



ASIAN DEVELOPMENT BANK

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Final Report

Guidance Note
for
the Operationalization of Green Public
Procurement (GPP) in Lao PDR
for Goods and Services

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PREFACE

This Guidance Note for the Green Public Procurement (GPP) is intended to provide a clear and concise guide and reference which is easy to read and understand to public procurement officers to procure green products and green services which are environmentally friendly. It is basically prepared in accordance with the **Procurement Manual, 2022 updated version** which is a guidance for the implementation of **the Law on Public Procurement No. 30/NA, 2017 and the Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019**. This is to ensure that the implementation of the GPP in Lao PDR is carried out properly in a unified manner countrywide within the legislative framework of Lao PDR particularly the Law on the Public Procurement.

This Guidance Note for the GPP aims to provide a holistic approach to the government procuring entities to enable them to practice green public procurement in their procurement processes and does not intend to create an impediment in the procurement process. It integrates the GPP concept into the public procurement throughout the entire public procurement process in line with the procurement methods as described in the Procurement Manual, 2022 updated version.

It provides a step-by-step guidance to government officials and public procurers on how to procure green goods and green services in accordance with the government's policy on the GPP and within the scope of the Law on Public Procurement No. 30/NA, 2017 of which Article 4 on Government Policy on Public Procurement places emphasis on the public procurements which are efficient, effective, and based on equality, and promote the preservation of the environment for green sustainability. It also provides information for suppliers/contractors and consultants to better understand the government's GPP policies and to assist them to submit better bids and proposals, thus meeting the objectives set by the government.

The Ministry of Finance has prepared this Guidance Note for the GPP to facilitate the operationalization and the implementation of the GPP in accordance with the government policy and legislative framework set out in the public procurement law. It is hoped that this Guidance Note will assist the public procurement officers in achieving their roles in implementing and operationalizing the GPP in Lao PDR.

Vientiane Capital, date: XX XX 2024

Minister of Finance

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ACRONYMS

ADB	Asian Development Bank
BMUV	Federal Ministry for the Environment, Nature Conservation, Nuclear Safety, and Consumer Protection
EU	European Union
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) or German Development Cooperation
GPP	Green Public Procurement
ISO	International Organization for Standardization
Lao PDR	Lao People's Democratic Republic
LCA	Life-Cycle Assessment
LCC	Life-Cycle Costing
LNCCI	Lao National Chamber of Commerce and Industry
MoF	Ministry of Finance
MoIC	Ministry of Industry and Commerce
MoNRE	Ministry of Natural Resources and Environment
PPMD	Public Procurement and Price Management Division,
PCD	Pollution Control Department of Thailand
OECD	Organization for Economic Co-operation and Development
SCP	Sustainable Consumption and Production
SD	Sustainable Development
SDGs	Sustainable Development Goals
SAMD	State Assets Management Department
ToR	Terms of Reference
UN	United Nations
VfM	Value for Money

DEFINITION

Consultancy services – Such services which refer to, for example, technical service, feasibility studies, research and analysis, design, surveys, management of government projects, financial and accounting management, expert advice, and training, etc.¹

Goods - Typically, for example, equipment, material and supplies, commodities, textbooks, and medical supplies, etc.¹

Government funds - The state budget which includes state funds, state enterprises' funds, foreign grants and loans obtained by the government from foreign countries and financial institutions.¹

GPP Products and Services Directory – An official directory of certified green goods and green services for the GPP developed by MoNRE which includes standardized technical and performance specifications for green goods and standardized requirements for green services. It will provide information to the government procuring entities and procurers on the availability of green goods and green services which will aid them in various steps of the procurement process including procurement planning and procurement preparation.

Green Public Procurement (GPP) - A process whereby public authorities seek to procure with government funds 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 procured².

Lao PDR Green Cart³ – An official GPP Products and Services Directory of Lao PDR containing a list of registered certified green goods and green services for the GPP available in Lao PDR developed by MoNRE in accordance with the Ministerial Decision No. 4182/MoNRE on the Appointment of Steering Committee, Technical Sub-Committee, Secretariat Sub-Committee, and Steps for the Establishment of Lao PDR Green Cart, dated 14th November 2024.

Lao PDR Green Label⁴ – An official Type I Green Label of Lao PDR certified by the Ministry of Industry and Commerce (MoIC) of Lao PDR in accordance with the Ministerial Decision No. 1888/MoIC on Lao PDR Green Label issued by the MoIC on 1st October 2024.

Life-Cycle Assessment (LCA) - A process of evaluating the effects that a product has on the environment over the entire period of its life thereby increasing resource-use efficiency and decreasing liabilities. It can be used to study the environmental impact of either a product or the function the product is designed to perform. LCA is commonly referred to as a "cradle-to-grave" analysis. LCA's key elements are: (1) identify and quantify the environmental loads involved, e.g. the energy and raw materials consumed, the emissions and waste generated;

¹ Procurement Manual, 2022 updated version

² European Commission (2004) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Public Procurement for a Better Environment. COM (2008) 400 Final.

³ Ministerial Decision No. 4182/MoNRE on the Appointment of Steering Committee, Technical Sub-Committee, Secretariat Sub-Committee, and Steps for the Establishment of Lao PDR Green Cart, dated 14th November 2024

⁴ Ministerial Decision No. 1888/MoIC on Lao PDR Green Label, dated 1st October 2024

(2) evaluate the potential environmental impacts of these loads; and (3) assess the options available for reducing these environmental impacts⁵.

Life-Cycle Costing (LCC) - The accounting of all costs that will be incurred during the lifetime of the product, work or service, including purchase price and all associated costs (delivery, installation, insurance, etc.), operating costs, including energy, fuel and water use, spares, upgrade, and maintenance, end-of-life costs (such as decommissioning or disposal) or residual value (i.e. revenue from sale of product), may also include the cost of externalities (such as greenhouse gas emissions)⁶.

Procurement planning - The process by which the efforts of all personnel responsible for procurement are coordinated and integrated through a comprehensive plan for fulfilling the Procuring Entities' need in a timely manner and at a reasonable cost.¹

Public Procurement - The process by which the government buys the inputs for vital public-sector investments and for the smooth operation of government which consequently lay foundations for national development¹. Those inputs generally include goods, services including consultancy services, and civil works.

Services – General services, for example, routine maintenance, security services, cleaning services and other services which are not associated with works, goods and consulting services, etc¹.

Sustainable Public Procurement (SPP) - A purchasing and investment process that considers the economic, environmental, social, and institutional impacts of the entity's spending. Sustainable Public Procurement allows governments to meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment⁷.

Sustainable Development (SD) - Sustainable development is how we must live today if we want a better tomorrow, by meeting present needs without compromising the chances of future generations to meet their needs⁸.

Sustainable Development Goals (SDGs) - The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that we achieve them all by 2030. The short titles of the 17 SDGs are: No poverty (SDG 1), Zero hunger (SDG 2), Good health and well-being (SDG 3), Quality education (SDG 4), Gender equality (SDG 5), Clean water and sanitation (SDG 6), Affordable and clean energy (SDG 7), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reduced inequalities (SDG 10), Sustainable cities and communities (SDG 11), Responsible consumption and production (SDG

⁵ <https://www.eea.europa.eu/help/glossary/eea-glossary/life-cycle-assessment>

⁶ https://green-business.ec.europa.eu/green-public-procurement/life-cycle-costing_en

⁷ Multistakeholder Advisory Committee of the 10YFP SPP Programme, <http://www.oneplanetnetwork.org/sites/default/files/10yfp-sppprinciples.pdf>.

⁸ <https://www.un.org/sustainabledevelopment/blog/2023/08/what-is-sustainable-development/>

12), Climate action (SDG 13), Life below water (SDG 14), Life on land (SDG 15), Peace, justice, and strong institutions (SDG 16), and Partnerships for the goals (SDG 17)⁹.

Value for Money (VfM) - The effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits along with an assessment of risks, nonprice attributes, and/or total cost of ownership as appropriate^{10,11}. It is not about achieving the lowest price but is about achieving the optimum combination of whole life costs and quality.

Works – Civil works, for example, construction of buildings, roads, bridges, harbors, highways, etc.

⁹ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

¹⁰ <https://www.adb.org/documents/procurement-value-money>

¹¹ <https://thedocs.worldbank.org/en/doc/a535313d21a71139c93f09311e274093-0290012023/original/Procurement-Guidance-Value-for-Money-Nov-2023-WEB.pdf>

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Box 8 - Guidance Note for the GPP Products and Services Directory (Lao PDR Green CART)

EXECUTIVE SUMMARY

This Guidance Note is prepared in accordance with the Ministerial Decision No. 3296/MoF on the Appointment of a Committee for the Development of a Guidance Note on the Implementation of the Green Public Procurement under the Project on the Promotion of Sustainable Consumption and Production, dated 19th October 2023, with the technical support from the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) or German Development Cooperation and the financial support from the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety, and Consumer Protection (BMUV).

With its huge revenue/budget and purchasing power, the government or the public sector is unarguably the largest consumer of goods, services and works in the country. Therefore, the adoption and the implementation of the Green Public Procurement (GPP) by the government will set a good example and being a very important and strong driver and stimulus to move the country and its society toward achieving the 12th Goal of the SDGs of responsible consumption and production and becomes a more resource-efficient economy with reduced environmental impacts. It can stimulate the market, including supply and demand for environmentally friendly and resource-efficient goods, services and works and consequently stimulate their production and supplies which otherwise would be difficult to be on the market.

Article 4 of the Law on Public Procurement No. 30/NA, 2017 provides the basis for the implementation of the GPP in Lao PDR with one of its principles on the promotion of the public procurement by protecting the rights and interests of the government, individuals, legal entities or organizations and **preserving the environment for green sustainability**. As such, environmental and green criteria can be incorporated into procurer's consideration throughout the procurement process so that goods, services, and works that deliver the best Value for Money (VfM) which takes account of the Life-Cycle Assessment (LCA) of environmental impacts from cradle -to-grave and the Life-Cycle Costing (LCC) which includes, but not limit to, operation and maintenance (O&M) cost and cost of spare parts throughout their lifetime.

The objectives of the Guidance Note for the GPP for Goods and Services are as follows,

- 1) To make government officials and public procurers have a better understanding of the GPP and its importance, the principles and concepts of LCA, LCC, and best VfM.
- 2) To guide government officials and public procurers on how to effectively implement the GPP covering the entire procurement cycle from conception through to contract completion,
- 3) To provide step-by-step, clear, and concise guidance with practical knowledge and advice to government officials and public procurers on how to procure green goods, services including consultancy services, and works in line with the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, 2019, and the Procurement Manual, 2022 updated version for public procurement,
- 4) To guide government officials and public procurers how to incorporate environmental and green criteria at each stage of the procurement process elaborated in the Procurement Manual, 2022 updated version from technical and performance

specification, Terms of Reference (ToR), standard bidding documents, evaluation criteria, award criteria, supplier selection, and contract,

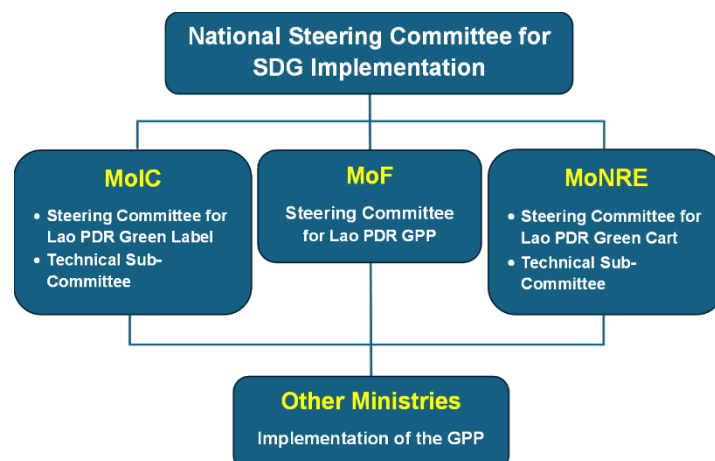
- 5) To build the capacity and confidence of government officials and public procurers in implementing the GPP in line with the laws and regulations, and
- 6) To provide information for suppliers to better understand the government's GPP policies and to assist them to submit better bids, proposals, and offers for environmentally friendly goods and services.

