

## **GRASPINNO**

Transnational model, strategies and decision support for innovative clusters and business networks towards green growth, focusing on green e-procurement in EE/RES for energy refurbishment of public buildings.

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#### **Training material for GRASPINNO Living Labs**

## **MODULE 1 MENTORING AND FUNDING**

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## 1. Executive summary

A number of international organizations consider that **GPP could play a crucial role in encouraging firms to be environmentally friendly** by implementing certain environmental management practices.

The environmental performance of public procurement highlights that GPP could provide the appropriate context in order for firms to develop **new technological and production (radical or improved) innovations** in the field of environmental services and it can be a driver for market development, adding indirect benefits of promoting a greener market on top of direct environmental impact reductions. In the same line of thoughts, GPP can be used for **promoting eco-innovation** by closing the “innovative gap”. Finally, the softer and more dynamic implementation of GPP compared with legal and economic instruments is identified as a major advantage.

On the PAs side, with GPP public authorities can demonstrate a green profile and create local commitment to the environment. However, doing so successfully requires strong leadership and visions. It also takes qualified, sufficient staff resources with solid knowledge of markets, tendering, environmental aspects and law – and related systems. This challenge can, however, be mitigated at national level by strengthening visions and strategies for GPP and supporting education, guidelines, and consultancy available to local authorities.

### Why focus on GPP?

The main benefits from GPP can be summarized as follows:

- ✓ controlling costs by adopting a wider approach to whole life costs;
- ✓ achieving internal and external standards;
- ✓ complying with environmental and social legislation;
- ✓ managing risk and reputation of the organization;
- ✓ creating new, vibrant markets;
- ✓ ensuring security of sustainable supply for the future;
- ✓ ensuring maximum community and financial benefits.

At the same time, the **main barriers for achieving GPP** appear to be:

- ✓ difficulty in changing procurement behaviour;
- ✓ lack of suppliers of sustainable assets, suppliers or services;
- ✓ complexity of comparing costing/value for money assessments;
- ✓ the difficulty of including factors broader than environmental considerations;
- ✓ a perception that the process and outcomes are costlier or time consuming.

#### Scope of the training material

The training material has been developed for **public authorities**, but many of the ideas and approaches is equally relevant for corporate purchasers. It should also help suppliers and service providers – particularly smaller companies (SMEs) – to better understand the environmental requirements increasingly encountered in public tenders.

The Module 1 “Mentoring and funding” explains the **legal and financial framework provided by the European Union** in a practical way (Cohesion Policy) and looks at simple and effective approaches to greening contracts. It provides a clear insight into the key aspects of Green Procurement within the EU and best practices to be taken into account.

Specifically, it’s focused on:

- ✓ scope and potential benefit of GPP;
- ✓ how green requirements will affect the procurement process for the goods and services, and how implement them in line with legal obligations;
- ✓ legal framework at national and European level;
- ✓ financial framework at European level.

**The Module 1 is preparatory to the Modules 2 and 3** in which are provided detailed information about the implementation of the Life Cycle Costing (LCC), practical cases and smart SEAP.

## 2. Definition and key concept of Green Public Procurement

Green Public Procurement (GPP) is defined in the Communication (COM (2008) 400) "Public procurement for a better environment" as *"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."*

The 2014 Procurement Directives enable public authorities to take environmental considerations into account. This applies during pre-procurement, as part of the procurement process itself, and in the performance of the contract. Rules regarding exclusion and selection aim to ensure a minimum level of compliance with environmental law by contractors and sub-contractors.

Techniques such as life-cycle costing, specification of sustainable production processes, and use of environmental award criteria are available to help contracting authorities identify environmentally preferable bids.

GPP is a voluntary instrument, which means that Member States and public authorities can determine the extent to which they implement it.

Public authorities are major consumers in Europe: they spend approximately **1.8 trillion euro annually, representing around 14 % of the EU's gross domestic product**. By using their purchasing power to choose goods and services with lower impacts on the environment, they can make an important contribution to sustainable consumption and production.

By using their purchasing power to choose goods, services and works with a reduced environmental impact, they can make an important contribution towards local, regional, national and international sustainability goals. GPP can be a major driver for innovation, providing industry with real incentives for developing green products and services. This is particularly true in sectors where public purchasers represent a large share of the market (e.g. construction, health services, or transport).

GPP may also provide financial savings for public authorities – especially if you consider the full life-cycle costs of a contract and not just the purchase price.

Purchasing energy-efficient or water-saving products for example, can help to significantly reduce utility bills. Reducing hazardous substances in products can cut disposal costs. Authorities who implement GPP will be better equipped to meet evolving environmental challenges, for example to reduce greenhouse gas emissions or move towards a more circular economy.

## 3. The legal framework

### 3.1 Public procurement at international level

The World Trade Organisation (WTO) Agreement on Government Procurement (GPA) is an international agreement to mutually open the public procurement markets among its parties. The agreement stipulates general rules and obligations for entities of each party whose procurement is subject to the agreement. It also indicates which market access opportunities must be open to international tendering. Up to now 19 parties are part of the agreement including the EU (WTO web 2017). Aspects of GPP and Sustainable Public Procurement (SPP) are not covered in detail by this agreement.

In 2015 the OECD published an update of the recommendations on public procurement (OECD 2015) to support countries in establishing public procurement practices that enable efficiency, foster growth and support the accomplishment of strategic goals. These recommendations were developed in response to the fact that GPP is increasingly used by countries to achieve policy objectives in the area of environmental protection.

In addition, GPP and SPP are implemented on the international scale on a voluntary basis through initiatives such as:

- ✓ UNEP SPP implementation guidelines – developed under the United Nations Environment Programme (UNEP 2012): This document aims at providing guidance for all governments and organisations interested in the implementation of SPP.
- ✓ ICLEI global platform (ICLEI Local Governments for Sustainability - ICLEI web 2017): A number of tools have been established to help local governments introduce sustainable procurement practices into their day-to-day activities.



Examples are:

- Public Procurement of Innovation Guidance (easy-to-understand information for all public authorities on how to go about procurement of innovation)
  - Procura+ Network (including a manual with practical advice on how to integrate sustainability into procurement)
  - Buying green! Handbook (comprehensive guidance on the implementation of GPP under the EU Procurement Directives, written by ICLEI on behalf of the European Commission)
- Procurement of Innovation (PPI) Platform o Sustainable Procurement Platform.

## 3.2 Procurement in the EU

The European framework for public procurement has been established in accordance with the provisions of the Treaty on the Functioning of the European Union. Furthermore, the EU Procurement Directives stipulate the main obligations and provide the basis for the European Commission's public procurement strategy.

The **main rules on the procedures for procurement** by contracting authorities/entities are laid down in the following EC Directives:

Directive 2014/23/EU on the award of concession contracts

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 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.

These three Directives had to be transposed into national law by the EU Member States by 18 April 2016, introducing new EU public procurement rules and stipulating the following principles:

- ✓ wider use of electronic procurement (e-procurement),
- ✓ participation of small and medium-sized enterprises (SMEs) in public tenders,

- ✓ simplified procurement rules for public authorities,
- ✓ innovation partnerships to keep public services up to date,
- ✓ more competition with new rules on concessions,
- ✓ facilitating procurement cooperation among public authorities,
- ✓ lighter rules for the utilities sector,
- ✓ preventing corruption,
- ✓ supporting social responsibilities,
- ✓ enhancing eco-innovation,
- ✓ more flexibility for service contracts on health and social issues.

The Directives stipulate threshold amounts for procurement above which the Directives are applicable. Public Procurement within the meaning of Directive 2014/24/EU is the acquisition by means of a public contract of works, supplies or services by one or more contracting authorities from economic operators chosen by those contracting authorities, whether or not the works, supplies or services are intended for a public purpose.

Contracting authorities comprises the State, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law.

The European Commission recommended the development of a process for **setting common GPP criteria at European level** to be used by the Member States.

Therefore, two types of criteria for each sector are proposed:

- ✓ The core criteria are those suitable for use by any contracting authority across the Member States and address the key environmental impacts. They are designed to be used with minimum additional verification effort or cost increases.
- ✓ The comprehensive criteria are for those who wish to purchase the best environmental products available on the market. These may require an additional verification effort or a slight increase in cost compared to other products with the same functionality. Up to now EU GPP criteria of 21 product/service groups (EC GPP web 2017) have been published under the criteria development process which is led by the Commission's Joint Research Centre's Institute for Prospective Technological Studies (JRC-IPTS) in Seville/Spain. The process is conducted by the EU GPP Advisory Group

which acts as a consultative body to the European Commission for general GPP policy issues and for the development of EU GPP criteria.

