

# Support for Public Procurement & Green Growth

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December, 2016



Public Procurement  
Service



# Support for Public Procurement and Green Growth

**I . About PPS**

**II. Support for public procurement and green growth**

**III. Alleviation of barriers to entry into public  
procurement market**

**IV. Building infrastructure to increase public demand**

**V . Expansion for public buildings to be constructed  
with green materials**

**VI. Major outcomes**



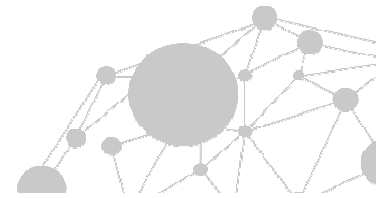
I

# About PPS





# I . Significance of government procurement



Procurement: an act of a government buying / providing goods, services or facilities from an external source necessary to administrative services or to produce public goods.

## Procurement



**Purchase**



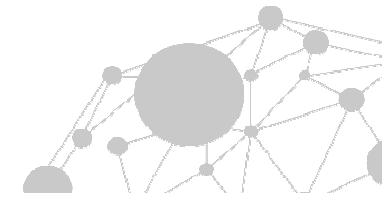
**Delivery**



⇒ **Act of a government as an economic unit participating in the market and proceeding transactions with businesses on an equal basis**



# I . Significance of government procurement



## Responsibilities of PPS

**Conclusion and management of contracts for procurement, provision and construction works**

- \* Procurement contracts of KRW36.2trillion & procurement support projects (consultancy) of KRW 19.1 trillion

**Government stockpiling and supply of key raw materials**

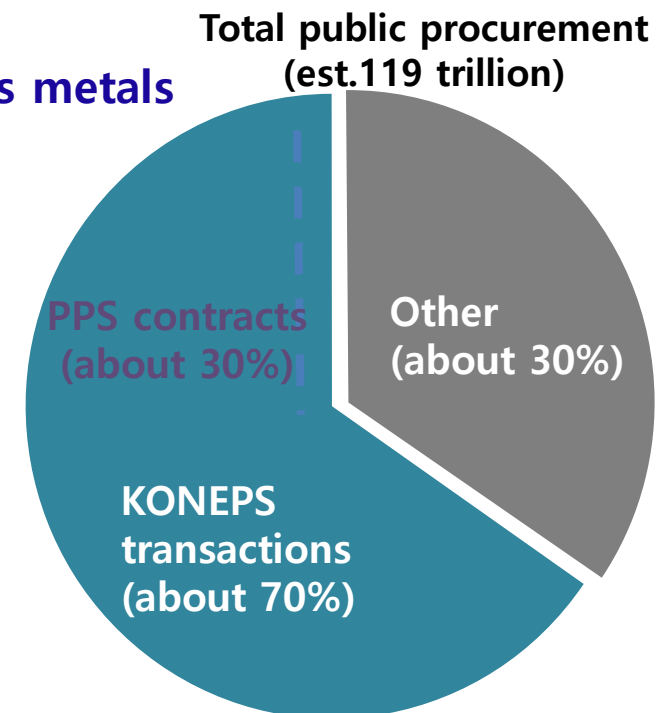
- 9 types of rare metals like lithium and 6 types of nonferrous metals like copper and aluminum.

**Management of government goods & properties**

- \* Government stockpiling amounting to KRW 15.4trillion (2014)

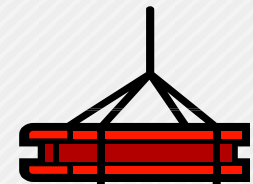
**Operation of Korea Online EProcurement System (KONEPS)**