This Guidance Note is developed based on **the Procurement Manual, 2022 updated version** by providing guidance on how to incorporate and implement the GPP in each major step of the procurement process covered in the Procurement Manual, 2022 updated version. First, general guidance is provided to elaborate the meaning of public procurement by preserving the environment for green sustainability whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle from the cradle to the grave taking account of LCA, LCC and Value for Money (VfM) when compared to goods, services and works with the same primary function that would otherwise be procured. Then, guidance notes on how to integrate and implement the GPP in each step of the procurement process are provided starting from the Procurement Planning including Annual procurement plan and Detailed procurement plan and the Procurement Preparation including methods of procurement and threshold values, procurement requirements, evaluation criteria, and bidding documents.

Since the evaluation criteria used to evaluate the submitted bids or offers to be awarded the contract based on LCA, LCC, and VfM may not be feasible at present for Lao PDR because of lack of data and information for the calculations of LCA, LCC, and VfM, pass-fail criteria may be used for the time being until the evaluation criteria based on LCA, LCC, and VfM are developed and available.

Lastly, guidance notes are provided to the recent Ministerial Decision No. 1888/MoIC dated 1st October 2024 on Lao PDR Green Label which establishes the Lao PDR Type I Green Label) and the Ministerial Decision No. 4182/MoNRE dated 14 November 2024 on the Appointment of a Steering Committee, Technical Sub-Committee, and Secretariat Sub-Committee and Steps and Processes for the Approval of Products and Services to be included/listed in Lao PDR Green Cart which establishes the Lao PDR Green Cart or the GPP Products and Services Directory to support the government procuring entities in the procurement of green goods and green services.

In term of the institutional framework to support the development and implementation of the GPP in Lao PDR, the guidance is provided as shown in the following diagram.



SECTION 1: INTRODUCTION

1.1 Background

Among 17 Goals of the Sustainable Development Goals (SDGs), the Responsible Consumption and Production ensuring sustainable consumption and production patterns is the 12th Goal of the SDGs of the United Nations (UN) with Target 12.7 – Promote public procurement practices that are sustainable (Green Public Procurement, GPP) in accordance with national policies and priorities. Accordingly, the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) or German Development Cooperation, financially supported by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety, and Consumer Protection (BMUV) has carried out the Sustainable Consumption and Production (SCP) Outreach in Asia – The Next Five (SCP Outreach) project aiming at the promotion of sustainable consumption and production patterns through providing technical assistant to five Asian developing countries, namely Bhutan, Cambodia, Lao PDR, Sri Lanka, and Vietnam, to develop and implement the SCP policy framework, in particular, the GPP and Ecolabelling. Sustainable consumption and production patterns contribute to a reduction in greenhouse gas emissions as well as improved resource efficiency along the value chains.

Customer demand is an important driver for manufacturers to make changes in their products with respect to, but not limited to, raw materials, production methods and processes, use, and afterlife management. With its huge revenue/budget and purchasing power, the government or the public sector is unarguably the largest consumer of goods, services and works in the country. Therefore, the adoption and the implementation of the GPP by the government will set a good example and being a very important and strong driver and stimulus to move the country and its society toward achieving the 12th Goal of the SDGs of responsible consumption and production, including climate targets and other SDGs, and becomes a more resource-efficient economy with reduced environmental impacts. It can stimulate the market, including supply and demand for environmentally friendly and resource-efficient goods, services and works and consequently stimulate their productions and supplies which otherwise would be difficult to be on the market.

By doing so, it will also provide incentives for companies to develop environmental technologies designed to prevent or reduce the environmental impacts, at any stage of the life cycle of products or activities. Subsequently, green procurement can be encouraged and promoted in the private sector and civil society so that Lao PDR can ultimately reach the 12th Goal of the SDGs of responsible consumption and production for the whole society.

The legal framework for the Public Procurement of Lao PDR was previously a challenge. The **Decree of the Prime Minister on Government Procurement of Goods, Works, Maintenance and Services, No. 03/PM**¹², dated January 09, 2004, established the rules, forms, and procedures for government procurement of goods, construction, repair and services and ensures efficiency, transparency and economy in government procurement. Although the Decree in principle promotes equality among all economic sectors in the procurement by state organizations and state enterprises, the public procurement financed in full by government funds will give priority to local firms. The public procurement of foreign goods using the national budget will not be authorized if such goods of the same quality can

¹² Decree of the Prime Minister on Government Procurement of Goods, Works, Maintenance and Services, No. 03/PM

be produced locally. In competitive bidding, local firms not affiliated with foreign firms and able to provide goods, services and works of the same quality will be given preferential rights.

The government of the Lao People's Democratic Republic (Lao PDR) has had a strong commitment to the SCP as stated in a policy document, namely the **Sustainable Consumption and Production (SCP) Roadmap 2021-2025**¹³. The Green Public Procurement (GPP) is adopted as a measure to stimulate and enlarge the green market of goods, services, and works on both the production/supply and the consumption sides. With the technical support provided by GIZ to mobilize the implementation of the GPP in Lao PDR, **Green Public Procurement Action Plan of Lao PDR (2023-2025 Vision 2030)**¹⁴ was developed and adopted by the government.

1.2 Current Supporting Legal Framework for the GPP in Lao PDR

1.2.1 Legal Framework for the GPP in Lao PDR

The **Law on Public Procurement No. 30/NA, 2017**¹⁵ and the **Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019**¹⁶ enacted in 2017 and 2019 respectively define the principles, regulations and measures regarding the management monitoring and performance of public procurement of goods, works, services and consultancy services to ensure that such activities are carried out properly and in a unified manner countrywide and to ensure the effective, efficient, economic, transparent, accountability and fair use of government funds in contribution to national socio-economic development.

The **Instruction on the Implementation of the Law on Public Procurement, No. 0477/MOF, 2019** elaborates on and provides greater detail on some articles of the **Law on Public Procurement No. 30/NA, 2017**, such as scope of application of the law, preparation of procurement plan, thresholds, timeline required for advertisement/notification for procurement of goods, works, services and consultancy services, procedures and implementing rules for each type of methods of procurement and selection of consultants, tender committees, evaluation of bids/proposals, securities (guarantees) and other contents as stipulated in the **Law on Public Procurement, No. 30/NA, 2017** for more detail and clarity aiming that such law is implemented in proper, efficient, effective, and unified manner countrywide.

The enactment of the **Law on Public Procurement No. 30/NA, 2017** and the **Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019** paves the way for Lao PDR to achieve Target 12.7 of the SDGs 12 - Promote public procurement practices that are sustainable or in other words green public procurement which will consequently lead to the achievement of the SDGs 12 – Responsible Consumption and Production. It's **Article 4 on Government Policy on Public Procurement** places emphasis on 3 principles, as follows,

¹³ Sustainable Consumption and Production (SCP) Roadmap 2021-2025.

¹⁴ Ministerial Decision No. 6351/MoNRE on the Endorsement and Promulgation of the Implementation Plan of the Green Public Procurement of Lao PDR (2022 – 2025 Vision 2030), dated 29 December 2022

¹⁵ Law on Public Procurement No. 30/NA, National Assembly, Lao PDR, dated 2 November 2017

¹⁶ Instruction on Implementation of Law on Public Procurement No. 0477/MOF, Ministry of Finance, Lao PDR, dated 13 February 2019

- 1) Public procurement is carried out in **an effective and efficient manner**,
- 2) Encouraging and promoting local and foreign individuals, legal entities and organizations to participate in bidding for works, goods, services, and consultancy services **based on equality**, and
- 3) Promoting public procurement by **protecting the rights and interests** of the government, individuals, legal entities or organizations and **preserving the environment for green sustainability**.

The last principle lays down the basis and sets the stage and foundation for the government in the mobilization and implementation of the GPP for green goods, services including consultancy services, and works. Consequently, environmental and green criteria can be incorporated into procurer's consideration throughout the procurement process so that goods, services, and works that deliver the best Value for Money (VfM) can be identified and procured. They can be incorporated at each stage of the procurement process from technical specification, Terms of Reference, standard bidding documents, award (evaluation) criteria, supplier selection, and contract.

1.2.2 Supporting Laws and Regulations on Tax and Duty

Besides the **Law on Public Procurement No. 30/NA, 2017** and the **Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019** which are the main legal framework for the establishment of the GPP in Lao PDR, there are other existing laws and regulations, namely laws and regulations on tax and duty which have provisions on tax and duty incentives and can be used as economic incentives to support and promote the implementation of the GPP in Lao PDR. These laws include, for example, the Law on Income Tax¹⁷ and the Law on Excise Tax for Goods and Services¹⁸.

The Law on Income Tax includes a provision on a lower corporate profit tax rate of 7% for businesses using innovative, environmentally friendly, resource-saving and clean energy technologies in production, compared to the general profit tax rate of 20%. Similarly, the principles and objectives of the Law on Excise Tax for Goods and Services are also to protect the health of citizens and protect the environment from the consumption of goods and services. It has a provision on a lower excise tax rate of 3% for vehicles using clean energy, such as electric vehicles, compared to higher exercise tax rates for vehicles using regular fuels. Motorcycles using clean energy are exempt from the excise tax.

Nonetheless, the scope of tax incentives for green goods and green services and for income tax to support the production and consumption of green goods and green services are still quite limited in both laws. Therefore, the laws should be amended to include provisions on tax differential, i.e. lower tax for green goods and green services than regular goods and services and lower individual and corporate income tax for individuals and corporates producing and consuming green goods and providing green services.

¹⁷ Law on Income Tax, No. 67/NA, dated 18th June 2019

¹⁸ Law on Excise Tax on Goods and Services, No. 68/NA, date 19th June 2019

1.3 Sustainable Public Procurement (SPP) versus Green Public Procurement (GPP)

Sustainable Public Procurement (SPP) has broader scopes and objectives than the GPP. The SPP is generally understood to include not only environmental but also economic and social objectives in public procurement activities, while the GPP puts emphasis on environmental objectives.

Sustainable Public Procurement (SPP) addresses the Four Pillars of Sustainability, namely Economic, Environmental, Social, and Institutional Pillars. It is defined as “Sustainable Public Procurement is a purchasing and investment process that considers the economic, environmental, social, and institutional impacts of the entity’s spending. Sustainable Public Procurement allows governments to meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment.”¹⁹ In conclusion, it is a strategic and systematic approach to identifying and encouraging the government procurement of goods, services, and works that are assessed to be less damaging to the environment from their raw materials, production, use, and disposal than those that serve the same purpose while also considering economic, social, and institutional impacts.

On the other hand, the **Green Public Procurement (GPP)** has narrower scopes and objectives. It merely puts emphasis on environmental objectives. It is defined in the Communication (COM -2008-400) of European Commission "Public procurement for a better environment"²⁰ 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." By implementing the GPP, environmental and health impacts caused by public sector's consumption are reduced. A more sustainable use of natural resources and raw materials would benefit the environment as well as the overall economy, creating opportunities for emerging "green" economies. It forms a part of a broader strategic approach to public procurement which includes economic and social values in addition to environmental value, referred to as the SPP.

The principles and concepts of Life-Cycle Assessment (LCA), Life-Cycle Costing (LCC), and best Value for Money (VfM) are at the heart of the GPP. They require suppliers and procurers to consider not just the up-front production and purchase costs of a given good, service, and work, but consider its total economic, social, and environmental costs from the cradle to the grave, including its operating and maintenance costs and disposal costs at its end of life. VfM includes consideration of the quality of the goods, services, and works responsiveness to socioeconomic or environmental objectives. They are not new concepts but are becoming increasingly applied and mainstream as part of procurement in both public and private sectors.

In past years, the GPP has been increasingly employed in the public procurement at national, European Union (EU) and international levels. In 2002, the Organization for Economic Co-

¹⁹ Multistakeholder Advisory Committee of the 10YFP SPP Programme, <http://www.oneplanetnetwork.org/sites/default/files/10yfp-sppprinciples.pdf>.

²⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Public procurement for a better environment {SEC(2008) 2124} {SEC(2008) 2125} {SEC(2008) 2126}

operation and Development (OECD) adopted a Recommendation on Green Public Procurement. Green Public Procurement policies have been adopted and launched in many OECD countries (USA, Japan, Canada, Australia, and South Korea) as well as in rapidly developing countries (such as China, Thailand, and Philippines). Within the EU, the potential of the GPP was first highlighted in the 2003 Commission Communication on Integrated Product Policy²¹ in which EU Member States were recommended to adopt national action plans for the GPP by the end of 2006.