*The EU Green Public Procurement policies encourage Member States to take further steps to reach the target of applying green procurement criteria to at least 50% of public tenders (EC 2017). Throughout the evaluation of the applicability of the EU GPP criteria, the results of this study should contribute to - a better uptake of the EU GPP criteria at national level and the provision of justified recommendations for better future approaches and - a more systematic approach in using GPP criteria which is necessary if GPP is to further support the CE. Sustainable Public Procurement (SPP) can be understood as procurement based on a broader approach than GPP, covering additional aspects including society impacts/benefits and social responsibility.*

Within the EU GPP Advisory Group, a group of GPP frontrunner Member States was established to address the specific SPP issues. Some of the frontrunners have already taken important steps in terms of implementing SPP

On the 2<sup>nd</sup> of December 2015, the European Commission adopted the **Circular Economy Package** with the aim to support the transition towards a more Circular Economy in the EU. The Circular Economy Package proposes actions to keep resources within the economy at their highest utility and value at all times while preserving the environment, and to protect the EU's economy against the scarcity of resources, resource price volatility and dependency on non-EU countries for raw material supply. The Circular Economy Package comprises an **Action Plan and a legislative proposal**.

The Circular Economy Action Plan addresses production, consumption and the re-circulation of materials from the end-of-life stage of products into the economy by proposing design requirements such as the reparability, upgradability, durability and recyclability of products, parts and materials (also addressed in other EU Directives such as the EU Eco-design Directive (2009/125/EC)), and promotes more efficient consumption and production patterns in general. The Circular Economy Action Plan contains legislative proposals for amending the Waste Framework Directive (2008/98/EC), the Landfill Directive (99/31/EC), the Packaging and Packaging Waste Directive (2015/720/EC), as well as the Directives on end-of-life vehicles (2000/53/EC), batteries and accumulators (2006/66/EC) and waste electrical and electronic equipment (2012/19/EC).

The proposals comprise long term targets for reducing the landfilling of waste and promoting the reuse and recycling of key waste streams, as well as a broad and ambitious set of actions, to be carried out before 2020.

The European Commission is supporting the transition towards a Circular Economy with a variety of policy instruments (e.g. major investments in research and innovation under the umbrella of the EU's Horizon 2020 research programme). On an international scale, the CE package can contribute to the achievement of the Sustainable Development Goals (SDGs) on Sustainable Consumption and Production by 2030, especially SDG No 12 "responsible consumption and production", but also others such as SDG No 6 "clean water and sanitation", SDG No 11 "sustainable cities and communities" and SDG No 9 "industry, innovation and infrastructure". The implementation of the UN 2030 Agenda for Sustainable Development and the G7 Alliance on Resource Efficiency, as well as the achievement of the 2050 vision of 'living well within the limits of the planet' as set out in the European Union (EU)'s 7th Environment Action Programme are supported by the CE package as well.

### 3.3 Assessing Green Public Procurement Networking Needs

In 2014 the European Resource Efficiency Platform published its **Manifesto and Policy Recommendations**, a high-level guidance document for the European Commission, Members States and private actors on the transition to a more resource-efficient economy. On the topic of Green Public Procurement (GPP) the Manifesto calls for a stronger and more coherent implementation of GPP recommending the establishment of a European network to exchange good practice in this field.

In the same year the Commission commissioned a study with the aim of evaluating structure and content options for such a European GPP network and how to ensure added value. To fulfil this objective, the consultant, Public Procurement Analysis, first conducted a survey in order to gain an overview of existing network activities, and identify their strengths and weaknesses as well as 'gaps' where value could potentially be added at EU level. Based on the survey results, the consultant developed different scenarios for EU support of GPP networking, which were then discussed in follow-up interviews and a webinar. Such discussions provided insights

about the advantages and challenges associated with each of the proposed scenarios.

Many of the networking activities identified in the study form part of the EU-funded SPP Regions project (2015-18), funded under the EU's Horizon 2020 Programme. SPP Regions aims to promote stronger networking and collaboration at both the European and sub-national regional level on sustainable and innovative procurement (SPP/PPI), to help promote and embed capacity building and knowledge transfer.

## 4. The potential of Green Public Procurement for promoting sustainable development and realizing its benefits

### 4.1 Implementing a GPP policy

Many public authorities in Europe have taken the approach of establishing a GPP policy or including commitments to GPP implementation within other policies. **GPP requires effective co-operation between different departments and staff members within an organization.** High-level support is generally considered to be an important factor for the success of GPP.

To be most **effective a GPP policy** should:

- ✓ Include clear targets, priorities and timeframes;
- ✓ Indicate the scope of the purchasing activities covered (i.e. does it cover the whole authority, or just certain departments? Which product and service groups does it cover?);
- ✓ Indicate who is responsible for implementing the policy;
- ✓ Include a mechanism for appropriately monitoring performance.

GPP policy should be aligned with any existing policies and strategies relating to procurement and the sustainable operation of the organization. The input of internal users, suppliers and management is normally needed to ensure the policy can be implemented.

Once a policy is in place some form of operational implementation plan should be established, outlining specific tasks, responsibilities and a time plan. The policy and implementation plan should then be communicated as widely as possible, particularly to the staff most affected and to suppliers who have a role to play in delivering the policy.

As specified before, implementing GPP requires the involvement and cooperation of different departments and staff members across an organization. Finance, environment and procurement officers will likely need to be consulted, as well as certain specialist departments such as construction, energy or IT.

In many authorities, purchasing responsibilities are dispersed across the administration. Setting up a working group involving representatives from different departments when developing a GPP policy, establishing priorities and targets, and assessing training needs can help to ensure the commitment of all those involved and that these needs are met.

Identifying which product, service and works sectors to prioritize, three main factors should be initially being taken into account:

- ✓ **Environmental impact** – Select those products (e.g. fleet vehicles) or services (e.g. cleaning services) which have a low impact on the environment over their life-cycle.
- ✓ **Budgetary importance** – Focus efforts on areas of significant spend within the authority.
- ✓ **Potential to influence the market** – Focus on areas where there is the most potential to influence the market. This may be due to the size or visibility of the contract, or the importance for suppliers of having public sector clients.
- ✓ **A number of further factors** - should then also be considered in making the final selection of sectors:.
- ✓ **Political priorities** -Are there particular local environmental priorities, such as urban air quality, energy/water consumption, waste management, or climate adaptation which you could link to?
- ✓ **Market availability of environmentally preferable alternatives** - Market analysis can be useful to determine whether appropriate alternatives are available which offer reduced environmental impact.
- ✓ **Cost considerations** - Are greener alternatives likely to be cost neutral or will they affect the budget? The assessment of “costs” should consider all costs throughout the life-cycle: purchase price, usage costs (energy/water

consumption, maintenance), and disposal costs. In some cases, grants or subsidies may be available for investment in greener options, so it is worth searching for relevant programs.

- ✓ **Availability of criteria** - For many product and service groups, green purchasing criteria have been developed which can be inserted directly into the tender, without the need for lengthy research into environmental performance characteristics and market analysis. The EU GPP criteria at time of writing cover a wide range of product and service groups and are available in both core and comprehensive versions. In many EU countries national or regional criteria are also available.
- ✓ **Visibility** -How visible will your GPP activities be to the public, the market, other contracting authorities and your own staff? Will they realize that you are making an effort to improve environmental performance? High-profile changes like the type of vehicles used by an authority, or a switch to organic food in the canteen, can help build awareness of your GPP policy and improve the image of your organization.
- ✓ **Practical considerations** -Are there any important contracts up for renewal, or are there long-running contracts in place for certain product/service groups? What time and financial resources are available for implementation? Are there any particular product/service groups where there is already some environmental expertise?
- ✓ **Clear targets** -They are critical in order to assess progress, and to communicate your intentions within the organisation and to the general public. When considering procurement targets, it is important to have a clear, operational definition of what counts as green procurement. For many of the targets set at the national level by Member States, tenders are considered green if they include the national or EU GPP criteria.



## 4.2 EU GPP criteria

The term “GPP criteria” includes not only selection and award criteria, but also specifications and contract performance clauses, which can help to “green” the contract. Identifying sources of GPP criteria is an important step in GPP implementation.

As noted in the introduction, the EU has developed GPP criteria for a number of product and service groups, which are regularly reviewed and updated. The criteria are designed to be inserted directly into tender documents and include information on verification methods. Most of the criteria are available in all official EU languages.

