



The use of MEAT

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Contract award criteria

*The criteria used by the contracting authority (CA) or entity (CEs) to **evaluate the offer***

Award criteria shall (Art 67 Dir 24/Art 82 Dir 25):

- not confer unrestricted freedom of choice
- ensure the possibility of effective competition
- allow the information provided by the tenderers to be verified
- be linked to the subject-matter of the contract

In case of doubt, contracting authorities shall verify info provided by bidder.

Contract award criteria

Not to be confused with technical specifications, which describe the subject-matter and impose minimum measurable requirements for the procurement

- Obligatory requirements set out in the technical specifications are a certainty;
- **Award criteria are an incentive**, not a guarantee;
- Minimum level set out in technical specifications;
- Award criteria may measure how much "better" than minimum required level;
- Award criteria help reach the right balance between different desired characteristics

MEAT: 2004 Directives vs. 2014 Directives

Basic principles unchanged:

- *transparency*
- *link to subject-matter*
- *objectivity & equal treatment*
- *verifiable & verified*
- *not confer unrestricted freedom on contracting authority ...*
- *whichever criterion, **economic element is unavoidable***

Many aspects clarified / stated explicitly

MEAT: 2004 Directives vs. 2014 Directives

2004

- 1) *lowest price only*
- 2) *most economically advantageous tender (MEAT), (quality, price, technical merit, cost-effectiveness, environmental characteristics)*

2014

Sole award criterion: MEAT to be assessed on the basis of

- a) **price**, or
- b) **cost**, using a **cost-effectiveness approach** such as life-cycle costing, or
- c) **the best price-quality ratio (BPQR)**

Possibility to restrict use of price-only/cost-only criteria

Lowest price vs cost-effectiveness/BPQR

Lowest price = acquisition price is the only basis



*Quality only spelled out in tech specs so the offer complies or not, **no incentive** to offer anything "better"*

Cost-effectiveness/BPQR = a combination of price, costs and various non-economic criteria are used.



*Minimum quality spelled out in tech specs, but the award criteria **incentivize bidders to make a better offer** to gain more points*

How to choose?

Complexity of the procurement often drives the choice

- *the higher the complexity, the larger the benefits from specifying needs*
- *an efficient usage of lowest price requires perfect ex-ante specification of the exact subject matter of the procurement in the tender documents*

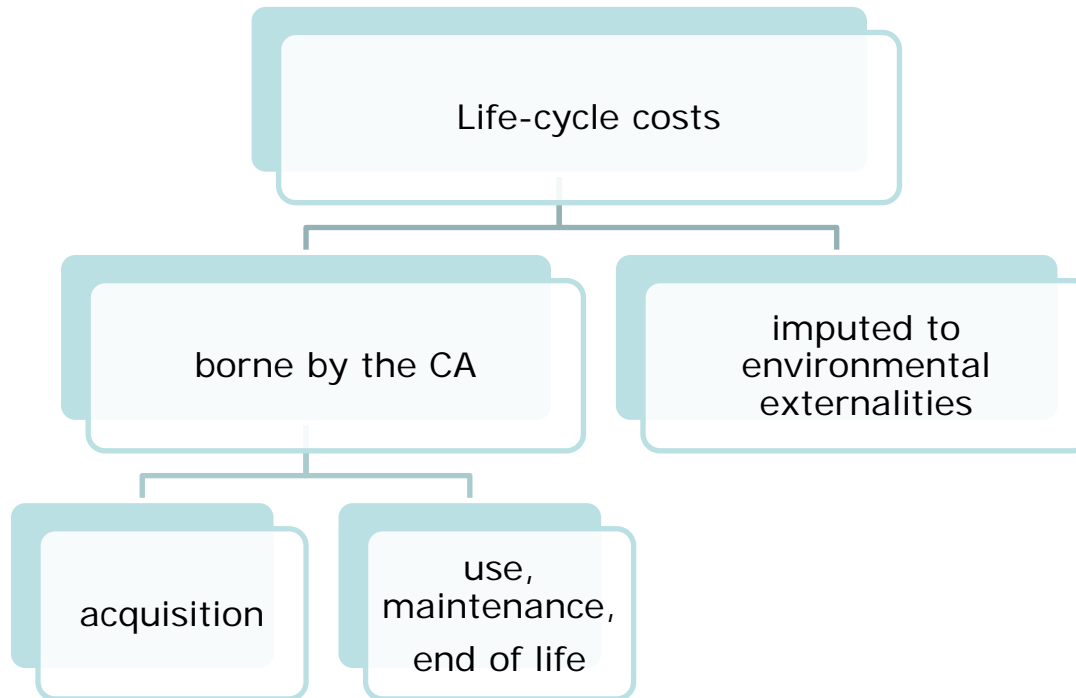


Lowest price may be convenient for very standardized products/services but it is not suited for more complex purchases



Life-cycle costing

Calculating all costs incurred by the authority throughout the life-cycle of the product



Life-cycle costing 2

- *If a **common methodology** exists, then its use is **obligatory** – (Directive 2009/33/EC on clean and energy-efficient road transport vehicles)*
- *Method to be used must:*
 1. *Be based on **objectively verifiable and non-discriminatory criteria**. In particular, where it has not been established for repeated or continuous application, it shall not unduly favour or disadvantage certain economic operators;*
 2. *Be **accessible to all interested parties**;*
 3. *The data required **can be provided with reasonable effort** by normally diligent economic operators, including economic operators from third countries party to the GPA or other international agreements by which the Union is bound.*

BPQR

MEAT may include the **best price-quality ratio**, which shall be assessed on the basis of **price/cost element + criteria including qualitative, environmental and/or social aspects**

For instance:

- quality, technical merit, aesthetic and functional characteristics, accessibility, social and environmental characteristics, trading
- Organization, qualification, experience of staff assigned
- After-sales services, technical assistance, delivery conditions



LCC and BPQR: an example

A contracting entity buys electrical safety solutions and decides to weigh contract award criteria as follows:

- *LCC: 35% purchasing price, 10% electrical consumption, 5% maintenance and disposal of materials*

BPQR (beyond the price- related aspects):

- *10% user-friendliness and ease of use*
- *5% sound emissions*
- *5% scope of warranty*
- *10% use of recycled materials*
- *10% employment of disabled personnel in the production process*