1.4 Benefits of the Green Public Procurement (GPP)

Many benefits, both direct and indirect benefits, can be obtained from the implementation of the GPP. They include not only natural resources and environmental benefits but also economic and social benefits. Some of them are as follows, but not limited to:

- Benefits to the government and the environment
 - Conserving and utilizing natural resources prudently, and hence increasing resource efficiency,
 - Reducing and minimizing the use of hazardous substances,
 - Reducing energy consumption and hence reducing energy production, fuel consumption, carbon emissions, and climate change impacts,
 - Reducing impacts to the environment and society at the local, national, regional, and global levels,
 - Increasing the VfM and hence the efficient use of limited country's funds and financial resources,
 - Helping the country to develop sustainably and achieving the SDGs, in particular the SDGs 12 - Responsible Consumption and Production.
- Benefits to the consumers
 - Having more varieties of environmentally friendly products and services available in the market for the consumers, and hence lowering their prices,
 - Having better environmental quality and consequently lowering health impacts, hence becoming healthier and having better quality of life,
- Benefits to the goods producers and service providers
 - Stimulating the consumption and uptake of environmentally friendly goods and services, and hence higher demands for environmentally friendly goods and services from goods producers and service providers which will increase their business opportunities,
 - Promoting the development of environmental technologies,
 - Promoting cleaner technologies and cleaner productions,
 - Obtaining tax/fee incentives if they are provided by the government which will reduce the cost burden.

²¹ COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT Integrated Product Policy Building on Environmental Life-Cycle Thinking

1.5 General Challenges and Barriers to the Take-Up of the GPP

With all the benefits mentioned above, the GPP has still not been fully exploited to its potential. There are several common barriers and obstacles to increased take-up of the GPP commonly found internationally of which some of them are as follows, but not limited to:

- Policy and legal framework
 - Lack of supporting policy and legal framework,
 - Lack of political support and support from high level management,
 - Uncertainty about legal possibilities to include environmental criteria in specifications of goods, Terms of Reference (ToR) for services, tender documents, evaluation criteria, and award criteria,
 - Risk and being afraid of legal challenges for non-complying with the laws and rules on public procurement and environmental legislation.
- Technical issues
 - Limited established environmental criteria for goods and services, and their verification – and where they do exist there are often insufficient mechanisms to publicize and disseminate them,
 - Insufficient information on LCA and LCC of products and the relative costs of environmentally friendly goods, services, and works.
- Awareness, resources, and capacity
 - Low awareness of the benefits of environmentally friendly goods and services,
 - Lack of financial and human resources and capacity for implementing/promoting the GPP,
 - Lack of confidence of procurers in green procurement with respect to green criteria and technical and performance specifications, how to incorporate green criteria into bidding documents, evaluation criteria and process, award criteria, etc.,
 - Lack of a coordinated exchange of best practice and information between regions and local authorities,
 - The perception of stakeholders that green goods, services, and works costs more.

In the case of Lao PDR, major challenges and barriers found domestically include,

- The **Procurement Manual, 2022 updated version**, which is intended to be a guidance for the implementation of **the Law on Public Procurement No. 30/NA, 2017 and the Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019**, does not contain any guidance on how the principle of promoting public procurement by preserving the environment for green sustainability stipulated in **Article 4 on Government Policy on Public Procurement of the Law on Public Procurement No. 30/NA, 2017** can be put into practice,
- Although the MoIC issued on 17th May 2022 a Ministerial Decision No. 0598/MoIC appointing a Steering Committee and a Technical Sub-Committee with the responsibility to develop the Lao PDR Green Label system and on 1st October 2024 a subsequent Ministerial Decision No. 1888/MoIC on Lao PDR Green Label setting out the principles, regulations, measures, and steps for managing Lao PDR Green Label system for both locally produced products and imported products with the goal to

promote the production and use industrially manufactured products that have received green label, and similarly the MoNRE just recently issued the Ministerial Decision No. 4182/MoNRE on the Appointment of Steering Committee, Technical Sub-Committee, Secretariat Sub-Committee, and Steps for the Establishment of Lao PDR Green Cart, dated 14th November 2024, it is still a long process which will take some time to make the Lao PDR Green Label system and the Lao PDR Green Cart in full operation having Lao PDR certified green label products certified by MoIC available in the country and having green goods and green services in the GPP Green Goods and Green Services Directory in the Lao PDR Green Cart by MoNRE.

- Limited established environmental criteria for environmentally friendly goods and services, and their verification, including certification mechanism for issuing environmentally friendly labels of any forms. Nonetheless, Lao PDR can rely on criteria adopted and labels certified by other countries since most of goods are imported from other countries,
- Low awareness of the benefits of environmentally friendly goods and services,
- Lack of financial and human resources and capacity for implementing/promoting the GPP,
- Lack of technical information on LCA, LCC, and VfM of environmentally friendly goods, services, and works which are at the heart of the GPP,
- Lack of capacity and confidence of procurers how to implement the GPP.

SECTION 2: PURPOSES AND OBJECTIVES OF THE GUIDANCE NOTE FOR THE GPP FOR GOODS AND SERVICES

2.1 Purposes of the Guidance Note for the GPP for Goods and Services

One of the actions listed in **the Green Public Procurement Action Plan of Lao PDR (2023-2025 Vision 2030)** is to develop the GPP manual or handbook by the Ministry of Finance (MoF) and Ministry of Natural Resources and Environment (MoNRE) with the supports from the SCP Outreach - the Next Five project to build confidence of the procurement officers of government agencies in implementing the GPP with the supports. Consequently, the Ministry of Finance (MoF) was requested to develop a guidance document to assist the public sector to effectively implement the GPP and to address some of the challenges and barriers to the implementation of the GPP mentioned in previous Section 1. Accordingly, the MoF issued a Ministerial Decision on the Appointment of a Committee for the Development of a Guidance Note on the Implementation of the Green Public Procurement under the Project on the Promotion of Sustainable Consumption and Production²².

The general purposes of this Guidance Note for the GPP for Goods and Services are to provide a step-by-step guidance to government officials and public procurers on how to procure environmentally friendly or green goods and services in accordance with the government's policy on the GPP and within the scope of the **Law on Public Procurement No. 30/NA, 2017** of which **Article 4 on Government Policy on Public Procurement** places emphasis on the public procurements which are efficient, effective, and based on equality, and promote the preservation of the environment for green sustainability. It also provides information for suppliers to better understand the government's GPP policies and to assist them to submit better bids and proposals, thus meeting the objectives set by the government.

The Guidance Note for the GPP for Goods and Services outlines the procedures and methods for public officers engaged in planning and managing the procurement of goods, services including consultancy services, and works covering the entire procurement cycle from conception through to contract completion. This Guidance Note for the GPP is developed around **the Law on Public Procurement No. 30/NA, 2017, Instruction on Implementation of Law on Public Procurement, 2019, the Procurement Manual, 2022 updated version** for public procurement. It provides procurement officers with a clear and concise guide on how to implement the GPP which is easy to read and understand. It will guide officers through the execution of their duties, whilst being a source of information to others, for any procurement financed using government funds. The Guidance Note is not, however, designed to be the definitive guide for the procurement practitioner.

2.2 Objectives of the Guidance Note for the GPP for Goods and Services

The Guidance Note aims to provide a holistic approach to the government procuring entities to enable them to practice green public procurement in their procurement processes and does not intend to create an impediment in the procurement process. The objectives of the Guidance Note are as follows,

²² Ministerial Decision No. 3296/MoF on the Appointment of a Committee for the Development of a Guidance Note on the Implementation of the Green Public Procurement under the Project on the Promotion of Sustainable Consumption and Production, dated 19th October 2023

- 7) To make government officials and public procurers have a better understanding of the GPP and its importance, the principles and concepts of LCA, LCC, and best VfM.
- 8) To guide government officials and public procurers on how to effectively implement the GPP covering the entire procurement cycle from conception through to contract completion,
- 9) To provide step-by-step, clear, and concise guidance with practical knowledge and advice to government officials and public procurers on how to procure green goods, services including consultancy services, and works in line with the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, 2019, and the Procurement Manual, 2022 updated version for public procurement,
- 10) To guide government officials and public procurers how to incorporate environmental and green criteria at each stage of the procurement process elaborated in the Procurement Manual, 2022 updated version from technical and performance specification, Terms of Reference (ToR), standard bidding documents, evaluation criteria, award criteria, supplier selection, and contract,
- 11) To build the capacity and confidence of government officials and public procurers in implementing the GPP in line with the laws and regulations, and
- 12) To provide information for suppliers to better understand the government's GPP policies and to assist them to submit better bids, proposals, and offers for environmentally friendly goods and services.

2.3 How is the Guidance Note for the GPP for Goods and Services developed?

This Guidance Note for the GPP for Goods and Services is developed based on the Procurement Manual, 2022 updated version by providing guidance for each major step of the procurement process covered in the Procurement Manual, 2022 updated version from conception through contract completion, i.e. procurement planning, procurement preparation, selection process, contract implementation and handover procedure.

The rationale for this Guidance Note for the GPP for Goods and Services being developed based on the Procurement Manual, 2022 updated version is that

- The current Procurement Manual, 2022 updated version was developed to guide government entities, i.e. the ministries, equivalent agencies, provinces, districts and state-owned enterprises, bidding committee and staff responsible for procurement, how to undertake various public procurement activities in a proper and unified manner countrywide in order to ensure the effective, efficient, economic, transparent, accountability and fair use of government funds to achieve state budget expenditure plan in accordance with the uniform plan approved for use throughout the country to contribute to national socio-economic development;
- The current Procurement Manual, 2022 updated version sets out rules, principle, and detailed procedures in the procurement process in accordance with the appropriate rules, principles and procedures set forth in the Law on Public Procurement No. 30/NA, 2017 and the Instruction on Implementation of Law on Public Procurement, 2019 and

in compliance with procurement plan and state budget implementation plan of the fiscal year; and

- The current Procurement Manual, 2022 updated version, however, does not have any guidance, instruction, or procedures on how the principle of promoting public procurement by preserving the environment for green sustainability stipulated in Article 4 on Government Policy on Public Procurement of the Law on Public Procurement No. 30/NA, 2017, or in other words the GPP, can be put into practice and be realized in the public procurement.

This Guidance Note for the GPP for Goods and Services is hence developed in accordance with the Procurement Manual, 2022 updated version to provide guidance on how to address the principle of promoting public procurement by preserving the environment for green sustainability stipulated in Article 4 on Government Policy on Public Procurement of the Law on Public Procurement No. 30/NA, 2017, or in other words the GPP, at each step of the public procurement process.

For the beginning and as a pilot stage, **this current Guidance Note for the GPP covers only the procurement of goods and services, excluding consultancy services and works** which are more complicated. The Guidance Note for the GPP for consultancy services and works should be subsequently developed taking account of the lessons learned from the implementation of this current Guidance Note for the GPP for Goods and Services.

In developing this Guidance Note for the GPP for Goods and Services, a consultation workshop was held with the representatives of the MoF in which the Procurement Manual, 2022 updated version, was reviewed section by section to see how the GPP could be incorporated into each step of the entire procurement process from conception through to contract completion. Based on the outcomes from the workshop, the Guidance Note for the GPP for Goods and Services was drafted by the consultant and presented to the representatives of relevant Ministries, i.e. MoF, MoNRE, MoIC, and Lao National Chamber of Commerce and Industry (LNCCI), from which comments and suggestions were incorporated in the final Guidance Note for the GPP for Goods and Services.

2.4 How to use this Guidance Note?

As this Guidance Note for the GPP for Goods and Services is developed based on the Procurement Manual, 2022 updated version, the Guidance Note provides a review and explanation of each major step of the procurement process in which the GPP for green goods and green services can be integrated and followed by a Box in which the guidance note is provided and explained how the GPP can be integrated and implemented in each step of the procurement process.

SECTION 3: METHODOLOGY: INTEGRATING THE GPP IN THE PUBLIC PROCUREMENT FOR GOODS AND SERVICES

As discussed in Section 2 that this Guidance Note for the GPP for Goods and Services is basically based on the public procurement process described in the Procurement Manual, 2022 updated version, its detailed review Part by Part and Section by Section was then made to understand the procurement methods and the procurement process. Consideration was then made as to how a guidance note could be given to integrate the GPP concept into the public procurement throughout the entire public procurement process and in line with the procurement methods as described in the Procurement Manual, 2022 updated version. The following sub-sections describe the guidance note provided for the incorporation of the GPP in each step of the procurement process as a supplementary to the Procurement Manual, 2022 updated version.

3.1 General Guidance Note for the Public Procurement in Lao PDR

Section 1 of Part 1 of the Procurement Manual, 2022 updated version describes public procurement in general, legal framework in Lao PDR i.e. the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, 2019, governing public procurement in Lao PDR. The emphasis is given to typical characteristics of proficient public procurement, i.e. economy, efficiency, equality, openness, fairness, transparency, and accountability. There is only one general statement mentioning that “The government promotes public procurement by protecting the right and interest of the government, individuals, legal entities or organizations and **preserving the environment for green sustainability**” which is the same language as that appears in Article 4 on Government Policy on Public Procurement of the Law on Public Procurement No. 30/NA, 2017. There is not any explanation or elaboration on what it means and how public procurement by preserving the environment for green sustainability will be promoted.