Nowadays, the product and service groups covered are:

- ✓ Cleaning products and services
- ✓ Copying and graphic paper
- ✓ Combined heat and power (CHP)
- ✓ Office Buildings
- ✓ Electrical and electronic equipment in the health care sector
- ✓ Electricity
- ✓ Food and catering services
- ✓ Furniture
- ✓ Gardening products and services
- ✓ Imaging equipment
- ✓ Indoor lighting
- ✓ Office IT equipment
- ✓ Road Design, Construction and Maintenance
- ✓ Sanitary tapware
- ✓ Street lighting and traffic signals
- ✓ Textiles
- ✓ Toilets and urinals
- ✓ Transport
- ✓ Wall panels
- ✓ Waste water infrastructure
- ✓ Water-based heaters

The GPP criteria are based on data from a variety of sources and a technical background report is prepared for each product group to identify the considerations taken into account. The evidence base uses available scientific information and data, adopts a life-cycle approach and engages a variety of stakeholders. Since 2011, the criteria development process for most product groups is led by the Commission's Joint Research Centre in Seville, Spain.

The EU GPP criteria include two 'levels' for each sector covered:

- ✓ **The core criteria** are designed to allow easy application of GPP, focus on the key area(s) of environmental performance of a product or service, and aim to keep administrative costs for companies to a minimum.
- ✓ **The comprehensive criteria** take into account more aspects or higher levels of environmental performance and are for use by authorities that want to go further in supporting environmental and innovation goals.

In addition to the EU GPP criteria, a number of international, national and regional bodies have developed criteria sets covering a wide range of product and service groups. The processes for adopting these criteria vary, although many are similar to the EU GPP scheme. Links to some of the main criteria sets are available on the EU GPP website.

## Labels

Many environmental labels exist which aim to help purchasers identify sustainable products or services. The most valuable labels from a GPP perspective are those which are based on objective and transparent criteria and which are awarded by an independent third party. These labels can play a particular role in developing technical specifications and award criteria, and in verifying compliance.

The different types of environmental labels are outlined below:

- ✓ Multi-criteria labels: these are the most common type of environmental label and also the most commonly used in GPP. Multi-criteria labels are based on scientific information about the environmental impact of a product or service

throughout its life cycle, from extraction of the raw materials, through production and distribution, the use phase, and final disposal. They apply a number of criteria that set the standard for the label in question. Different sets of criteria are established for each product or service group covered. Examples of this type of label include the EU Ecolabel (flower), the Nordic Swan and the Blue Angel.

- ✓ Single issue labels: these are based on one or more pass/ fail criteria linked to a specific issue, e.g. energy efficiency. If a product meets those criteria, then it may display the label. Examples of this type of label are the EU Organic label or the Energy Star label for office equipment.
- ✓ Sector specific labels: sector-specific labels include forestry certification schemes operated by organizations such as the FSC (Forest Stewardship Council) or PEFC (Program for the Endorsement of Forest Certification).
- ✓ Graded product labels: these grade products or services according to their environmental performance on the issue in question, rather than using pass/fail criteria. Examples include the EU Energy Label, which grades energy-related products according to their energy efficiency.

The criteria underlying each of the labels mentioned above are publicly available: the procurement directives distinguish between labels where all of the criteria are linked to the subject-matter of the contract, and those which contain wider criteria, such as those relating to general management practices.

## 4.3 Using e-procurement systems

The 2014 directives provide for a transition to fully electronic tendering by 2018 (2017 in the case of central purchasing bodies). The use of e-procurement systems is well advanced in most Member States and they can be a valuable tool to support GPP implementation.

In particular, e-procurement systems can allow to track the use of GPP criteria and to verify that suppliers have provided the required information to demonstrate their compliance. This makes it easier to confirm that GPP policy is effective and to feed

into your monitoring and review activities as described below.

When choosing an e-procurement system or adapting it to help implement GPP, it could be useful to consider the following features:

- ✓ Can contracts with GPP criteria be clearly marked and tracked?
- ✓ Can the system integrate with sources of GPP criteria (e.g. from a database or label) so that these can be easily incorporated in contracts?
- ✓ Does the system facilitate life-cycle costing, e.g. with a built-in tool for this?
- ✓ Does the system make it easy for new suppliers to find out about the GPP requirements?

Procurement processes are influenced by electronic systems and so it is important not to overlook their role in facilitating GPP.

## 4.4 Monitoring GPP progress

Assessing progress towards targets requires an effective monitoring system to be in place. This should produce a record of which tenders and/or awarded contracts included GPP criteria. Ideally, the **monitoring system should also include information about the environmental impact of purchasing decisions made.**

Several EU Member States have introduced, or are in the process of introducing, schemes to monitor national GPP implementation, which may set specific procedures to be followed for the gathering of information.

As well as quantified progress monitoring, a regular qualitative review of GPP activities is advisable, focusing on barriers faced, corrective actions and further improvements required, together with an assessment of future targets.

Es. City of Barcelona uses monitoring to evolve GPP  
*After more than 15 years of GPP commitment and implementation, the City of Barcelona reviewed and developed in a highly participatory way new rules governing the inclusion of sustainability criteria in public contracts. This followed the enactment of a new Municipal Decree for Responsible Public Procurement in 2013. Integrating green requirements is now compulsory for all contracting bodies tendering for vehicles, electricity, food and catering services, construction, timber, and a range of other high priority procurement categories. Monitoring systems have also been updated in many of these high priority areas, and an automatic tracking system is being developed.*

## 5. The Procurement process

### 5.1 Principles

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. Value for money is clearly a key consideration, as is the need to ensure a good level of competition and to respect the EU and national legal framework. GPP can be combined with these objectives and in many cases will positively contribute to them – for example by reducing life-cycle costs or encouraging suppliers to update their product or service offers.

**Contracting authorities have an obligation to get the best value for taxpayers' money for everything they procure.** Identifying the most economically advantageous tender does not necessarily mean going only for the cheapest offer. It means finding a solution, which meets the identified requirements – including environmental ones – in the most cost-effective way. Best value not only measures the cost of goods and services, but also takes into account 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.

The most important are the following:

- ✓ **Fairness:** acting fairly means applying the principles of the internal market, which form the basis for the public procurement directives and the national legislation based on these directives.
- ✓ **Non-discrimination:** contracting authorities must ensure equal access to the contract by operators from all EU countries and from countries with equivalent rights.
- ✓ **Equal treatment:** comparable situations must not be treated differently and different situations must not be treated in the same way, unless such treatment is objectively justified. For example, the same deadlines must be applied to all tenderers and the same information provided to each, but

tenders with different levels of environmental performance should receive different marks under an environmental award criterion.

- ✓ **Transparency:** tender opportunities must be advertised widely enough to ensure competition. The procurement decision-making process must also be transparent, to preclude any risk of favouritism or arbitrariness on the part of the contracting authority. Contracting authorities have the obligation to inform unsuccessful tenderers of the reasons for rejecting their tenders.
- ✓ **Proportionality:** means that measures adopted in a procurement process should be appropriate to the objectives pursued and should not go beyond what is necessary to achieve them.

## 5.2 Procedure

The preparatory stage of any procurement procedure is crucial. When choosing a procedure, you should consider at what stages you will be able to apply environmental criteria or considerations.

For example:

- ✓ **In an open procedure,** any operator may submit a tender. All tenderers who meet the pass/fail conditions you have specified will be eligible to have their tender assessed. You will thus have access to the maximum choice of potential environmentally friendly solutions – but will not be able to select who you invite to tender based on their environmental technical capacity, for example.
- ✓ **In a restricted procedure,** you can assess environmental technical capacity in a prior stage and also limit the number of operators you invite to tender. A minimum number of five must be invited to tender, provided there are sufficient suitable candidates. This staged procedure may help you to determine the appropriate level of environmental performance, to aim for in your specifications, award criteria and contract performance clauses. By limiting the number of competitors however, it is possible that you will miss out on offers with high environmental performance.

- ✓ **The competitive procedure with negotiation and competitive dialogue procedures** can be used by public authorities for purchases which require an element of adaptation of existing solutions; design or innovation; or in certain other circumstances. These procedures may offer advantages in the context of GPP, as they introduce elements of flexibility not available in the open and restricted procedures and may allow for the effect of environmental requirements on cost to be better understood and controlled. However, both procedures require some level of skill and experience in engaging with suppliers, if the best results are to be achieved.

