPRD	Life-cycle costing methodology	Project financing*
	<b>C. Promotion of GP and GPP</b>			
Tasks and actions for the achievement of the target	Timetable	Responsible and involved institutions	Direct performance results	Planned funding and its sources
C1. To improve the recognisability of the eco-label and to promote the implementation of environmental management and energy management systems	QIV, 2017	MEPRD, ESB	Manufacturers obtain eco-labels for their products; an increased number of companies and institutions with environmental management and energy management systems in place	Project financing

<sup>36</sup> Here and henceforward within the Latvian Environmental Protection Fund and foreign aid funds.

C2. To ensure regular updates of GP and GPP sections on MEPRD and PMB websites	QIV, 2016 and henceforward update annually	MEPRD, PMB	Quarterly updates of GPP information on MEPRD/PMB website	Within the existing budget
C3. To develop GP and GPP labels in order to promote identification and recognisability of GP and GPP in Latvia	QIV, 2017	ESB	A publicly recognisable GP and GPP label created	Within the existing budget

#### **4 Reporting and evaluation procedure**

MEPRD will prepare annual communications to the CM on GP and GPP implementation, including by public administration, and by 1 May, the Minister of Environmental Protection and Regional Development will submit them to the Cabinet of Ministers.