At least, paragraphs should be added to Section 1 of Part I of the Procurement Manual explaining the meaning of public procurement by preserving the environment for green sustainability and how it will be promoted.

Box 1: General Guidance Note for the Public Procurement

“The public procurement by preserving the environment for green sustainability or public procurement for a better environment whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle from the cradle to the grave, generally called the Green Public Procurement (GPP), when compared to goods, services and works with the same primary function that would otherwise be procured. Hence, environmental and health impacts caused by public sector’s consumption are reduced. A more sustainable use of natural resources and raw materials would benefit the environment as well as the overall economy, creating opportunities for emerging "green" economies.

The principles and concepts of Life-Cycle Assessment (LCA), Life-Cycle Costing (LCC), and best Value for Money (VfM) are at the heart of the GPP. They require suppliers and procurers to consider not just the up-front production and purchase costs of a given good, service, and work, but consider its total economic, social, and environmental costs from the cradle to the grave. VfM includes consideration of the quality of the goods, services, and works responsiveness to socioeconomic or environmental objectives.

Box 1: General Guidance Note for the Public Procurement (continued)

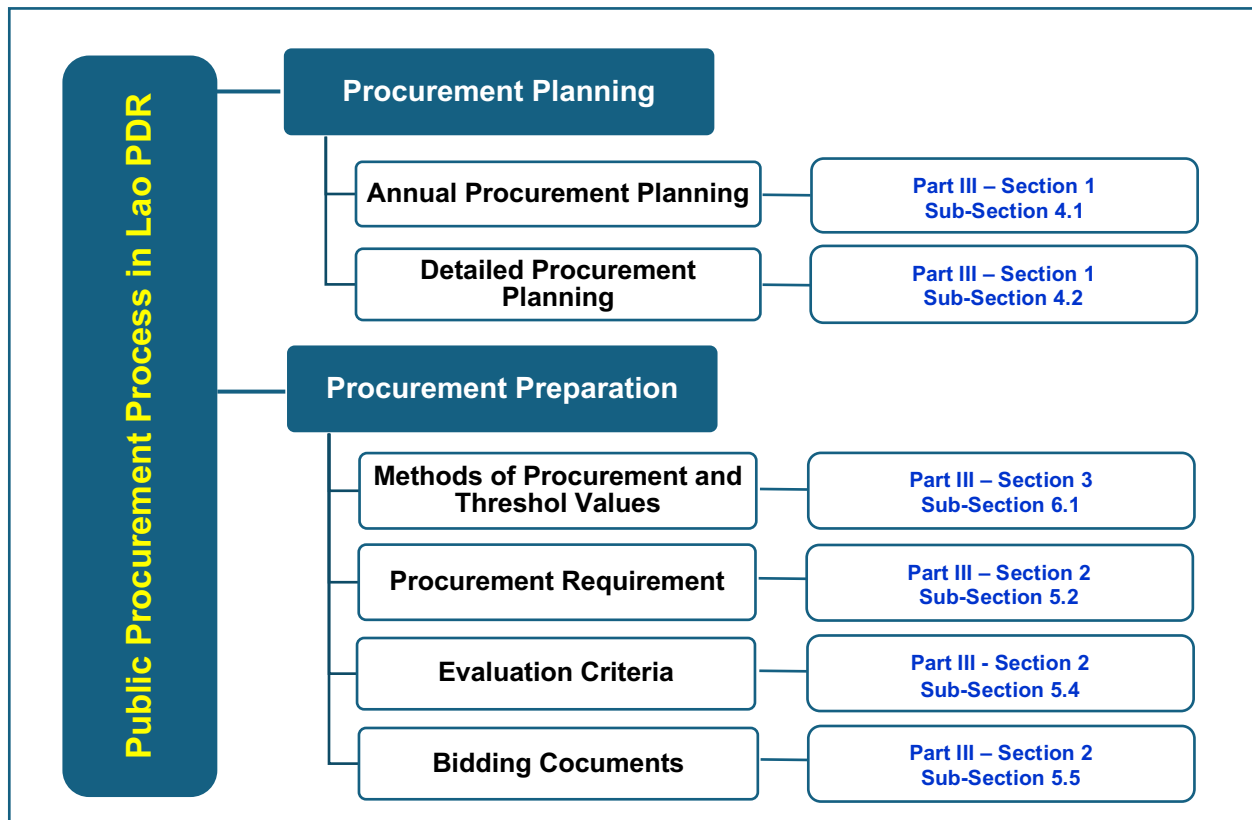
With the successful implementation of the GPP, Lao PDR will meet Target 12.7 - Promote public procurement practices that are sustainable or in other words green public procurement which will consequently lead to the achievement of SDGs 12 – Responsible Consumption and Production.”

3.2 Public Procurement Process in Lao PDR

According to the Procurement Manual, 2022 updated version, the process of the public procurement in Lao PDR for goods and services through which the GPP could be considered consists of the following steps,

- Procurement planning, including
 - Annual procurement plan,
 - Detailed procurement plan.
- Procurement preparation, including
 - Methods of Procurement and Threshold Values.
 - Procurement requirements,
 - Evaluation criteria,
 - Bidding documents.

The main steps in the public procurement process of Lao PDR for a product or service in which the GPP concept could be integrated



3.3 Procurement Planning

Referring to the Procurement Manual, 2022, updated version, procurement planning is the process by which the efforts of all personnel responsible for procurement are coordinated and integrated through a comprehensive plan for fulfilling the Procuring Entities' needs in a timely manner and at a reasonable cost. The planning process start early in the annual procurement cycle to identify the needs of government procuring entities and the needs of associated budget accurately.

There are two separate procurement plans, i.e. the **Annual Procurement Plan** and the **Detailed Annual Procurement Plan**. The difference is that the Annual Procurement Plan is a part of the government entity's budget appropriations procedure, i.e. the document that requests budget from the National Assembly to cover, in this case, the costs of the envisaged procurement whereas the Detailed Annual Procurement Plan is prepared only after the National Assembly's approval on the annual state budget has been granted. Therefore, the Detailed Annual Procurement Plan is prepared once the government procuring entity knows what budget is available for its envisaged procurement. If the full request was not granted, the original plan may need to be modified to reflect the available budget because of budget appropriations. The government procuring entity may need to prioritize its requirements (e.g. by abandoning some procurements) or reduce its requirements (e.g. by procuring fewer goods, services or works than originally planned).

This Detailed Annual Procurement Plan needs to be forwarded to the Public Procurement and Price Management Division (PPMD) which will make a summary of the Detailed Annual Procurement Plan on its standard template. This will form a key part of the procurement record. The PPMD will also publish this summary on its procurement portal in order to inform potential bidders of the procurements likely to be advertised during the course of that fiscal year.

Box 2: Guidance Note for the Procurement Planning

As the planning phase lays the foundation of the subsequent procurement process, the development of the Annual Procurement Plan as part of budget is the most importance starting step to include as early as possible objectives of the GPP in the procurement of goods and services by a government entity. The Annual Procurement Plan contains a list of types and volumes of the required procurement items including goods and services and their robust associated cost estimates which that government entity plans to acquire in the forthcoming fiscal year to be proposed to and approved by the National Assembly as a part of its annual budget proposal. The government entity is allowed to use its fiscal budgets only for those items including goods and services that appear in its approved budget for the fiscal year.

This is therefore the step at which the government entity can make the case for the GPP in its Annual Procurement Plan. Green criteria or technical and performance specifications including overarching characteristics and performance for green goods and green services to be acquired or reference to Lao PDR GPP Products and Services Directory or Lao PDR Green Cart of MoNRE or reference to Lao PDR Green Label certified by MoIC should be put as specific requirements in Table 1 which is used as the template for the Annual Procurement Plan in the Procurement Manual, 2022, updated version.

Box 2: Guidance Note for the Procurement Planning (continued)**Table 1: Annual Procurement Plan**

Name of Procuring Entity:

Fiscal Year:

	Procurement Category	Specific Requirements*	Cost Estimate
	Goods:		
1			
2			
3			
	Works:		
1			
2			
3			
	Services:		
1			
2			
3			
	Consultancy Services:		
1			
2			
3			

*Green criteria or technical and performance specifications including overarching characteristics and performance for green goods and green services

Sign and stamp

Box 2: Guidance Note for the Procurement Planning (continued)

It will then ensure that the government entity can procure green goods and green services included in the subsequent Detailed Annual Procurement Plan after the annual state budget has been granted by the National Assembly. The potential bidders of this green procurement will also be informed of the intension of the government entity to procure green goods and green products since the Detailed Annual Procurement Plan will be forwarded to, summarized, and published by the PPMD on its procurement portal.

Market survey and consultation with other government entities and end-users of goods and services and potential suppliers of goods and services should be made during the development of the Annual Procurement Plan to identify necessary functionality and performance and possibility to include green criteria in the technical and performance specifications and to assess the market availability, readiness, and risks, historical budget appropriations, and possible costs for adequate budget allocation of the needed green goods and green services. Market knowledge is necessary for the efficient implementation of all other subsequent procurement steps. It helps in the process of defining technical specifications and the procurement methods, preparation procurement packages, and supplier selection.

Examples for Specific Requirements:

	Procurement Category	Specific Requirements	Cost Estimate
Goods:			
1	Printing paper	Certified Type I label for green/ environmentally friendly printing paper or made with pulp from used paper at least 30% and not using chlorine-based bleaching chemical or listed in Lao PDR Green Cart of MoNRE or certified Lao PDR Green Label of MoIC.	
Services:			
2	Cleaning services	Certified Ecolabel for cleaning services, Using certified organic-based cleaning solution or listed in Lao PDR Green Cart of MoNRE	

The Detailed Annual Procurement Plan is prepared only after the National Assembly's approval on the annual state budget has been granted. The Instruction on Implementation of Law on Public Procurement, 2019 requires the procuring entity as part of its Detailed Annual Procurement Plan to prepare technical and performance specifications and/or terms of reference for the procurement of goods and services as per scope of contract. The specifications will already have been prepared largely as part of procurement preparation.

At this stage, complete and comprehensive final technical specifications to include technical specifications on green criteria requirements or procurement requirements for the proposed procurement can be prepared. **An additional column on Specific Requirements (column highlighted in yellow) on green criteria or technical and performance specifications or should be added to Table 2 which is used as the template for the Detailed Annual Procurement Plan in the Procurement Manual, 2022, updated version.**

Box 2: Guidance Note for the Procurement Plan (continued)**Table 2: Detailed Annual Procurement Plan**

(With additional column for specific requirements on green goods and services)

Name of Procuring Entity:

Fiscal Year:

No	Tender Reference No.	General Description	Specific Requirements	Divided into lots? If Y, how many?		Estimated Value (Kip)	Method of Procurement	Pre-qualification/ Expressions of interest (if appropriate)	Invitation to Bid/Quote/submit proposal	
				Yes	No			Estimated date of Invitation to pre-qualify	Estimated date of Invitation to bid/quote/submit proposal	Estimated time for delivery/execution/ completion
1				No.						
2										
3										
Etc.										

Sign and stamp

3.4 Procurement Preparation

This part of the Guidance Note on procurement preparation only covers steps or items into which the GPP requirements could be incorporated for the procurement of goods and general services, excluding consultancy services.

3.4.1 Methods of Procurement and Threshold Values

Article 13 of the Law on Public Procurement No. 30/NA, 2017 stipulates that “Procurements are cost and quality competitions for procurement of works, goods and/or services in the procurement methods described in Article 18 of this Law”. Four methods of procurement are listed in Article 18, as follows.

- a) Open bidding
- b) Limited bidding
- c) Request for quotations (Price Comparison)
- d) Direct contracting

The method of procurement chosen by the government procuring entities depends on the nature, size, elements, and urgency of the procurement with which the goods or services to be procured are required. The decision on what procurement method to be used is a part of the procurement planning phase.

Financial Thresholds is one of the criteria used in the selection of procurement methods. For the procurement of goods and services, the threshold values of each procurement method are,

- a) Open bidding - whenever the estimated value of the contract exceeds 200,000,000 Kip.
- b) Limited bidding -
- c) Price Comparison - whenever the estimated value of the contract is from 5,000,000 to 200,000,000 Kip
- d) Direct contracting - whenever the estimated value of the contract is below 5,000,000 Kip

Direct contracting can also be used (regardless of threshold values) when one of the following relevant conditions is met.