*Where a contracting authority wishes to purchase goods or services, which are not currently available on the market, it may establish an **innovation partnership** with one or more partners. This allows for the research and development (R&D), piloting and subsequent purchase of a new product, service or work, by establishing a structured partnership. It may be particularly suitable where the current state-of-the-art in a sector is not sufficiently advanced to meet environmental challenges identified by a public authority, such as the need for adaptation to climate change or management of natural resources.*

Each of the above procedures offers a number of stages where green considerations can be applied:

- ✓ Subject matter and technical specifications
- ✓ Selection and exclusion criteria (e.g. compliance with environmental laws, technical and professional ability)
- ✓ Award criteria
- ✓ Contract performance clauses

In deciding which procedure to use, and how best to include environmental criteria within the sections outlined above, it is useful to have some **knowledge of the market** – e.g. the availability, cost and possible practical implications of greener alternatives.

Simple online market research can help to provide some basic information. To get a

more detailed picture from the market you can also engage in dialogue with potential suppliers prior to tendering. This may be of particular use if you wish to apply ambitious environmental requirements or consider innovative solutions relatively new to the market.

The procurement directives specifically allow for preliminary market consultation with suppliers in order to get advice, which may be used in the preparation of the procedure. Such a process must be carried out in a transparent and non-discriminatory manner.

The results of the consultation may not confer an unfair advantage on any of the suppliers who participated – to avoid this you should ensure that information is made available to all potential candidates or tenderers and allow adequate time for preparation of tenders.

Letting the market know well in advance about tenders, which will include environmental criteria, is advisable. This will give suppliers sufficient time to prepare for your requirements. Publishing a Prior Information Notice (PIN), is one way to do this. You may also consider publishing information on your website or holding an information day for interested suppliers.

### 5.3 Framework agreements

One way of increasing the efficiency of tendering while implementing GPP can be to **award framework agreements**. A framework agreement may be established with one or more operators and allows for multiple contracts to be awarded without repeating the whole procurement process. Frameworks can contribute to GPP by allowing greater flexibility in the award of contracts, and in some cases by pooling demand between a number of authorities or over time. They may also increase the incentives for suppliers to offer environmentally enhanced solutions, due to the potential to win multiple contracts and therefore recoup any additional expense involved in implementing these solutions.

### 5.4 Contract requirements

The 'subject-matter' of a contract is about what product, service or work you want to procure. This process of determination will generally result in a description of the



product, service or work, but it can also take the form of a functional or performance-based definition. Choice of subject-matter is particularly important because it determines the permissible scope of specifications and other criteria you may apply.

In principle the administration is free to define the subject of the contract in any way that meets your needs. Public procurement legislation is less concerned with what contracting authorities buy, than how they buy it. For that reason, the procurement directives do not restrict the subject-matter of a contract as such.

However in some cases the choice of a specific product, service or work may distort the level playing-field in public procurement for companies throughout the EU. There have to be some safeguards. These safeguards lie, first of all, in the fact that the Treaty principles of non-discrimination, free movement of goods and the freedom to provide services apply in all cases where there is certain cross-border interest in a contract, which may also include contracts below the thresholds or which are not fully covered by the directives.

In practice, this means that you have to ensure that your definition of the contract will not affect access to the tender by other EU operators or operators from countries with equivalent rights. A second safeguard is that, according to public procurement rules, technical specifications must not create unjustified obstacles to competition. This includes allowing for equivalents, where a specific standard is referred to.

## 5.5 Identifying the main environmental impacts

Each individual contract will have a different set of potential environmental impacts to be considered. However supply, service and works contracts will generally entail slightly different considerations:

### **Supply contracts:**

- ✓ The environmental impact of materials used to make the product (e.g. are the raw materials from renewable sources?)

- ✓ The impact of the production processes used
- ✓ 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

#### **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 projects a formal Environmental Impact Assessment will need to be carried out.

#### **Technical specifications**

After defining the subject of the contract, it's important to express this in the technical specifications which are included in the procurement documents. This is like turning a sketch into a picture. Technical specifications have two functions. They describe the contract to the market so that companies can decide whether it is of interest to them. In this way they help determine the level of competition. The technical specifications provide measurable requirements against which tenders can

be evaluated. They constitute minimum compliance criteria. If they are not clear and correct, they will inevitably lead to unsuitable offers. Offers not complying with the technical specifications have to be rejected – unless you have specifically authorised variants.

Technical specifications need to relate to characteristics of the particular work, supply or service being purchased– and not to the general capacities or qualities of the operator. It is also important that they be clear, understandable by all operators in the same way, and that you will be able to verify compliance when assessing tenders. The obligation of transparency implies that technical specifications will be clearly indicated in the procurement documents themselves.

Technical specifications may be formulated by reference to European, international or national standards and/or in terms of performance or functionality. They may also refer to appropriate criteria that are defined in labels. The procurement directives allow you to formulate technical specifications in terms of the environmental and climate performance levels of a product, service or work. For example, you may require that a computer does not consume more than a certain amount of energy per hour; or that a vehicle does not emit more than a certain quantity of pollutants. You may also specify the production processes or methods for a good, service or work.

### **Specifying materials and production methods**

What a product is made of, how it is produced or how a service or work is performed, can form a significant part of its environmental impact. Under the procurement directives, materials and methods of production or provision can be taken into account when defining technical specifications – even if these do not ‘form part of the material substance’ of what is purchased, for example electricity which is produced from renewable sources or food produced from organic agriculture.

However, since all technical specifications should bear a link to the subject matter of the contract, you can only include those requirements which are related to the production of the good, service or work being purchased, rather than those which relate to the general practices or policies of the operator. As with all criteria, the contracting authority must ensure that the Treaty principles of non-discrimination,

equal treatment, transparency and proportionality are respected when specifying materials or production methods.

### **Using GPP criteria and labels**

Labels and EU and national GPP criteria sets are useful information sources when developing the tender requirements. The EU GPP criteria are designed to be inserted directly into tender documents and include information on verification methods. Most of the criteria are available in all official EU languages. Labels, moreover, can be used to verify compliance with additional environmental requirements.

A test report or certificate from a conformity assessment body can be required. This is one way to establish that a product meets a particular specification or performance level. As with labels, you must consider a technical dossier or other form of proof if a tenderer has no access to a test report or certificate within the relevant time limits for reasons not attributable to the tenderer.

In some cases, a self-declaration on the part of tenderers that they comply with environmental requirements may need to be accepted due to the impossibility of proving compliance by objective third-party evidence during a tender procedure. Where this is permitted, it's important to ensure to apply the principles of equal treatment, transparency and proportionality, seeking clarification from tenderers where necessary to ensure that you do not unfairly accept or reject a tender.

### **Exclusion criteria**

Exclusion criteria deal with circumstances in which an operator can find itself, that normally cause contracting authorities not to do any business with it. The cases where a contracting authority may exclude an operator are listed in full in the public procurement directives. In some particularly serious criminal cases, exclusion is mandatory.

From a GPP perspective, the most relevant exclusion criteria are:

- ✓ Non-compliance with applicable national, EU or international environmental laws;
- ✓ Grave professional misconduct which renders integrity questionable;

- ✓ Significant/persistent deficiencies in performance of substantive requirement under prior contract which led to termination or comparable sanctions;
- ✓ Misrepresentation of any of the above or inability to submit supporting documents;

Contracting authorities can exclude an operator where they can demonstrate by any appropriate means that it has violated applicable environmental obligations under EU or national law. The 2014 directives also allow exclusion for violation of a limited list of international environmental conventions, namely:

- ✓ Vienna Convention on the ozone layer
- ✓ Basel Convention on hazardous waste
- ✓ Stockholm Convention on persistent organic pollutants
- ✓ PIC Convention (hazardous chemicals/pesticides)

Some Member States may choose to make exclusion for non-compliance with these laws mandatory. Violations of environmental law can also be used as grounds to **refuse to award a contract to an operator**, to **reject an abnormally low tender**, or to **require replacement of a subcontractor**.

The above exclusion criteria are subject to a maximum exclusionary period of three years from the date of the relevant event, unless a shorter period is prescribed in national law or a longer period is prescribed in a judgment against the operator. They are also subject to the ability of operators to 'self-clean' – that is to demonstrate their reliability despite the existence of one of the grounds of exclusion. In order to do this, the operator must show that it has:

- ✓ paid or undertaken to pay compensation in respect of any damage caused by the criminal offence or misconduct;
- ✓ clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities;
- ✓ taken concrete technical, organisational and personnel measures that are

appropriate to prevent further criminal offences or misconduct.

It is up to the contracting authority to assess the measures taken and to determine whether they are sufficient to allow the operator to participate in the procedure, providing reasons to the operator if they are excluded.