- \* KONEPS transactions: KRW 74.5trillion worth per year



II

# Support for public procurement and green growth

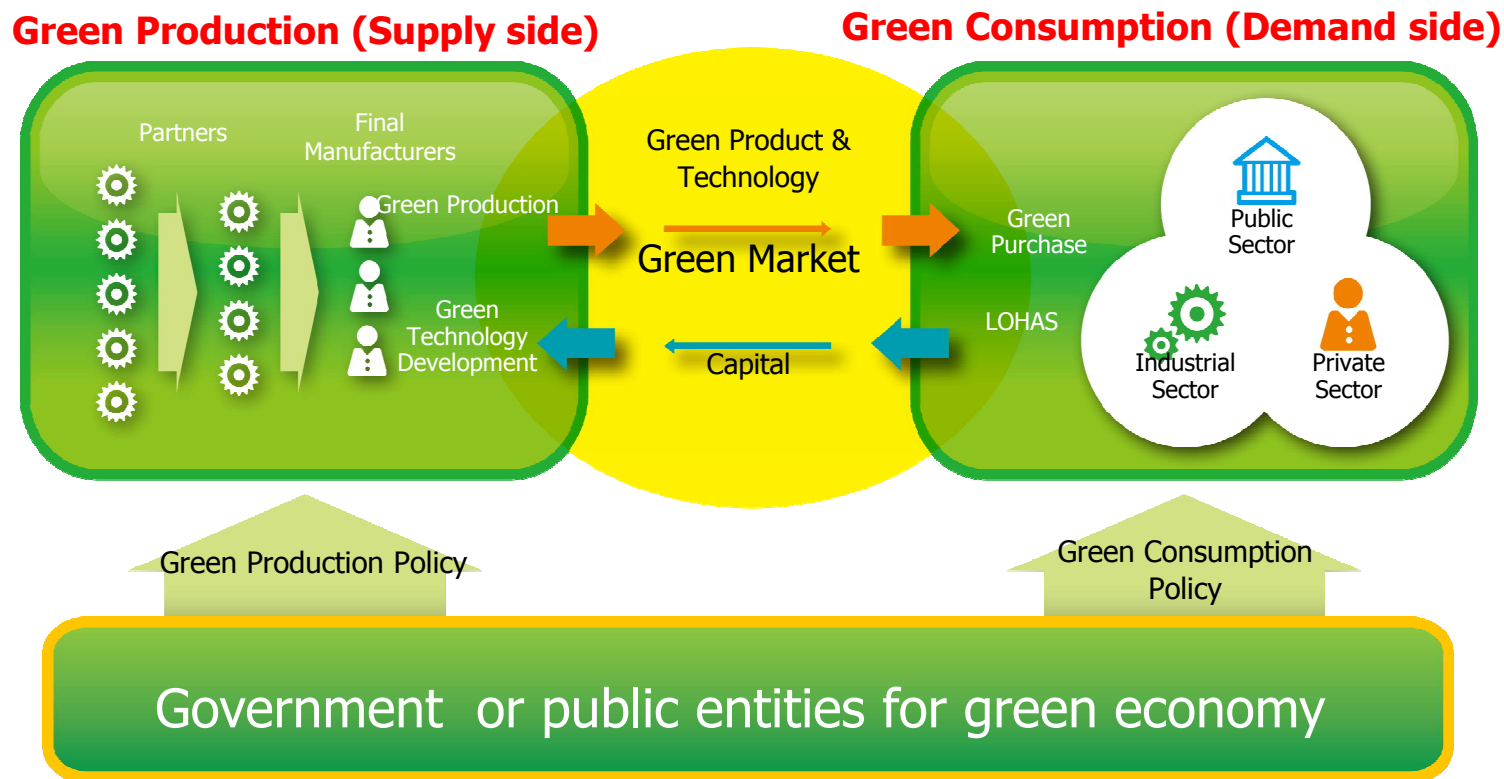




## II. Support for public procurement and green growth

### 1. Green Economy and Green Procurement Policy

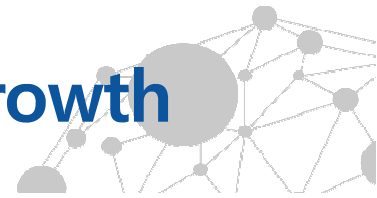
- ✓ **Green Production & Consumption are the key elements to drive Green Economy**
- ✓ **Green Procurement stimulates the demands on greener products, thereby creating a virtuous cycle of green production & consumption**







## II. Support for public procurement and green growth



### 2. Act to Promote the Purchase of Eco-friendly Products (2005)

- ✓ **Since 2005, public institutions have purchased eco-products**

**“The heads of public institutions shall purchase green products, when they intend to purchase any product” – Article 6**

**“The heads of public institutions shall aggregate purchase records of green products pursuant and submit such purchase records to the Minister of Environment” – Article 9**

