MINISTRY OF THE ENVIRONMENT, LATVIA

Procurement objectives
The Ministry of the Environment aims to apply the GPP criteria for construction works and services in projects financed by it. In order to ensure the application of these criteria by contractors awarded funds under specific financing instruments, the Ministry has developed a system for evaluating compliance with GPP. This is monitored both at project approval stage and throughout delivery.

Background
The Ministry provides approximately €50 million per annum under the Climate Change Financial Instrument (CCFI) based on revenues from the international emissions trading scheme under the Kyoto protocol. The projects financed aim to increase energy efficiency in buildings, enable technology conversion from fossil to renewable energy sources, and develop technologies for greenhouse gas emission reduction.

Criteria used
Ten different projects financed from the CCFI budget programme are now in progress. One example is the project “Complex Solutions for Reduction of Greenhouse Gas Emissions in Municipal Buildings.” GPP criteria for construction works and services are used at the project application phase. The applicant must complete a check-list detailing the GPP criteria to be applied at all stages of the procurement process. Some of these criteria are mandatory:

**Selection criteria:** Experience of the architect in environmental construction; technical capacity of the building company to undertake the necessary environmental management measures.

**Specifications/Award criteria:** Energy efficiency training for users; Building energy performance monitoring; Planned heat energy consumption (threshold value: 100 kWh/m² per year; additional points awarded for lower energy consumption). A building energy performance audit is a compulsory component of the project application and this informs the level of planned heat energy consumption which goes into the specification.

**Contract performance clauses:** Waste management during construction works – a waste management plan must be drawn up and a contract signed between the contractor and a waste management company.

In addition, the applicant can choose other GPP criteria from the check-list to get extra points at the evaluation phase of the project application. The “Guidelines to Promote GPP at National and Municipal Level”, adopted by the Government in 2008, serve as a supportive tool for the applicant. Criteria included in the Guidelines are in full compliance with EU GPP criteria. The check-list mainly contains the ‘core’ EU GPP criteria.

Other criteria used at the project application evaluation stage are:

1) Planned annual CO2 emissions reduction efficiency indicator (threshold value: 0,35kg CO2 per 1 Lats* from CCFI; additional points awarded for highest CO2 emissions reduction efficiency indicator);
2) Proportion of the co-financing by project applicant (applicant must cover at least 15% of the total eligible costs; additional points for bigger amount).

* - Lats – Latvian currency unit. 1 EUR=0.7028 Lats.

Results
50% of the total points which the applicant can be awarded at the project application evaluation stage come from the GPP criteria. Screening project applications in this particular way has led to grants for projects which aim to realise complex and innovative solutions, to increase the energy efficiency of municipal buildings, in a few cases approaching 'low energy' consumption standards.

The check-list of the GPP criteria included with the project application is legally binding for the beneficiary, and the procurement documents must be submitted with the project progress reports. The first progress reports show that beneficiaries have made serious efforts to perform their obligations. One tendency evident from these documents is the use of ‘most economically advantageous tender’ as the award criterion, instead of lowest price. Environmental considerations typically formed 15-25% of the award points.
Environmental impacts

Buildings account for a major share of Europe’s energy consumption and greenhouse gas emissions. Transport and waste streams are other important environmental issues to consider during the construction process. During the use phase, the energy consumption of a building represents the most significant environmental element, split into space heating, water heating and electrical appliances.

An enormous potential for energy savings (and resulting reduction of CO2 emissions) exists in the renewal of the existing building stock, so the main focus for energy relevant measures should be on renovation work. This is one of the main topics of the projects financed from CCFI.

The overall environmental profile of buildings also needs to be considered. This implies the need to take into account many different issues, ranging from types of building materials used to various approaches to achieve high energy efficiency. GPP is a useful tool to ensure the real application of this approach in the renovation of existing buildings.

Lessons learned

All the projects financed from CCFI budget programme have a monitoring period of five years after expiry of the project contract. If the monitoring of the project during the first and second year shows non-conformity of CO2 emission reductions with the reduction indicated in the project application and contract, the beneficiary submits a plan to correct the non-conformity to the responsible authority and executes the plan from its own resources.

If during the third and fourth year of monitoring the non-conformity of project results continues, the responsible authority has the right to take a decision regarding the designation of resources disbursed from the CCFI for the project as ineligible, and to recover those funds. The monitoring period for the first projects implemented under the CCFI begins from next year.

For more information, please see European GPP criteria for Construction and various Building Materials.