### **Selection criteria**

Selection criteria assess the suitability of an economic operator to carry out a contract. In two-stage procedures, they form part of the initial expression of interest stage, and can also be used to shortlist or reduce the number of candidates invited to tender. In an open procedure they may be assessed on a pass/fail basis, either before or after tenders are evaluated. The procurement directives provide an exhaustive list of the criteria which can be applied to select operators, and the types of evidence which may be requested from them.

The most relevant selection criteria for GPP purposes relate to technical and professional ability:

- ✓ Human and technical resources
- ✓ Experience and references
- ✓ Educational and professional qualifications of staff (if not evaluated as an award criterion)
- ✓ Environmental management systems and schemes (e.g. EMAS, ISO 14001)
- ✓ Supply chain management/tracking systems
- ✓ Samples of products
- ✓ Conformity assessment certificates

Each of these may help to establish whether an operator has suitable capacity to carry out the environmental aspects of a contract, as discussed below.

An overriding requirement in relation to all selection criteria is that they must be related and proportionate to the subject-matter of the contract. This means you should tailor your approach to the specific requirements of the contract, including its value and the level of environmental risk involved. For example, the range of environmental selection criteria applied for a works contract will normally be greater than for a simple supply contract, unless the supplies present a particular environmental risk, e.g. chemicals or fuel which must be safely stored.

The procurement directives set out some basic rules regarding transparency in award criteria. These reflect the case law of the Court of Justice, including the cases highlighted below which concerned environmental award criteria.

### **1. Award criteria must not confer an unrestricted freedom of choice**

Award criteria must never confer an unrestricted freedom of choice on contracting authorities. This means they must provide an objective basis for distinguishing between tenders, and be adequately specific. In the words of the Court, award criteria must be formulated in such a way that allows all “reasonably well-informed and normally diligent tenderers” to interpret them in the same way.

A further element of the objectivity requirement for award criteria concerns **verifiability**. If award criteria relate to factors which cannot be verified by the contracting authority, it will be difficult to demonstrate that they have been applied objectively. This means you should consider in advance what means of proof tenderers can offer under each award criterion and how you will evaluate this.

In the Concordia Bus case, before evaluation of the tenders, the Community of Helsinki had specified and published a system for awarding extra points for lower levels of noise and nitrogen oxide emissions. This system was considered by the Court of Justice to be adequately specific and objective.

### **2. Award criteria should ensure the possibility of effective competition**

Environmental award criteria should not be formulated in a way which artificially forecloses the market. As one of the objectives of award criteria is to encourage the market to develop and deliver environmentally preferable solutions, it should always be possible for different operators to obtain marks under such criteria. One good way to ensure this is the case is to discuss environmental award criteria with potential bidders in the context of a pre-procurement market consultation.

### **3. Award criteria must be advertised in advance**

The procurement directives require that award criteria and their weightings be set out either in the contract notice or in the procurement documents. Case law has helped to establish the level of detail required for the advertisement of award criteria. You must indicate in the notice or documents:

- ✓ the criteria you will apply to identify the most economically advantageous tender;
- ✓ the relative weightings you will apply to the criteria, either as precise numbers or a range with an appropriate maximum spread; and
- ✓ any sub-criteria you will apply and, in most cases, their weightings.

### **Life-cycle costing (LCC)**

At the award stage of a procurement procedure, the cost of a tender is usually one of the most influential factors. But how do you define the cost?

When you buy a product, service or work, you always pay a price. Purchase price, however, is just one of the cost elements in the whole process of procuring, owning and disposing. Life-cycle costing (LCC) means considering all the costs that will be incurred during the lifetime of the product, work or service:

- ✓ Purchase price and all associated costs (delivery, installation, insurance, etc.)
- ✓ Operating costs, including energy, fuel and water use, spares, and maintenance
- ✓ End-of-life costs, such as decommissioning or disposal



## 6. New frontiers: PCP and Innovation Procurement

The beginning of 2014 saw the entry into force of new public procurement directives and the directive on e-invoicing in public procurement. This means that the focus in the sector has switched to how to implement the new rules and make them work in practice.

Implementation of the new public procurement directives also provides the opportunity to re-think the way public procurement is organised in EU countries to make it more efficient and effective, and better value for money – in other words, to make it 'smarter'.

Smart procurement implies leaner, simpler and more transparent procedures (though greater digitisation amongst other things), less bureaucracy, and a high level of professionalism on the part of the buyers.

It means lower costs for both public buyers and suppliers, and new opportunities for European enterprises through easier access to public procurement procedures at national and EU country level.

It also offers the possibility to use public procurement strategically to pursue other important policy objectives, whether environmental, social, or those related to promoting innovation in the European economy.

**Public procurement of innovation** (PPI) occurs when public authorities act as a launch customer for innovative goods or services. These are typically not yet available on a large-scale commercial basis and may include conformance testing.

**Pre-commercial procurement** (PCP) is an approach within the public procurement of innovation, developed specifically for the procurement of R&D services rather than actual goods and services; if the goods or services developed during the R&D phase are to be procured, this would need to be based on a separate procurement process.

**What else should be considered?**

While much of the PPI and PCP discussion relates to scientific research and development, there is more to it than this alone. Therefore, PPI and PCP cover a large range of the industrial market through all development phases – from research to the final stage of the product – giving public buyers the opportunity to **influence the market towards innovative solutions**.

The Commission has included changes to the procurement procedures which are expected to increase the uptake of PPI. These include:

- ✓ Increased flexibility and simplification on the procedures to follow, negotiations and time limits;
- ✓ Clearer conditions on how to established collaborative or joint procurements which, through bulk purchasing, can provide the necessary demand to launch new solutions;
- ✓ Strengthening the use of life cycle costing, which describes all the phases through which a product passes from its design to its marketing and the discontinuation of its production;
- ✓ The creation of innovation partnerships which enable a public authority to enter into a structured partnership with a supplier with the objective of developing an innovative product, service or works, with the subsequent purchase of the outcome;
- ✓ The exemptions for procurement of R&D services currently included in the new Directives (which are the basis for PCP) will be maintained. Public procurers can therefore continue to undertake pre-commercial procurement.

**Further points of interest in the new Procurement Directive are:**

- ✓ Technical specifications and award criteria may refer to **any stage of a product lifecycle**, including addressing specific production practices, provided that they are linked to the subject-matter of the contract and proportionate to its value and its objectives.

- ✓ Product labels can be required as **means of proof in technical specifications, award criteria or contract performance conditions** as long as all the underlying criteria of the label are linked to the subject matter of the contract. The label must also meet specific criteria defined in the Directive regarding transparency, objectivity, accessibility, and credibility. Bidders must supply the named label or an equivalent label unless they can provide a convincing argument as to why they were not able to obtain the label in time for the bid.
- ✓ Use of '**most economically advantageous tender**' (MEAT) as default criteria. When transposing the Directives, member states may choose to forbid or restrict the use of lowest price as the sole award criterion.
- ✓ The use of **life cycle costing (LCC)** as a method for assessing tender costs is clarified. Contracting authorities may select to include costs imputed to environmental externalities in this calculation.
- ✓ Possibility for **greater control over subcontracting practices**: the contractor is obliged to disclose the expected level of subcontracting in advance as well as providing, in the case of works and services contracts, contact details and details of legal representatives of any company used as a subcontractor.
- ✓ Introduction of a **European single procurement document** for bidders. This makes it easier to verify and standardise any proofs of environmental and social compliance given by bidders.

Innovation procurement practices like PPI and PCP are just emerging in Europe – those who wish to put them into practice will need support to do so. While the PPI Platform provides informational support, many European Commission funded projects exist which allow for the direct financial support of PPI and PCP tenders. Such projects are at the forefront of what is the current state of play in innovation

procurement in the European Union and their outputs provide valuable guidance and best practice for anyone looking to venture into innovation procurement.

Example of European project using these new approaches:

<b>InnProBio Project</b>	<p>The project aims to stimulate demand for bio-based products and services in Europe. The project will provide guidance and support tools, and work with standardisation bodies to offer definitive information on bio-based products (funded under the Horizon 2020 Programme).</p> <p><a href="http://innprobio.innovation-procurement.org/home/">http://innprobio.innovation-procurement.org/home/</a></p>
<b>Eureca Project</b>	<p>The project tackles the lack of knowledge and awareness on how to identify and procure environmentally sound and sustainable data centres. The work will encompass solutions for pre-commercial procurement and procurement of innovative solutions (PPI). The project was funded under the Horizon 2020 Programme.</p> <p><a href="https://www.dceureca.eu/">https://www.dceureca.eu/</a></p>
<b>Energy Observatory – «DATA4ACTION»</b>	<p>The Project is a European cooperation project for the exchange of energy data.</p> <p>«DATA4ACTION», by identifying transferable models of collaboration, explores ways to improve the access of public authorities to energy data for a better implementation and a better monitoring of Sustainable Energy Action Plans.</p> <p>The general purpose of Data 4 Action is the establishment of long-term data exchange models in sustainable energy planning, through a cooperation between public authorities and energy data providers</p> <p>The relevant Link is: <a href="http://www.data4action.eu">www.data4action.eu</a></p>

## 7. Funding: the European financial framework

### 7.1 The Cohesion Policy 2014/2020: a general overview

The cohesion policy of the European Union provides a framework for **financing a wide range of projects and investments** with the aim of encouraging economic growth in EU member states and their regions. **The policy is reviewed by the EU institutions once every seven years.** The last round of programmes was launched in 2014 and the next one will be launched in 2021.