- a) Single source of products linked to copyrights protect or industrial or intellectual properties
- b) Specific equipment and goods from contractors or suppliers and/or service providers for maintenance or replacement
- c) Extended for additional works, goods and/or services and consulting services of a similar nature, which value does not exceed twenty percent of the original contract
- d) Government project and activity in isolated areas with poor access infrastructure or very limited interested bidders
- e) Within budgets set under regulations
- f) In force majeure or urgent cases

Box 3: Guidance Note for Direct Contracting

Among the four procurement methods, direct contracting could be supportive to the implementation of the GPP in conjunction with the directory of certified green goods and green services if it is developed and published. Direct contracting refers to the agreement between the government procuring entities and suppliers and/or service providers without a competitive of procurement process.

In the case of direct contracting is chosen for the procurement of goods or services, it is recommended that the government procuring entities could firstly review the directory of certified green goods and green services if it is available. If the goods or services to be procured are listed in the directory, the government procuring entities could then directly contract the supplier or the needed goods or the provider of the needed service. If there are more than one supplier or service provider, the price quotations may be requested from several suppliers or service providers for price comparison. The one offering the lowest price is then selected for contract.

3.4.2 Procurement Requirements

Procurement requirement description is a key document used throughout the procurement process. It reflects the precise requirements of the government procuring entity, including what is to be procured, technical and performance specifications for goods and service requirements for services, and the key measurement of how a bidder has responded.

Box 4: Guidance Note for the Procurement Requirements

Procurement requirements specify the need of the government procuring entity, for example, what goods and services to be procured, what the volumes are, and what the minimum qualities (required technical and performance specifications for goods and service requirements) are. Technical and performance specifications should define the minimum technical and performance characteristics.

The development of procurement requirements is the most important entry point for the implementation of the GPP since they establish the minimum quality of goods and Terms of Reference of services required by the government procuring entities and will be used throughout the procurement process. National references and standards should first be referred to as a minimum, wherever possible, if they are available.

Since the MoNRE has established the Lao PDR Green Cart which is the official GPP Products and Services Directory (See Section 4), the government procuring entities can specify their procurement requirements for green goods and green services to be procured by referring to the Lao PDR Green Cart of the MoNRE or referring to products certified by the Lao PDR Green Label of the MoIC (See Section 4).

Box 4: Guidance Note for the Procurement Requirements (continued)

If nothing is available, international and professional standards can be referenced, as examples for goods and services below.

Example of procurement requirements on references/standards/label for goods:

Procurement requirement on ISO 14000 on Environmental Management System for the goods' suppliers or bidders and Type I, Type II, Type III, or Type I-like ecolabels for goods to be procured as certified by MoIC for Lao PDR Green Label or green goods listed in the GPP Products and Services Directory of MoNRE (Lao PDR Green Cart). (See Section 4)

Example of procurement requirements on references/standards/label for services:

Companies that have been awarded the EU Ecolabel for indoor cleaning services, or another relevant EN ISO 14024 Type I ecolabel that are nationally or regionally officially recognized in the EU Member States or Type I, Type II, Type III, or Type I-like ecolabels green service providers or companies listed in the GPP Products and Services Directory of MoNRE (Lao PDR Green Cart). (See Section 4)

Box 4: Guidance Note for the Procurement Requirements (continued)

It is crucial for the implementation of the GPP that technical and performance specifications for green goods and requirements for green services or any environmental features are put in place in the procurement requirements from the beginning with no reference to any brand names, trademark, patent or unique characteristic or else words like "or equivalent" should be added to the requirement, as appropriate. The technical and performance specifications should also take into consideration the results of the market survey and consultation and need assessment of the government procuring entities.

It will demonstrate from the beginning of the procurement process that the government procuring entities would like to procure environmentally friendly goods and services and will also ensure that they will get them.

In such a case that goods to be procured has **associated products**, for example a printer to be procured has a toner or ink cartridge as an associated product, therefore where possible green criteria and green technical and performance specifications should also be extended to such associated products.

The same situation can also happen in the case of the procurement of services. Some services may also have **associated services**, an element of goods procurement, and works, therefore where possible green criteria and green technical and performance specifications should also be extended to such associated services, goods, works, equipment, and machinery.

To facilitate the government procuring entities and procurers in the implementation of the GPP, it is recommended to MoF to develop and issue standardized specifications for green goods and standardized **Terms of Reference for green services, especially for commonly and frequently procured goods and services.**

3.4.3 Evaluation Criteria

As mentioned in Section 3.1, the principles and concepts of Life-Cycle Assessment (LCA), Life-Cycle Costing (LCC), and best Value for Money (VfM) are at the heart of the GPP. In the implementation of the GPP, the procurement of the government entities should result in getting goods and services having best VfM. The VfM is defined as the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits along with an assessment of risks, nonprice attributes, and/or total cost of ownership as appropriate. Therefore, the implementation of the GPP is not about achieving the lowest price but rather about achieving the optimum combination of whole life costs and quality or in other words the lowest **evaluated price** which takes account of the LCA, LCC, and VfM principles. In the bid evaluation, the prices offered by bidders need to be **reassessed** to reach an **evaluated price** which takes account of the procuring entity's requirements and conditions including its economic, social, and environmental costs.

Box 5: Guidance Note for the Evaluation Criteria and Bid Evaluation

In the procurement of green goods and green services, it is necessary to ensure that their criteria is published in the evaluation criteria and bid evaluation as a part of the procurement planning and throughout the procurement process, including the procurement planning and the procurement requirement as listed in Section 3.2.

Life-Cycle Assessment (LCA), Life-Cycle Costing (LCC), and best Value for Money (VfM) are the main principle and concept of the GPP. Not just only the up-front production and service costs are considered but also their total economic, social, and environmental costs. They need to be also reflected in the evaluation criteria used to evaluate the submitted bids or offers to arrive at the bidder, who gives the best VfM to the procuring entities, to be awarded the contract.

Life-Cycle Costing (LCC) can be achieved by employing the typical Life-Cycle Assessment (LCA) which will include not only the initial acquisition cost but also the follow-on ownership costs throughout the life of a goods, e.g. operating cost (for example cost of energy (electricity and fuels) consumption), maintenance cost (for example cost of spare parts and consumable parts), and disposal cost at the end-of-life, to determine the total cost of such a goods, i.e. initial acquisition cost (bid price), follow-on ownership costs, and disposal cost). The elements to be taken into account in the assessment differ depending on what is being procured. The estimated life-cycle cost discounted to net present value to make the proper comparison forms part of the **evaluated price** and the subsequent VfM. Tool for Life-Cycle Costing (LCC) is available some of which are shown below with their access links.

In addition to price criteria, there might be also non-price criteria which cannot be expressed in terms of price (money) in the evaluation of the VfM. Non-price criteria, e.g. the ability to meet and exceed any procurement requirements on environmental impact and promotion of environmental objectives, are prioritized, assigned merit points, and weighted according to their relative importance in meeting the requirements. Scorings and weightings are given to price criteria and non-price criteria to arrive at the VfM.

Hence, the lowest and lower price offers might not win the bid if its *evaluated price*, which takes account of the procuring entities' requirements and conditions, LCC, and VfM, is higher than other offers.

Evaluation criteria are a part of the procurement planning and must be included and published in bidding documents, any of which is not included cannot be used for the bid evaluation. The bids received will be evaluated following the published evaluating criteria and associated scoring mechanism to arrive at an *evaluated price* for every bidder. The contract will then be awarded to the bidder who gives the lowest evaluated price and the best VfM.

Box 5: Guidance Note for the Evaluation Criteria and Bid Evaluation (continued)

LCC-Tools for calculating or estimating Life-Cycle Costing (LCC) for goods and services of different suppliers or LCC-Tools are available for its application in bid evaluation. LCC-Tools commonly used in Europe is the “Smart SPP-LCC Tool” of which the latest version is available at <https://smart-spp.eu/index.php?id=6988>. There are other LCC-Tools developed for specific countries and specific purpose such as:

- An LCC tool produced by the Swedish National Agency for Public Procurement: <https://www.upphandlingsmyndigheten.se/en/subject-areas/lcc-tools/>
- LCC tool by the OnePlanet-Network: <https://www.oneplanetnetwork.org/initiative/life-cycle-cost-tool-lcc-tool>
- Overview on LCC tools in the European Union: https://ec.europa.eu/regional_policy/sources/good_practices/GP_fiche_28.pdf
- An LCC tool developed within the BUY SMART project: <https://ec.europa.eu/energy/intelligent/projects/en/projects/buy-smart#results>

Typically, LCC tools capture important cost elements and parameters including

- General information and basic parameters (number of goods, lifespan of procurement, discount rates)
- Cost
 - Initial cost of acquisition
 - Recurring and one-off costs during lifetime (operating costs, spares, upgrade, maintenance costs, ...)
 - End-of-life-costs

Some of these parameters and costs relate to all goods and services from potential suppliers and service providers, e.g. possibly handling and transaction cost, considered planning horizon, and some are specific to each product/supplier, e.g. expected lifetime/durability of a goods, cost of spare and consumable parts.

In addition to price criteria, there might be also non-price criteria which cannot be expressed in terms of price (money) in the evaluation of the VfM. Non-price criteria, e.g. the ability to meet and exceed any procurement requirements on environmental impact and promotion of environmental objectives, are prioritized, assigned merit points, and weighted according to their relative importance in meeting the requirements. Scorings and weightings are given to price criteria and non-price criteria to arrive at the VfM.

Box 5: Guidance Note for the Evaluation Criteria and Bid Evaluation (continued)**Example: Case of Indonesia - estimated Life-Cycle Cost (LCC) of different types of new lamps, i.e. fluorescent lamp, LED-lamp, and halogen lamp^a**

	Price per piece [IDR]	Lifetime [y]	Energy Costs per year [IDR]	Maintenance Costs per year [IDR]	LCC [10 years] per unit	Total LCC [100 units]
Fluorescent Lamp	10,000	10	1,012,043	80,000	10,930,428	1,093,042,800
LED-Lamp	20,000	20	809,634	40,000	8,516,342	851,634,240
Halogen Lamp	4,000	2	6,072,257	400,000	64,726,568	6,472,656,800

^a **Oeko-Institut e.V (2020)**, Implementing Sustainable Public Procurement (SPP) in Indonesia - Guidance document in support of the Presidential Regulation Concerning Government Procurement of Good/Services (No. 16/2018)

Example: Case of United Kingdom - Integration of LCC for office furniture in EU GPP^b

	Desks (£)	Chairs (£)	Shelving (£)	Pedestal (£)
New Recommended Retail Price	209	122	100	107
Reused Recommended Retail Price (proxy)	105	86	50	53
Refurbished Recommended Retail Price (proxy)	84	49	40	43

^b Commission Staff Working Document: EU Green Public Procurement criteria for furniture, https://ec.europa.eu/environment/gpp/pdf/toolkit/furniture_gpp.pdf

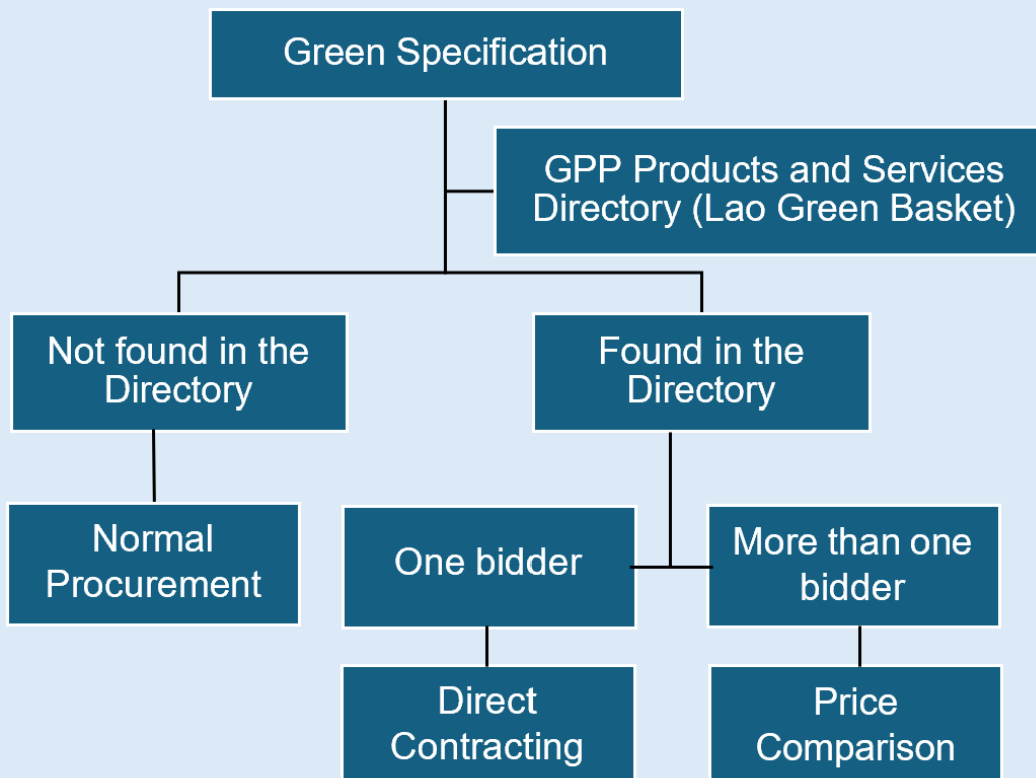
Example: Cost-utility analysis for cotton workwear with price criteria and non-price criteria and their assigned scorings and weightings