- ✓ **Target Organizations : 883 government and public institutions**

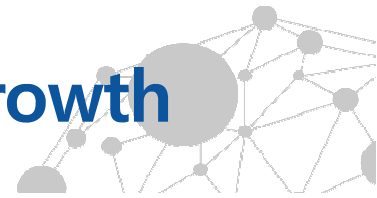
**(Total 38,000 institutions including affiliated organizations)**

- ✓ **Scope of Eco-Products : Eco-Label Products, Good Recycled mark products, Other eco-products satisfying criteria established by the MOE**





## II. Support for public procurement and green growth



### 3. Labelling program

- **Certified or Meet the criteria set either by the Korea Eco-Label or the Good Recycled Mark**
- **Meet other environmental standards set by MOE in consultation with the relevant ministries**



**Korea Eco-Label**

156 categories including office equipment, construction materials

2,321 companies, 15,698 products  
(As of Oct 2015)

Ministry of Environment

<http://www.greenproduct.go.kr>

Product groups

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Number of Products

---

Certification Authority

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Website



**Good Recycled Mark**

15 categories including waste paper, glass

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195 companies, 238 products  
(As of Oct 2015)

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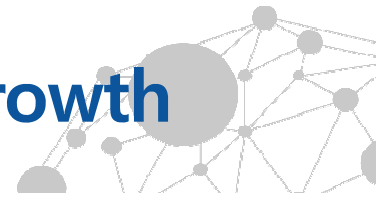
Ministry of Trade, Industry and Energy

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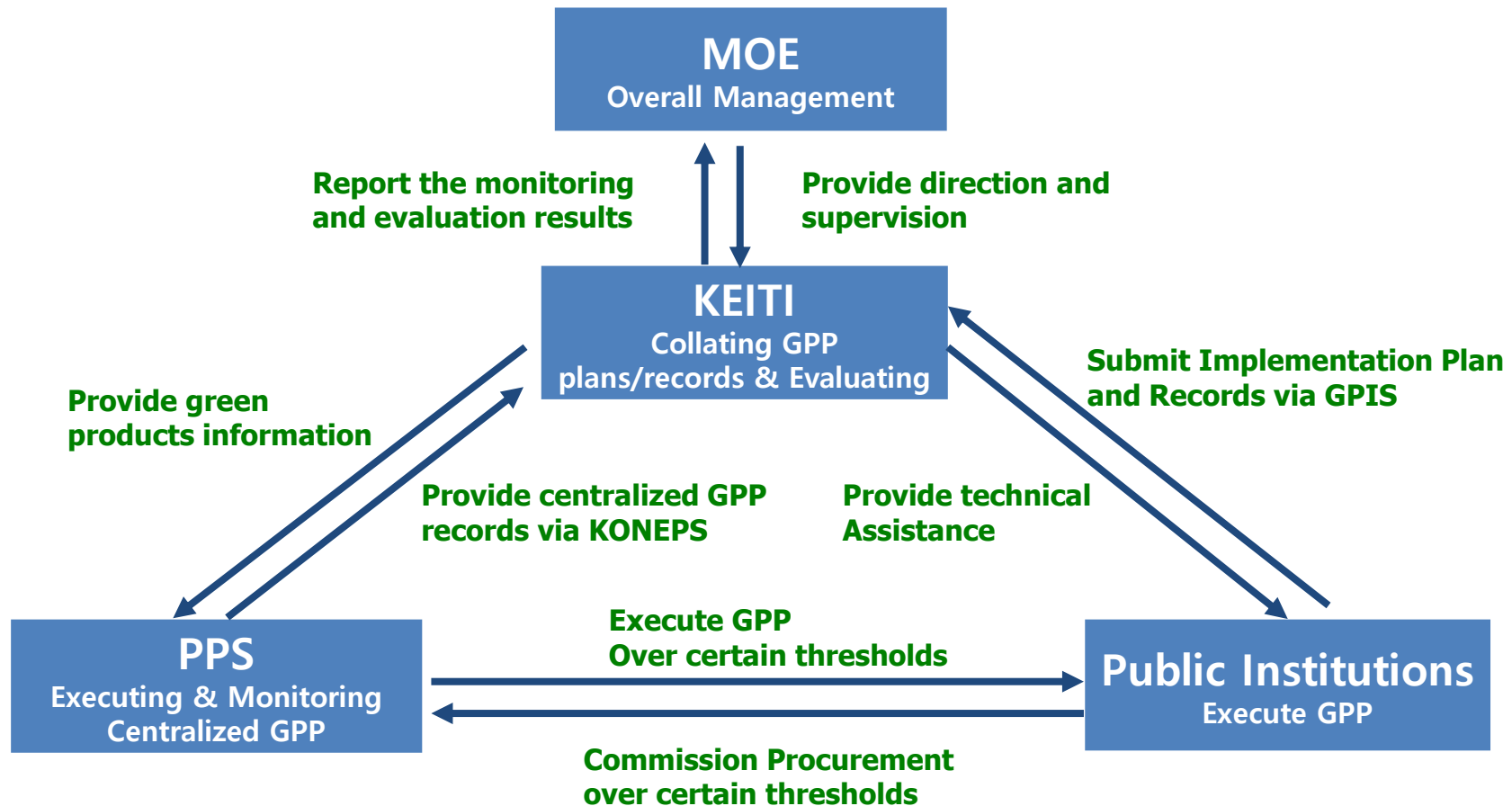
<http://www.gr.or.kr>