The aim of the EU Regional Policy is to **reduce disparities in economic development, employment and opportunities** between the most advanced and the most disadvantaged areas of the Union (Art. 158 of the Treaty of the European Union). In its current form, this policy is not only aimed at interregional income redistribution but also at **creating the basis for long-term sustainable development in the most disadvantaged areas.** In terms of financial allocation, the resources devoted by the Union to territorial cohesion have more than doubled since 1975. The EU Cohesion Policy alone accounts for **roughly 1/3 of the EU's total budgetary resources for the 2014-2020 programming period.**

Cohesion Policy is delivered through **three main funds.**

✓ **European Regional Development Fund (ERDF):**

aims to strengthen regional economic and social cohesion by investing in growth-enhancing sectors to improve competitiveness and create jobs. The ERDF also finances cross-border cooperation projects.

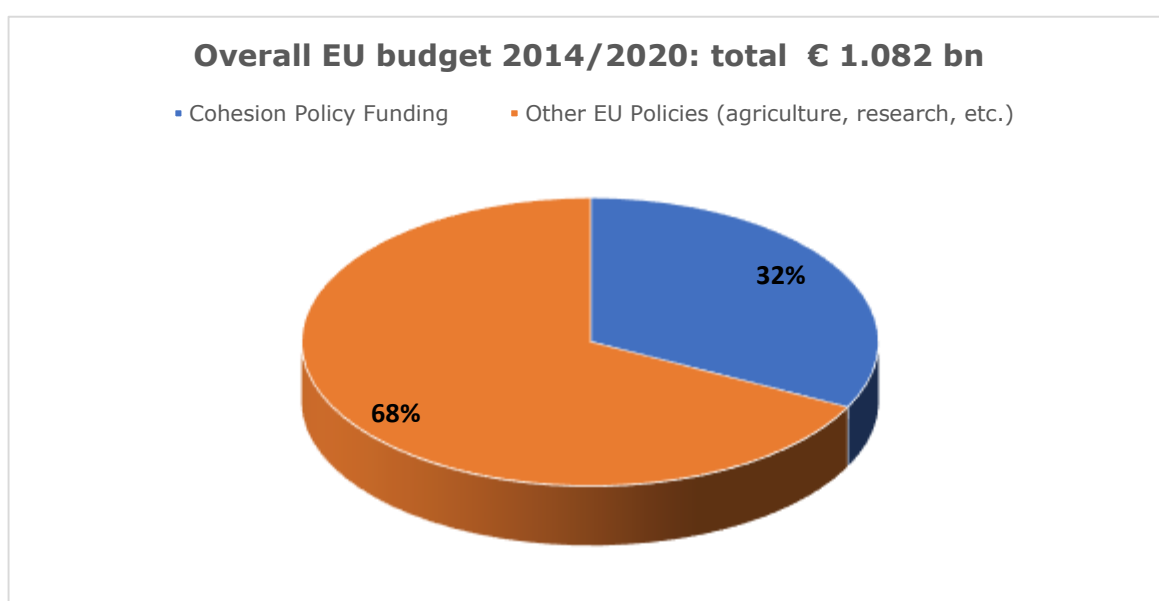
✓ **European Social Fund (ESF):**

invests in people, with a focus on improving employment and education opportunities. It also aims to help disadvantaged people at risk of poverty or social exclusion.

✓ **Cohesion Fund:**

invests in green growth and sustainable development, and improves connectivity in Member States with a GDP below 90% of the EU-27 average.

Together with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), they make up the European Structural and Investment (ESI) Funds ([ec.europa.eu/esif](http://ec.europa.eu/esif)). The European Commission worked with the Member States and the regions to draw up Partnership Agreements and Operational Programmes outlining investment priorities and development needs. Programmes are managed, and individual projects selected, by Managing Authorities in the Member States.



*Figure 1 - Overall EU Budget 2014/2020*

**Managing Authorities are the responsible players** for the proper implementation of the Operational Programmes. They select individual projects. If the total cost of a project is over EUR 50 million, it is subject to approval by the Commission.

The Commission makes funding available at the beginning of each year to allow the countries to start investing in projects. The expenditure certified by national authorities is paid out by the Commission.

The **Operational Programmes are constantly monitored**. This includes on-the-spot audits and checks by the Commission and the Member State. Both must submit reports throughout the 7-year budgetary period.

The level of investment reflects the development needs of the Member States. Regions are categorised according to their Gross Domestic Product (GDP) as **more developed, transition** or **less developed**.

Depending on this, the **Funds can provide between 50% and 85% of the total financing of a project**. The remaining

financing can come from public (national or regional) or private sources.

The overarching aim of the Policy is to make Europe's regions and cities more competitive, fostering growth and creating jobs.

**Cohesion Policy has set 11 thematic objectives** supporting growth for the period 2014-2020.

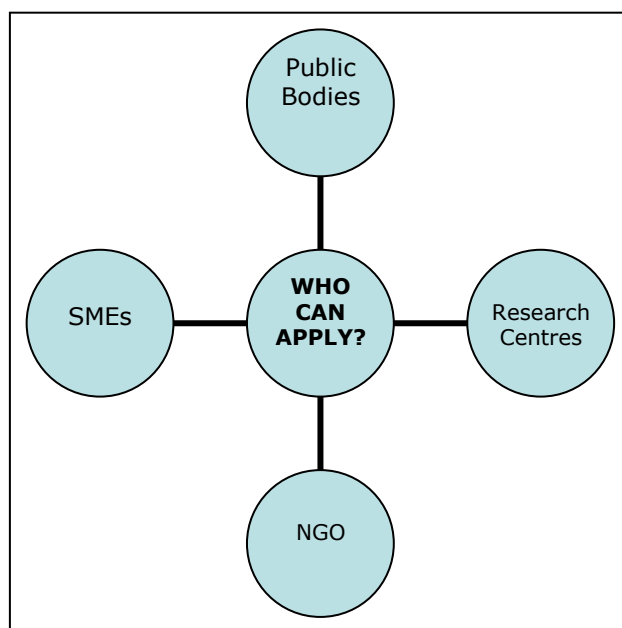


Figure 2 - ESI Funds, who can apply?

- Investment from the ERDF will support all 11 objectives, but 1-4 are the main priorities for investment.
- Main priorities for the ESF are 8-11, though the Fund also supports 1-4.
- The Cohesion Fund supports objectives 4-7 and 11.

Below are described the Thematic Objectives of the **Cohesion Policy 2014/2020**.

1. Strengthening research, technological development and innovation
2. Enhancing access to, and use and quality of, information and communication technologies
3. Enhancing the competitiveness of SMEs
4. Supporting the shift towards a low-carbon economy
5. Promoting climate change adaptation, risk prevention and management
6. Preserving and protecting the environment and promoting resource efficiency
7. Promoting sustainable transport and improving network infrastructures
8. Promoting sustainable and quality employment and supporting labour mobility
9. Promoting social inclusion, combating poverty and any discrimination
10. Investing in education, training and lifelong learning
11. Improving the efficiency of public administration

## 7.2 Territorial Cooperation

Territorial Cooperation is central to the construction of a common European space, and a cornerstone of European integration. It has clear European added value: helping to ensure that borders are not barriers, bringing Europeans closer together, helping to solve common problems, facilitating the sharing of ideas and assets, and encouraging strategic work towards common goals. **Cohesion Policy encourages regions and cities from different EU Member States to work together** and learn from each other through joint programmes, projects and networks with concrete impacts on every aspect of economic life, including innovation, accessibility, education, business, employment or the environment.

**Cross-border, transnational and interregional programmes** receive funding through the ERDF. People living outside the EU's borders also benefit through the Instrument for Pre-Accession Cross-Border Cooperation programmes.