Award Criterion	Calculation Formula	Weight assigned to criterion	Tender bid values		Awarded points (per criterion)		Weighted points	
			Offer 1	Offer 2	Offer 1	Offer 2	Offer 1	Offer 2
Offer price	Min. value x 100 / bid value	60%	20,000€	24,000€	100	83	60	50
Design and fit	School grades (in points)	20%	very good	good	100	80	20	16
Share of organic cotton	Bid value x 100 / Max. value	20%	5%	50%	10	100	2	20
SUM							82	86

^c Source: Oeko-Institut.; based on Ministerium für Umwelt, Klima und Energiewirtschaft Baden-Wuerttemberg, LUBW (2014), Nachhaltige Beschaffung konkret: <https://www.lubw.baden-wuerttemberg.de/documents/10184/147663/Nachhaltige+Beschaffung+konkret+2017.pdf/aa413776-352c-4167-a7e7-5448be7ca817>, last accessed 11.06.2020

In this example, offer 2 wins the bid although offer 1 has lower offer price.

At the current stage, the evaluation criteria used to evaluate the submitted bids or offers to be awarded the contract based on LCA, LCC, and VfM may not be feasible for Lao PDR because of lack of data and information for the calculations of LCA, LCC, and VfM. Instead, pass-fail criteria may be used initially as indicated in the following diagram.

Box 5: Guidance Note for the Evaluation Criteria and Bid Evaluation (continued)**3.4.4 Bidding Documents**

To enable a bidder to make an informed decision on whether to participate in the procurement and to prepare complete and proper documents, bidding documents are issued by the government procuring entities. They must provide all the necessary information regarding all the procurement requirements to inform and instruct potential bidders of the requirements expected of them. The bidding documents should clearly define the technical and performance specification of goods, Terms of Reference of services to be procured including other procurement requirements, the rights and obligations of the procuring entity and of suppliers, contractors, and providers and the conditions to be met in order for a bid to be considered valid and responsive.

All the procurement requirements including technical and performance specifications of goods and services, evaluation criteria and procedure, award criteria, and bid evaluation, etc. must be included in bidding documents. Ministry of Finance issued a Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services – Harmonized Version to be used by the government procuring entities dated August 2021²³.

²³ Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services – Harmonized Version, MoF, dated August 2021

Box 6: Guidance Note for the Bidding Documents

Any procurement requirements, conditions, criteria including green and environmentally friendly criteria and evaluation criteria not included in bidding documents are not eligible for any bidding procedure and cannot be considered or used by the government procuring entities in the evaluation and awarding of the bid. Therefore, for the GPP to be successfully implemented, it is extremely crucial that all requirements regarding green goods and services, including environmentally friendly criteria for goods and requirements for services, conditions, evaluation and award criteria, and the principle of LCA, LCC and VfM, must be included and expressed precisely and explicitly in the Bidding Documents. The bidders will then be informed at the onset of the procurement process of the needs of the government procuring entities for green goods and green services.

Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services (Harmonized Version, August 2021)

There are several parts in the Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services in which green procurement can be reflected as summarized in the table below.

Section I – Instructions to Bidders	
Sections/Clauses	Description
Clause 1- Scope of Bid	<p>1.1 Procuring Entity issues these Bidding Documents for the supply of Goods and Related Services incidental thereto as specified in Section VII, Schedule of Requirements.</p> <p>(Under Clause 1, the Procuring Entity can specify its need for environmentally friendly goods and services in Section VII, Schedule of Requirements by referring to Lao PDR Green Cart of MoNRE.)</p>
Clause 5 - Eligible Goods and Related Services	<p>5.1 At the Procuring Entity's request, Bidders may be required to provide evidence of the origin of goods and services.</p> <p>(Clause 5 will give the opportunity to the Procuring Entity to request Bidders to provide evidence showing that their offers are certified as environmentally friendly goods and services by referring to Lao PDR Green Cart of MoNRE.)</p>
Clause 16 - Documents Establishing the Eligibility and Conformity of the Goods and Related Services	<p>16.2 To establish the conformity of the Goods and Related Services to the Bidding Documents, the Bidder shall furnish as part of its Bid the documentary evidence that the Goods conform to the technical specifications and standards specified in Section VII - Schedule of Requirements.</p> <p>(Clause 16 will give the opportunity to the Procuring Entity to request Bidders to provide evidence showing that their offers are certified as environmentally friendly goods and services by referring to Lao PDR Green Cart of MoNRE.)</p>
	<p>16.3 The documentary evidence may be in the form of literature, drawings or data, and shall consist of a detailed item by item description of the essential technical and performance characteristics of the Goods and Related Services, demonstrating substantial responsiveness of the Goods and Related Services to the technical specification, and if applicable, a statement of deviations and exceptions to the provisions of the Section VII - Schedule of Requirements.</p>
	<p>16.4 The Bidder shall also furnish a list giving full particulars, including available sources and current prices of spare parts, special tools, etc., necessary for the proper and continuing functioning of the Goods during the period specified following commencement of the use of the goods by the Procuring Entity.</p> <p>(Information obtained from Clause 16.4 will support the application of the LCC by providing information which can be used to calculate the operating and maintenance costs of the goods or services to be procured.)</p>

Box 6: Guidance Note for the Bidding Documents (continued)**Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services (Harmonized Version, August 2021) (continued)**

Sections/Clauses	Description
Clause 17 - Documents Establishing the Eligibility and Qualifications of the Bidder	17.2(a) A Bidder that does not manufacture or produce the goods it offers to supply shall submit the Manufacturer's Authorization using the form included in Section IV - Bidding Forms to demonstrate that it has been duly authorized by the manufacturer or producer of the goods to supply these goods in the Lao PDR.
	17.2(b) A Bidder that does not manufacture or produce the goods it offers to supply shall submit the Manufacturer's Authorization using the form included in Section IV, Bidding Forms to demonstrate that it has been duly authorized by the manufacturer or producer of the goods to supply these goods in the Lao PDR.
	17.2(c) The Bidder meets each of the qualification criterion specified in Section III - Evaluation and Qualification Criteria. (Criteria specified in Section III, Evaluation and Qualification Criteria may include a criterium on being a producer producing certified green goods or services to be procured by the Procuring Entity by referring to Lao PDR Green Cart of MoNRE.)
Clause 29 - Determination of Responsiveness	29.3 The Procuring Entity shall examine the technical aspects of the bid submitted to confirm that all requirements of Section VII - Schedule of Requirements have been met without any material deviation or reservation, or omission.
Clause 32 - Evaluation of Bids	32.2 The Procuring Entity shall use the criteria and methodologies listed in Section III No other evaluation criteria or methodologies shall be permitted. (As stated in Clause 32.2, the Procuring Entity shall include green criteria, including green technical and performance specification and green Terms of Reference of goods and services to be procured in Section III - Evaluation and Qualification Criteria by referring to Lao PDR Green Cart of MoNRE.)
	32.3(e) The additional evaluation factors are specified in Section III - Evaluation and Qualification Criteria. (Other additional related environmental factors associated with goods and services, if any, shall be specified in Section III – Evaluation and Qualification Criteria by referring to Lao PDR Green Cart of MoNRE.)
	32.7 The Procuring Entity's evaluation of a bid may require the consideration of other factors, in addition to the Bid Price quoted. These factors may be related to the characteristics, performance, and terms and conditions of purchase of the Goods and Related Services. The effect of the factors selected, if any, shall be expressed in monetary terms to facilitate comparison of bids, unless otherwise specified in BDS-ITB 32.7 from amongst those set out in Section III - Evaluation and Qualification Criteria. (Clause 32.7 will support the application of the LCC if the operating, maintenance, and other environmental costs associated with the goods or services to be procured are considered as other factors which shall be expressed in monetary terms for comparison of bids.)
Clause 33 - Comparison of Bids	33.1 The Procuring Entity shall compare the evaluated prices of all substantially responsive bids established in accordance with ITB 32.2 to determine the lowest evaluated bid. The comparison shall be based on DDP (place of destination) prices, together with prices for any required installation, training, commissioning and other services. (Clause 33 will support the application of the LCC since the lower evaluated bid is not the same as the lowest offered bid. The lowest evaluated bid could include the operating, maintenance, and other associated environmental costs.)

Box 6: Guidance Note for the Bidding Documents (continued)**Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services (Harmonized Version, August 2021) (continued)**

Clauses/Sections	Description
Clause 35 - Qualification of the Bidder	35.1 For Government financed contracts, the Procuring Entity shall, before evaluating the Bids, determine to its satisfaction whether the Bidders submitting Bids meet the qualifying criteria specified in Section III - Evaluation and Qualification Criteria. Bids by any Bidder which fails to meet those qualifying criteria shall be rejected and their Bids shall not be considered further.
Clause 38 - Award Criteria	38.1 The Procuring Entity shall award the Contract to the Bidder whose bid has been determined to be the lowest evaluated bid and is substantially responsive to the Bidding Documents, provided further that the Bidder is determined to be qualified to perform the Contract satisfactorily. (Clause 38 will support the application of the LCC since the lower evaluated bid is not the same as the lowest offered bid. The lowest evaluated bid could include the operating, maintenance, and other associated environmental costs.)

Section II – Bid Data Sheet (BDS)

Clause ITB 11.1	The Bidder shall submit the following additional documents in its bid: <i>[list any additional document not already listed in ITB Sub-Clause 11.1 that must be submitted with the Bid]</i> (Environmentally Friendly Certification or Label or Mark for green goods and services offered by the Bidder should be listed in the ITB Sub-Clause 11.1 to be submitted with the Bid.)
Clause ITB 16.4	Time period the Goods are expected to be functioning (for the purpose of spare parts): <i>[insert duration]</i> (Needed for the calculation of the LCC and the evaluated bid.)
Clause ITB 32.7	32.7(c) The cost of major replacement components, mandatory spare parts, and service: <i>[insert Yes or No. If yes, insert the Methodology and criteria]</i> (Needed for the calculation of the LCC and the evaluated bid.) 32.7(e) The projected operating and maintenance costs during the life of the equipment <i>[insert Yes or No, If yes, insert the Methodology and criteria]</i> (Needed for the calculation of the LCC and the evaluated bid.) 32.7(f) The performance and productivity of the equipment offered; <i>[Insert Yes or No. If yes, insert the Methodology and criteria] [insert any other specific criteria]</i> (Other specific criteria on environmentally friendly criteria should be inserted.)

Section III – Evaluation and Qualification Criteria

Clause 1.1- Evaluation Criteria (ITB 32.7)	(c) Cost of major replacement components, mandatory spare parts, and service. <i>[insert one of the following]</i> (i) The list of items and quantities of major assemblies, components, and selected spare parts, likely to be required during the initial period of operation specified in the BDS16.4, is in the List of Goods. An adjustment equal to the total cost of these items, at the unit prices quoted in each bid, shall be added to the bid price, for evaluation purposes only. or (ii) The Procuring Entity will draw up a list of high-usage and high-value items of components and spare parts, along with estimated quantities of usage in the initial period of operation specified in the BDS 16.4. The total cost of these items and quantities will be computed from spare parts unit prices submitted by the Bidder and added to the bid price, for evaluation purposes only. (Needed for the calculation of the LCC and the evaluated bid.)
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Box 6: Guidance Note for the Bidding Documents (continued)**Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services (Harmonized Version, August 2021) (continued)**

Clauses/Sections	Description
Clause 1.1 Evaluation Criteria (ITB 32.7)	(e) Projected operating and maintenance costs. Operating and maintenance costs. An adjustment taking account of the operating and maintenance costs of the Goods will be added to the bid price, for evaluation purposes only, if specified in BDS 32.6. The adjustment will be evaluated in accordance with the methodology specified in the BDS 32.6. (Projected operating and maintenance costs are needed for the calculation of the LCC and the evaluated bid.)
	(f) Performance and productivity of the equipment. [insert one of the following] (i) Performance and productivity of the equipment. An adjustment representing the capitalized cost of additional operating costs over the life of the plant will be added to the bid price, for evaluation purposes if specified in the BDS 32.6. The adjustment will be evaluated based on the drop in the guaranteed performance or efficiency offered in the bid below the norm of 100, using the methodology specified in BDS 32.6. or (ii) An adjustment taking account of the productivity of the goods offered in the bid will be added to the bid price, for evaluation purposes only, if specified in BDS 32.6. The adjustment will be evaluated based on the cost per unit of the actual productivity of goods offered in the bid with respect to minimum required values, using the methodology specified in BDS 32.7. (Needed for the calculation of the LCC and the evaluated bid.)
	(g) Specific additional criteria Other specific additional criteria to be considered in the evaluation, and the evaluation method shall be detailed in BDS 32.7 (Any other specific additional criteria related to environmentally friendly or green criteria can be added.)
Clause 2.1- Qualification Requirements (ITB 35)	(c) The Bidder shall furnish documentary evidence to demonstrate that the Goods it offers meet the following usage requirement: [list the requirement(s)] (The requirement for the Bidder to furnish documentary evidence to demonstrate that the Goods and Services the Bidder offers are certified as environmentally friendly or green goods and services, labels or marks on a case-by-case basis.)

Section VII – Schedule of Requirement

Clause 3 – Technical Specification to define the technical characteristics of the Goods and Related Services required by the Procuring Entity.	<ul style="list-style-type: none"> Standards for equipment, materials, and workmanship specified in the Bidding Documents shall not be restrictive. If available, national standards should be specified. Otherwise, recognized international standards should be specified as much as possible. Reference to brand names, catalogue numbers, or other details that limit any materials or items to a specific manufacturer should be avoided as far as possible. Where unavoidable, such item description should always be followed by the words “or substantially equivalent.” When other particular standards or codes of practice are referred to in the TS, whether from Lao PDR or from other eligible countries in the case of Bank financing, a statement should follow other authoritative standards that ensure at least a substantially equal quality, then the standards mentioned in the TS will also be acceptable. (National environmentally friendly or green criteria, if available, should be specified otherwise recognized international or other countries’ official criteria, labels, and marks should be specified as much as possible. Standardizing criteria as specified in the GPP Green Goods and Green Services Directory or Lao PDR Green Cart developed by MoNRE may be considered.)
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Box 6: Guidance Note for the Bidding Documents (continued)**Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services (Harmonized Version, August 2021) (continued)**

Clauses/Sections	Description		
Clause 3 – Technical Specification to define the technical characteristics of the Goods and Related Services required by the Procuring Entity.	“Summary of Technical Specifications. The Goods and Related Services shall comply with following Technical Specifications and Standards:		
	Item No	Name of Goods or Related Service	Technical Specifications and Standards
	[insert item No]	[insert name]	[insert TS and Standards]
			Specification on environmentally friendly criteria or green or marks for green products and green services could be specified here and may reference to the GPP Green Products and Green Services Directory or Lao PDR Green Cart of MoNRE.

Box 6: Guidance Note for the Bidding Documents (continued)**Request for Quotation for the Procurement of Goods or Non-Consulting Services (Harmonized Version, August 2021)**

This Harmonized Request for Quotation for Procurement of goods or non-consulting services is used for small contracts. The Procurement Entity or Project owner shall be confident and ensure that the competition can easily select the quotation offer entity the Procurement Entity or Project owner must be accepted only the winner that is considered the lowest evaluated price in line with the regulation specified in the procurement law and the instruction on implementation of law on public procurement, for the procurement implementation. The Procurement Entity or Project owner shall invite at least 3 qualified bidders or if advertisement through the media (newspaper, less than 3 submitted bidders is accepted).

The process of the procurement by Request for Quotation for Procurement of goods or non-consulting services is less complicated and complex than Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services. Nonetheless, the technical and performance specifications of goods and Terms of Reference for non-consulting services are required the same as that required by Standard Open Bidding Document for the Procurement of Goods or Non-Consulting Services. Therefore, environmentally friendly or green criteria for goods and non-consulting services can also be included in the case of the procurement by Request for Quotation for Procurement of goods or non-consulting services including evaluation and award criteria. Similar Guidance Note can be applied.

Box 6: Guidance Note for the Bidding Documents (continued)**Request for Quotation for the Procurement of Goods or Non-Consulting Services**
(Harmonized Version, August 2021) (continued)**Section 6: Technical Specification of the Goods Required**

Item	Name of goods or Non-Consulting service and Description	Technical Specification of Goods required	Technical Specification of Goods to be offered
		Specification on environmentally friendly criteria or green or marks for green products and green services could be specified here and may reference to the GPP Green Products and Green Services Directory or Lao PDR Green Cart of MoNRE.	

SECTION 4: LAO PDR GREEN LABEL AND THE GPP PRODUCTS AND SERVICES DIRECTORY (LAO PDR GREEN CART)

4.1 Lao PDR Green Label

The Ministry of Industry and Commerce (MoIC) of Lao PDR is responsible for the establishment and operation of Lao PDR Green Label. The MoIC issued on 17th May 2022 a Ministerial Decision No. 0598/MoIC appointing a Committee for the Development of Ministerial Decision on Green Label²⁴ with the responsibility to develop the Lao PDR Green Label system. Consequently, the MoIC issued on 1st October 2024 a Ministerial Decision No. 1888/MoIC on Lao PDR Green Label²⁵ which is Type I green label. The Decision sets out the principles, regulations, measures, and steps for managing Lao PDR Green Label system for both locally produced products and imported products with the goal to promote the production and use industrially manufactured products that have received Lao PDR Green Label. It aims to upgrade production processes and products to be environmentally friendly, reduce pollution and manage waste in accordance with techniques that contribute to the national socio-economic development aligned with green and sustainable principles.

Box 7: Guidance Note for Lao PDR Green Label

Several recommendations are provided to operationalize Lao PDR Green Label for green products, there are as follows,

- Criteria including general and specific green criteria of each product to be assessed and certified for Lao PDR Green Label as green products are to be developed covering wide range of products including domestically produced products and imported products.
- For a start, products of which criteria to be developed are to be products which are commonly used or consumed in Lao PDR.
- The procedures for the assessment and examination of product characteristics and quality are to be developed to determine whether they meet the required criteria of green products.
- Both criteria and the assessment procedures are to be based on Life-Cycle Assessment (LCA) which is a process of evaluating the effects that a product has on the environment over the entire period of its life thereby increasing resource-use efficiency and decreasing liabilities.
- Imported products certified for green labels of other countries are to be registered and firstly considered to be equivalent to Lao PDR Green Label and subsequently certified for Lao PDR Green Label once criteria and assessment procedures for Lao PDR Green Label of those products are developed and applied if they are to be officially accepted as green products in Lao PDR.

²⁴ Ministerial Decision No. 0598/MoIC on the Appointment of a Committee for the Development of Ministerial Decision on Green Label, dated 17th November 2022

²⁵ Ministerial Decision No. 1888/MoIC on Lao PDR Green Label, dated 1st October 2024

4.2 GPP Products and Services Directory (Lao PDR Green Cart)

In order to make it simple and aid the government procuring entities and procurers, **the GPP Products and Services Directory** which is an official directory for certified green goods and green services or standardized technical and performance specifications for green goods and standardized requirements for green services should be established. The official GPP Products and Services Directory of certified green goods and green services for the GPP should be developed by the MoNRE and included on the website of the PPMD or other communication channels from which the government procuring entities can access and obtain information on officially certified green goods and green services.

Accordingly, MoNRE issued a Ministerial Decision No. 4182/MoNRE dated 14 November 2024 on the Appointment of a Steering Committee, Technical Sub-Committee, and Secretariat Sub-Committee and Steps and Processes for the Approval of Products and Services to be included/listed in Lao PDR Green Cart²⁶.

The GPP Products and Services Directory (Lao PDR Green Cart) will serve as a reference for the government procuring entities in the preparation of their Procurement Plan as the specific requirement of the goods and services to be procured in the Annual Procurement Plan and appears in the subsequent Detailed Annual Procurement Plan after the National Assembly approves the Annual Procurement Plan.

Box 8: Guidance Note for the GPP Products and Services Directory (Lao PDR Green Cart)

Since the Lao PDR Green Label has just been recently established on 1st October 2024 by MoIC, there are currently very few products or goods received or certified by the Lao PDR Green Label. In addition, the Lao PDR Green Label only applies to products or goods but not to services.

For the start, green criteria, labels, and marks officially adopted and used in other countries or internationally should be adopted by Lao PDR. Initially, Lao PDR could adopt Type I, Type II, Type III and Type 1-like ecolabels for goods and green services certified by other countries or internationally. Nonetheless, they should register with MoIC to be certified for Lao PDR Green Label before they will be listed in the GPP Products and Services Directory or Lao PDR Green Cart.

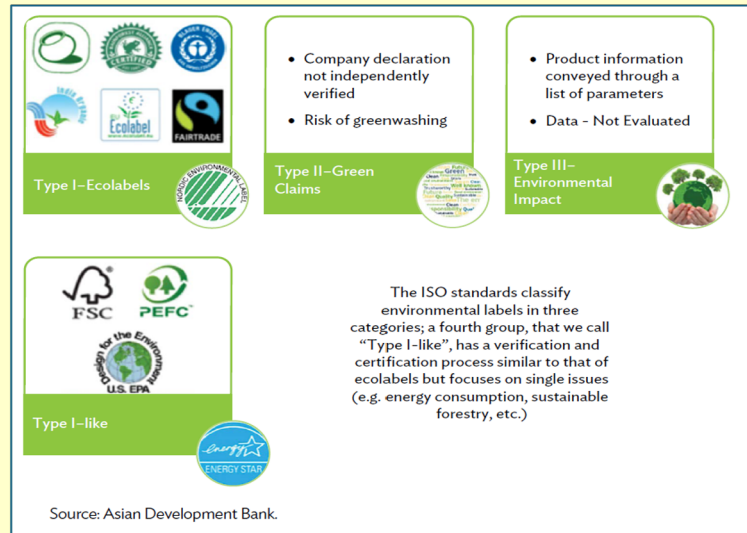
MoNRE should develop as soon as possible green criteria and characteristics of products both locally produced and imported and services to be eligible or qualified to be included/listed in the Lao PDR Green Cart. To be listed in the Lao PDR Green Cart, products or goods suppliers must submit applications together with information on the official certification of their products or goods as environmentally friendly products (Lao PDR Green Label) by MoIC, to be reviewed and approved by MoNRE before they will be listed or registered in the Lao PDR Green Cart. Products both locally produced and imported which are certified for the Lao PDR Green Label by MoIC are to be included/listed in the Lao PDR Green Cart.

²⁶ Ministerial Decision No. 4182/MoNRE on the Appointment of Steering Committee, Technical Sub-Committee, Secretariat Sub-Committee, and Steps for the Establishment of Lao PDR Green Cart, dated 14th November 2024

Box 8: Guidance Note for the GPP Products and Services Directory (Lao PDR Green Cart) (continued)

Examples of Eco-Labels:

International Organization for Standardization Environmental Labels Classification



Box 8: Guidance Note for the GPP Products and Services Directory (Lao PDR Green Cart) (continued)

Examples of the GPP Products and Services Directory:

A directory of certified green goods and services (Green Cart) is the Directory of Environmentally Friendly Goods and Services of Thailand Pollution Control Department which is available online and is accessible to everyone having 43 categories divided into 39 goods categories, 3 services categories, and 1 label) with a total of 1,432 items listed. The Green Cart Thailand is designed to help in the implementation of the GPP in Thailand. It contains a list of goods and services that can be used directly by the procurement entities in their procurement procedures. A mobile application, namely “Thai GPP” is also available. The Green Cart is established in 2008 by the Pollution Control Department (PCD) under the Ministry of Natural Resources and Environment following the 10th National Economic and Social Development Plan (2007-2011) and the associated Environmental Quality Management Plan which stated that the public sector should be lead the green procurement to create proper market of products and services that are environmentally friendly.



Box 8: Guidance Note for the GPP Products and Services Directory (Lao PDR Green Cart)

Examples of the GPP Products and Services Directory:

Another example of a directory of certified green goods and services are the Thai Green Directory developed by the Federation of Thai Industries in cooperation with Pollution Control Department (PCD), Department of Climate Change and Environment, Thailand Greenhouse Gas Management Organization (Public Organization), National Metal and Materials Technology Center, Department of Alternative Energy Development and Efficiency, Electricity Generating Authority of Thailand, Thailand Environmental Institute, Green Leaf Foundation, Petroleum Authority of Thailand, Siam Cement Group Company, Siam City Cement Public Company Limited, and SwitchAsia.