More information about the Territorial Cooperation Programmes are available here:

- ✓ EU Territorial Cooperation:  
[http://ec.europa.eu/regional\\_policy/en/policy/cooperation/european-territorial/cross-border/](http://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/cross-border/)
- ✓ Transnational Cooperation:  
[http://ec.europa.eu/regional\\_policy/en/policy/cooperation/european-territorial/trans-national/](http://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/trans-national/)
- ✓ Interregional Cooperation:  
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- ✓ Cooperation outside UE:  
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### 7.3 A focus on EU energy investments

National and Regional Authorities had and have the chance to allocate the ESI Funds according to the local territorial investment priorities. A significant amount of the total budget has been allocated on the following **categories of intervention**, in order to contribute to the achievement of the **Thematic Objective n.4 "Supporting the shift towards a low-carbon economy"**.

Specifically:

- ✓ 009 - Renewable energy: wind
- ✓ 010 - Renewable energy: solar
- ✓ 011 - Renewable energy: biomass
- ✓ 012 - Other renewable energy (including hydroelectric, geothermal and marine energy)
- ✓ 013 - Energy efficiency renovation of public infrastructure

EU, through the Cohesion Policy, intends to achieve the following **target by 2020**:

- ✓ Reduce greenhouse gas emissions by 20%;
- ✓ Increase energy efficiency by 20%;

- ✓ Generate at least 20% of the energy consumed from renewable sources.

In this sense, ESI Funds are a crucial tool for helping Member States to achieve these 'Europe 2020' objectives. Member States had to draw up "**National Renewable Energy Action Plans**" (NREAPs) with priorities for increasing the share of renewable energy and "**National Energy Efficiency Action Plans**" (NEEAPs) with priorities for improving energy efficiency, which provide an important strategic basis for investment.

The following table describes the financial allocations, decided by the Member States, on the above-mentioned categories of intervention.

COUNTRY	009 - RENEWABLE ENERGY: WIND	010 - RENEWABLE ENERGY: SOLAR	011 - RENEWABLE ENERGY: BIOMASS	012 - OTHER RENEWABLE ENERGY (INCLUDING HYDROELECTRIC, GEOTHERMAL AND MARINE ENERGY)	013 - ENERGY EFFICIENCY RENOVATION OF PUBLIC INFRASTRUCTURE	TOTAL
Austria	4.500	4.500	4.500	9.000	7.009.500	7.032.000
Belgium	1.500.000	4.000.000	5.500.000	13.001.000	26.001.000	50.002.000
Bulgaria				3.000	111.000.000	111.003.000
Croatia	1.000	35.001.000	60.001.000	1.500	182.001.000	277.005.500
Cyprus	500	500	500	500	20.000.500	20.002.500
Czech Republic	4.000	4.000	32.004.000	21.008.000	597.005.000	650.025.000
Denmark	2.002.000	1.000	2.004.500	2.007.000	2.007.000	8.021.500
Estonia			10.000.500	500	46.000.500	56.001.500
Finland			2.500	2.500	22.002.500	22.007.500
France	21.006.000	70.007.500	179.506.000	162.011.500	258.011.500	690.542.500
Germany	1.006.500	6.006.000	17.009.500	109.510.500	1.022.011.500	1.155.544.000
Greece	6.500	1.007.500	45.528.500	42.542.500	193.552.000	282.637.000
Hungary	3.500	252.003.500	365.003.500	260.507.000	454.003.500	1.331.521.000
Ireland	1.000	1.000	1.000	2.000	1.501.500	1.506.500
Italy	13.015.000	114.014.500	41.515.000	42.015.000	988.540.500	1.199.100.000
Latvia			27.000.500	500	129.000.500	156.001.500
Lithuania	1.500.500	1.500.500	328.000.500	1.001.000	160.001.000	492.003.500
Luxembourg			1.000.000	1.000.500	2.000.500	4.001.000
Malta	500	31.000.500	500	500	5.000.500	36.002.500

COUNTRY	009 - RENEWABLE ENERGY: WIND	010 - RENEWABLE ENERGY: SOLAR	011 - RENEWABLE ENERGY: BIOMASS	012 - OTHER RENEWABLE ENERGY (INCLUDING HYDROELECTRIC, GEOTHERMAL AND MARINE ENERGY)	013 - ENERGY EFFICIENCY RENOVATION OF PUBLIC INFRASTRUCTURE	TOTAL
Netherlands	1.000.000	2.000.000	5.000.000	7.502.000	34.002.000	49.504.000
Poland	176.009.500	367.015.500	283.017.500	113.521.500	1.342.017.500	2.281.581.500
Portugal	4.000	4.006.000	5.006.000	149.004.000	388.504.000	546.524.000
Romania			86.000.000	11.504.000	689.000.000	786.504.000
Slovakia	2.000	64.004.000	55.004.000	47.006.000	476.002.000	642.018.000
Slovenia	2.001.500	6.001.500	2.001.500	2.002.000	166.001.500	178.008.000
Spain	138.527.500	168.043.500	233.547.000	101.552.500	433.033.000	1.074.703.500
Sweden	4.001.000	1.000	5.505.000	2.007.000	14.008.000	25.522.000
United Kingdom	62.003.500	61.503.000	60.503.000	261.008.000	110.010.000	555.027.500
<b>TOTAL</b>	<b>423.600.500</b>	<b>1.187.126.500</b>	<b>1.849.666.500</b>	<b>1.349.731.000</b>	<b>7.879.228.000</b>	<b>12.689.352.500</b>

Table 1 - Financial allocations (Millions of EURO)

It's clear that the main investment priority is the "Energy efficiency, renovation of public infrastructures", with around the 62% of the total budget allocated under the energy policies. Moreover, this category of intervention has been activated by each Member State and it testifies the relevancy of these policies.

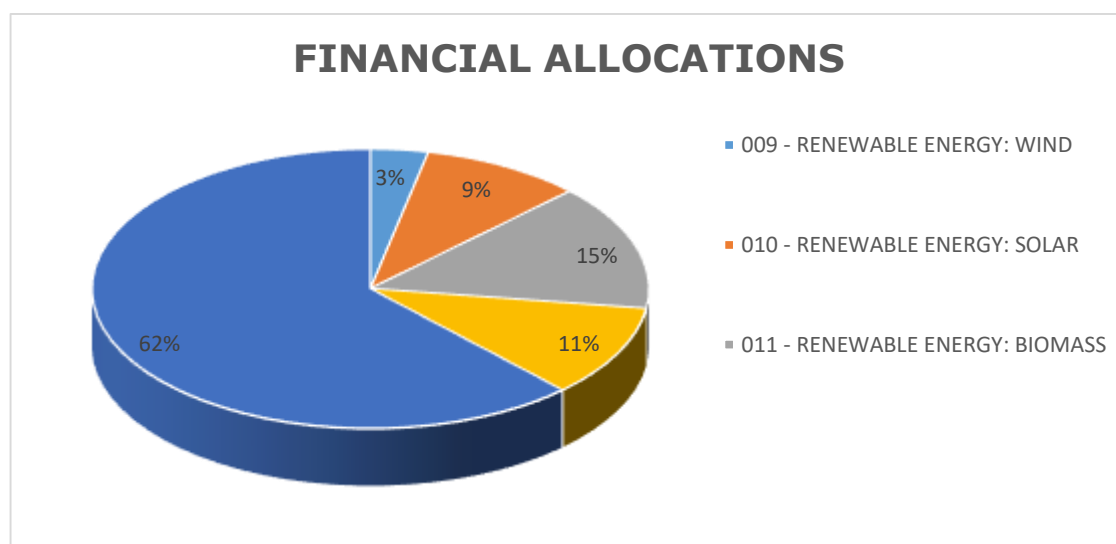


Figure 3 - Member States' financial allocations

Poland is the Member State that activated the biggest amount of financial resources on the category of intervention “013 - Energy efficiency, renovation of public infrastructures”. In the MED area, Italy is the country with the biggest amount of investment in this sector, followed by Spain and Portugal.