4.3 Criteria for Green Goods and Green Services

At the start of the implementation of the GPP in Lao PDR, there might still be many officially adopted green criteria or technical and performance specifications for green goods and green services available for the government procurers to refer to and use in specifying the requirements for green goods and green services in the various steps of the procurement process including the procurement planning, the procurement requirements and the bidding documents. It will be simple for the government procurers to simply refer to green goods certified for Lao PDR Green Label of the MoIC and green goods and green services listed in Lao PDR Green Cart of the MoNRE or refer to already available official green criteria established by either the MoIC or the MoNRE.

Since Lao PDR still relies very much on imported products, it is recommended that imported products or goods certified for Type I Label of other countries or internationally should be adopted by the MoIC for Lao PDR Green Label and adopted by the MoNRE to be listed in Lao PDR Green Cart to speed up the implementation of the GPP in Lao PDR by increasing

the numbers of available green products/goods and services. Simple criteria for some products and services are shown in the following table.

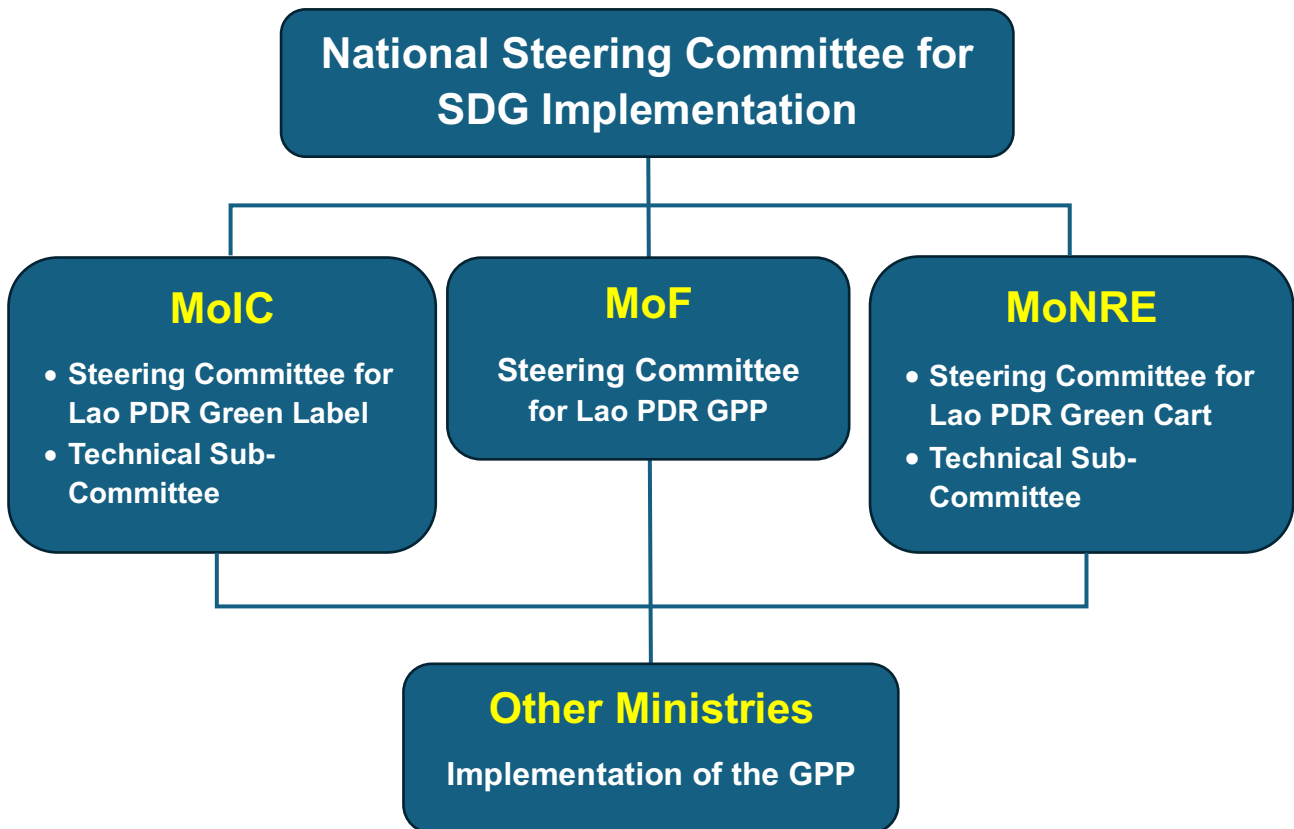
Goods/Services	Some Green Criteria	Required Documents
Printers	<ul style="list-style-type: none"> • Certified for Type I Label of other countries or Lao PDR Green Label of the MoIC • Manufacturer is Certified for ISO14001 • Product is certified for ISO 9001 • Included/listed in Lao PDR Green Cart of the MoNRE • Received Energy Star Label • Use certified Type I Label for printer ink or organic ink 	<ul style="list-style-type: none"> • Official documents or proofs of certification issued by certified institutes or authorities for Eco-labelling.
Printing Paper	<ul style="list-style-type: none"> • Certified for Type I Label of other countries or Lao PDR Green Label of the MoIC • Manufacturer is Certified for ISO14001 • Product is certified for ISO 9001 • Included/listed in Lao PDR Green Cart of the MoNRE • Use% of pulps from recycled paper/pulps • Do not use chlorine bleaching 	<ul style="list-style-type: none"> • Official documents or proofs of certification issued by certified institutes or authorities for Eco-labelling • Proofs for% of pulps from recycled paper/pulps • Proof of no chlorine bleaching in the process
Electric Vehicles	<ul style="list-style-type: none"> • Manufacturer is Certified for ISO14001 • Product is certified for ISO 9001 • Certified for Type I Label of other countries or Lao PDR Green Label of the MoIC • Included/listed in Lao PDR Green Cart of the MoNRE • Received Energy Star Label • Minimum mileage per charge km • Minimum battery lifetime of years • Take back used batteries • Environmentally friendly management of used battery 	<ul style="list-style-type: none"> • Official documents or proofs of certification issued by certified institutes or authorities for Eco-labelling • Test results of mileage per charge • Test results of battery lifetime • Proof of agreement to take back used batteries from the customers • Proof of environmentally friendly management of used battery

Light Emitting Diode (LED) Lighting	<ul style="list-style-type: none"> • Manufacturer is certified for ISO14001 • Product is certified for ISO 9001 • Certified for Type I Label of other countries or Lao PDR Green Label of the MoIC • Included/listed in Lao PDR Green Cart of the MoNRE • Received Energy Star Label 	<ul style="list-style-type: none"> • Official documents or proofs of certification issued by certified institutes or authorities for Eco-labelling
	<ul style="list-style-type: none"> • Manufacturer must have a rule to control and reduce air pollution caused by the production process according to the laws and regulation 	<ul style="list-style-type: none"> • Certificate of discharge for wastewater • Certificate of discharge for air pollution
	<ul style="list-style-type: none"> • Manufacturer has a certificate for the Initial Environmental Examination or Integrated Environmental Assessment (IEE/IEA) 	<ul style="list-style-type: none"> • Certificate of the Initial Environmental Examination or Integrated Environmental Assessment (IEE/IEA)
	<ul style="list-style-type: none"> • Storage, transportation, and disposal of waste from the production process need to follow the regulations of industrial waste management. 	<ul style="list-style-type: none"> • The document confirming the monitoring, storage, transportation, and disposal of waste caused by the production process or a factory with a Manifest System
	<ul style="list-style-type: none"> • The plastics that are components of LED lights must contain a mixture of heavy metals or heavy metal compounds, flame retardants, and halogens as follows: <p>A. Heavy Metals</p> <ul style="list-style-type: none"> - Pb \leq 1,000 mg/kg - Cd \leq 100 mg/kg - Hg \leq 1,000 mg/kg - Cr6+ \leq 1,000 mg/kg <p>B. Flame retardants</p> <ul style="list-style-type: none"> - PBB (Polybrominated Biphenyls) \leq 1,000 mg/kg - PBDE (Polybrominated Diphenyl Ethers) \leq 1,000 mg/kg. <p>D. Halogen</p>	<ul style="list-style-type: none"> • The applicant must provide an official letter attesting to the fact that the plastic used in LED lights includes combustible materials and heavy metals in amounts that don't go beyond the limits mentioned in this section. The letter must be signed and stamped by the directory of the company

	<ul style="list-style-type: none"> - Cl \leq 900 mg/kg - Br \leq 900 mg/kg • Total halogens \leq 1,500 mg/kg 	
	<ul style="list-style-type: none"> • The producer must develop and label products with instructions according to the expiration dates management guideline, such as being able to "Reuse; Recycle or Reduce" and/or "Do not burn." 	<ul style="list-style-type: none"> • The certificate/official letter and photos as evidence according to the requirement
	<ul style="list-style-type: none"> • The ink or pigment used to print or label packaging must not contain mercury (Hg), lead (Pb), cadmium (Cd), and chromium 6 (hexavalent chromium) exceeding 0.01% w/w (or 100 mg/kg by mass) 	<ul style="list-style-type: none"> • The applicants must submit the document to certify the ink and pigment used coincidences with the requirement/mentioned condition

SECTION 5: INSTITUTIONAL FRAMEWORK FOR THE DEVELOPMENT AND IMPLEMENTATION OF THE GPP IN LAO PDR

Recommended Institutional Framework for the Development and Implementation of the GPP in Lao PDR



SECTION 6: DUTIES, AUTHORITIES, AND RESPONSIBILITIES

Duties, authorities, and responsibilities of government agencies for the development and implementation of the GPP in Lao PDR are described below.

- **MoF**

- Perform duties, authorities, and responsibilities in accordance with the laws, including the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019, the Procurement Manual, 2022 updated version in the implementation of the GPP in Lao PDR, and Guidance Note for the Operationalization of Green Public Procurement (GPP) in Lao PDR for Goods and Services.
- Develop an institutional arrangement and coordination mechanism for the implementation of the GPP in Lao DPR.
- Develop explicit policy and action plan for the implementation of the GPP in Lao PDR.
- Revise the Procurement Manual taking account of the GPP explicitly.
- Develop a platform for the evaluation of the implementation of the GPP in Lao PDR including system to collect and analyse data and information on goods and services which are procured through the GPP in Lao PDR for the types, volumes and monetary values of goods and services procured through the GPP.
- Develop and implement training programs for capacity building of the government procurers to implement the GPP in Lao PDR effectively.

- **MoIC**

- Perform duties, authorities, and responsibilities in accordance with the laws, including the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019, the Procurement Manual, 2022 updated version in the implementation of the GPP in Lao PDR, and the Guidance Note for the Operationalization of Green Public Procurement (GPP) in Lao PDR for Goods and Services.
- Develop a certification system and process or Type I label (Lao PDR Green Label) for environmentally friendly or green goods for the GPP in Lao PDR for both imported and domestic produced.
- Develop criteria for environmentally friendly or green goods for the Lao PDR Green Label.
- Promoting production of green products.

- **MoNRE**

- Perform duties, authorities, and responsibilities in accordance with the laws, including the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019, the Procurement Manual, 2022 updated version in the implementation of the GPP in Lao PDR, and the Guidance Note for the Operationalization of Green Public Procurement (GPP) in Lao PDR for Goods and Services.
- Develop criteria for green goods and green services to be certified by MoNRE to be included Lao PDR Green Cart.
- Develop and update regularly the GPP green products and green services directory for imported certified and domestic produced green goods and green services.
- Develop a registration system and process for the registration of green goods and green services in the directory.
- Develop the second Roadmap and Action Plan for the Implementation of the GPP in Lao PDR (2026-2030) since the present Roadmap and Action Plan for the Implementation of the GPP in Lao PDR (2022-2025 Vision 2030) will be terminated the end of 2025.

- **Other Ministries**

- Perform duties, authorities, and responsibilities in accordance with the laws, including the Law on Public Procurement No. 30/NA, 2017, the Instruction on Implementation of Law on Public Procurement, No. 0477/NA, 2019, the Procurement Manual, 2022 updated version in the implementation of the GPP in Lao PDR, and the Guidance Note for the Operationalization of Green Public Procurement (GPP) in Lao PDR for Goods and Services.
- Requiring all agencies under the Ministry to implement the GPP in procuring environmentally friendly products and services if they are available.