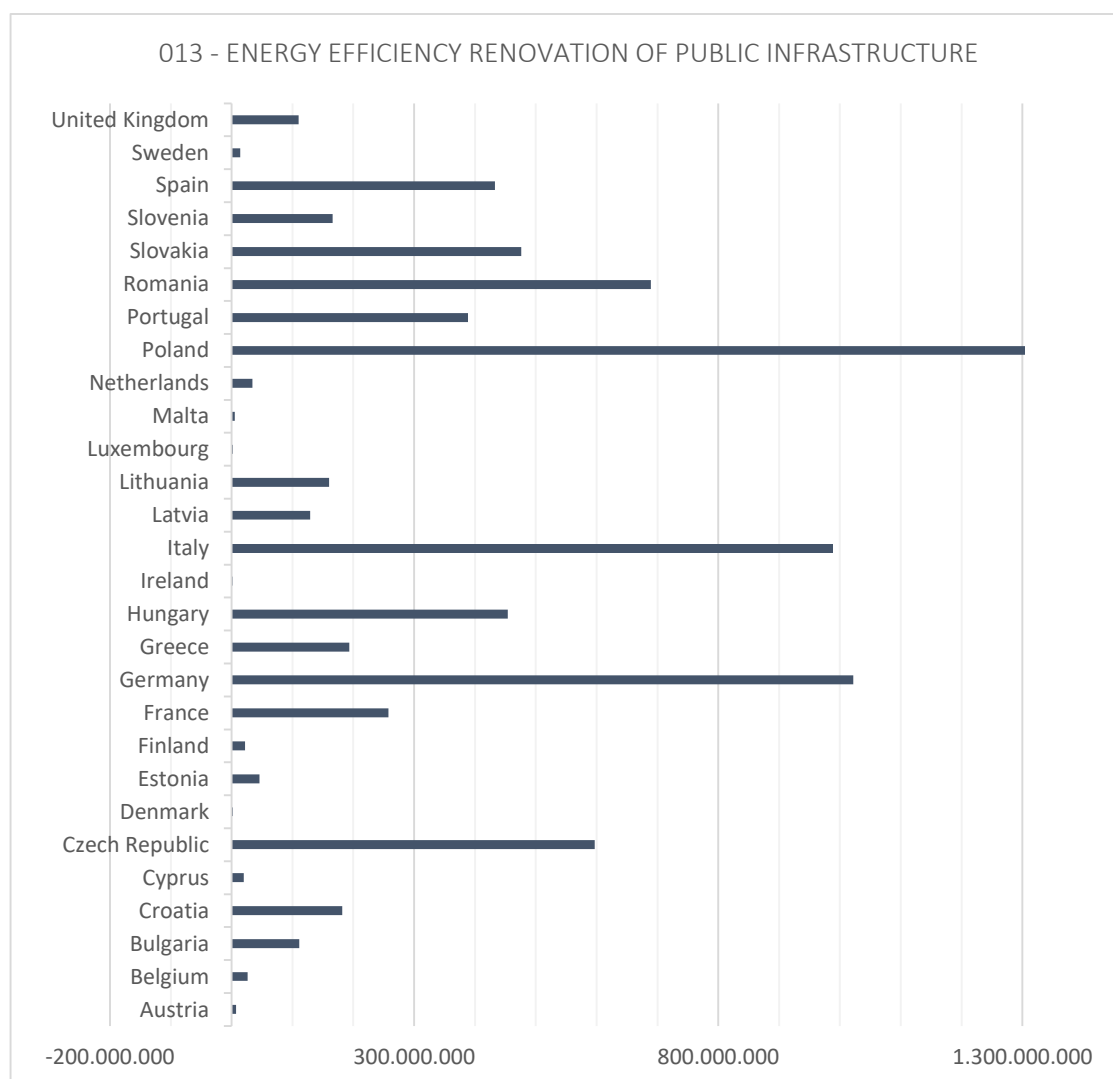


Figure 4 - Investments on “Energy efficiency, renovation of public infrastructures”

In this programming period 2014/2020 the financial support is provided to beneficiaries **mainly through grants** but there is an increasing emphasis on the use of **financial instruments** (European Commission internal target: 20% of low carbon economy allocation has to be implemented via financial instruments).

With regard to the **energy efficiency of public buildings**, the European Commission fixed this target, to be reached by 2020:

- ✓ Reduction of energy consumptions: 5.2 TWh / year.

It's a very hard and ambitious challenge and it's the reason why a so big amount of financial resources was allocated by the Member States under the category of intervention "Energy efficiency renovation of public infrastructure".

By the end of 2018 the Member States have to communicate to the European Union their implementation and financial performance, related to the Operational Programmes financed with the ESI funds. Therefore, in 2019 we will have a clear vision about the achieved results and the impact generated through these policies.

## 7.4 Other funding opportunities: Horizon 2020

The European Union provides funding to PAs, Research Centres, Enterprises, NGOs or no profit making organizations even through other programmes managed at European Level.

The most important is **Horizon 2020** - <https://ec.europa.eu/programmes/horizon2020/>. It is the **biggest EU Research and Innovation programme ever** with nearly €80 billion of funding available over 7 years (2014 to 2020) – in addition to the private investment that this money will attract.

Funding opportunities under Horizon 2020 are set out in multiannual work programmes, which cover the large majority of support available.

**The Work Programme 2018/2020** comprises an introduction, 17 thematic sections and the general annexes describing general rules such as standard admissibility conditions and eligibility criteria, selection and award criteria, etc.

The section "Secure, Clean and Efficient Energy" is designed to support the transition to a reliable, sustainable and competitive energy system. Its work programme includes the following focus areas:

### Energy Efficiency

Research and demonstration activities within this area will focus on buildings, industry, heating and cooling, SMEs and energy-related products and services, integration of ICT and cooperation with the telecom sector.

#### Low Carbon Technologies

activities within this area will cover: Photovoltaics, Concentrated Solar Power, Wind energy, Ocean Energy, Hydro Power, Geothermal Energy, Renewable Heating and Cooling, Energy Storage, Biofuels and Alternative Fuels, Carbon Capture and Storage.

#### Smart Cities & Communities

Sustainable development of urban areas is a challenge of key importance. The focus on smart cities technologies will result in commercial-scale solutions with a high market potential.

More info about are available at the following link:  
[http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-energy\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-energy_en.pdf)

## 8. Role and opportunities for the private sector

How can the private sectors, understood as organisations engaging in profit-seeking activities, contribute to realising the **2030 Agenda for Sustainable Development** globally? In different ways, the private sector has already led many voluntary initiatives which contribute to sustainable development. However, to realise our collective transition towards a system that offers people worldwide a dignified life and respects our planet, both companies and governments must take further action.

Business enterprises themselves not only have a role to play in development, they have **legal obligations** under international and European law that they must respect.

Over the past decade, voluntary standard-setting initiatives and sustainability certification schemes have proliferated, in large part as a result of sustained civil society advocacy for environmental and social sustainability in commodity production. While some Civil Society Organizations believe voluntary initiatives are necessary, important and **should be encouraged**, it is clear that they should be guided and complemented by public policy and regulatory measures.

The EU approach has indeed mainly focused on encouraging voluntary private sector initiatives. For private investments and economic development to effectively contribute to the implementation of Agenda 2030, governments must take action.

The Organisation for Economic Co-operation and Development (OECD) defines the private sector in development cooperation as organisations that engage in profit-seeking activities and have a majority private ownership (i.e. not owned or operated by a government). This definition includes financial intermediaries, multinational companies, MSMEs, cooperatives, individual entrepreneurs and farmers who operate in the formal and informal sectors. It excludes actors with a non-profit focus, such as private foundations and CSOs. The private sector thus encompasses organisations of multiple forms and sizes, ranging from those whose

purpose is to create shareholder value to more people-centred social businesses and cooperatives. While all these private actors have a crucial role to play in delivering Agenda 2030, they are extremely diverse. Governments should take tailored and differentiated approaches to engage private actors and ensure they contribute to sustainable development, depending on their business size and governance model. This is acknowledged by the European Commission communication *"A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries (2014)"*.



## 9. Conclusions

Public Procurement represents around the **14% of the Gross Domestic Product in Europe**. Therefore, it's clear that the best way to achieve the European targets in term of "Green, Smart and Sustainable Development" is to improve the public investment policies through Green Public Procurement.

For this reason, public authorities have to:

- ✓ improve themselves in the use of procurement instruments like life cycle costing, functional/outcome based specifications, eco-labels, weighted award criteria and contract condition;
- ✓ develop a national action or implementation plan on GPP that can be easily monitored, possibly through a step-by-step approach, gradually involving more organisations and expanding the green product portfolio;
- ✓ stimulate the SMEs in uptaking green purchasing practices;
- ✓ ensure compliance with the European Directives and national law on green public procurement (if any);
- ✓ exploit GPP networks, since knowledge, experience and information are widely available in Europe and in each individual Member State. Networks may also be used for creating opportunities for purchasing larger volumes, thus creating more purchasing power for greening;
- ✓ strive for a standard structure in the procurement/tender documentation with selection criteria, product specifications, award criteria and contract clauses, each with appropriate green aspects/information.

The next modules M2 and M3 provide practical information and case histories to better manage GPP and improve the local energy efficiency strategies and actions.