## II. Support for public procurement and green growth

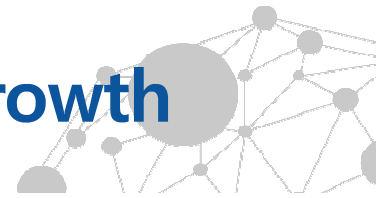


### 4. Communication strategies of GPP : GPP system





## II. Support for public procurement and green growth



### 5. GPP records reflected in performance evaluation

#### Local Government

- 10 Provinces & 7 Metropolitan governments
- Evaluated by Ministry of Public Administration and Security
- Indicator : GPP ratio to total spending & annual GPP growth amount
- Share out of total score : 9.2/900

#### Public Organization

- 117 national public corporations & government affiliated agencies
- Evaluated by Ministry of Strategy and Finance
- Indicator : GPP ratio to total spending & annual GPP growth amount
- Share out of total score : 5/100

#### Local Public Org.

- 39 local public corporations
- Evaluated by Ministry of Public Administration and Security
- Indicator : GPP ratio to total spending & annual GPP growth rate
- Share out of total score : 2 /100



## II. Support for public procurement and green growth

### 6. Nation Market operated by PPS

The screenshot displays the Nation Market website interface. At the top, there is a navigation bar with links like '나라장터', '목록정보', and '조달청'. Below this is a search bar with the text '전체(품명,규격,업체명 등)' and a '검색' button. A row of icons represents various product categories: 쇼핑카테고리, 차량, 4대관급자재, PC, 가구, 행정용품, 여행상품, 서비스전용물, 우수조달물품클럽, 우수조달공동상표, and 정부조달문화상품. The main content area is divided into four columns: '팝업존' (Notice), '다수공급자구매공고' (Notice of purchase by majority suppliers), '공지사항' (Notice), and '쇼핑도우미' (Shopping assistant). The '팝업존' column contains a notice about the MAS (Major Supplier System) and the adjustment of procurement tasks. The '다수공급자구매공고' column lists various products for purchase, such as household appliances, office equipment, and IT products. The '공지사항' column contains notices about procurement procedures and product quality. The '쇼핑도우미' column provides a list of 8 items related to the MAS system. On the right side of the page, there is a vertical banner for '환경마크' (Environment Mark) with the text '환경부' (Ministry of Environment) below it. The footer of the page includes the '조달청' (Procurement Agency) logo and contact information.



## II. Support for public procurement and green growth

### 7. PPS Green Products Bidding Notice : construction materials

#### [입찰접행 부가정보]

지명경쟁명단	
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#### [공고일반]

공고종류	실공고	게시일시	2012/07/23 14:37
입찰공고번호	20120719438-00	참조번호	포항시 공고 제2012-1235호
공고명	죽장 합덕리 진입도로(시도6) 재생아스콘 구입 본 공고는 <b>지문인식 전자입찰제도</b> 가 적용되오니 <b>미리 지문보안토론에 지문정보를 등록하여야 합니다.</b>		
발주(공고)기관	경상북도 포항시	실수요기관	경상북도 포항시
입찰방식	전자입찰	낙찰방법	공고서참조
계약방법	제한(총액)	국제입찰구분	국내
입찰자격	공고서참조	발주계획번호	112012502000000103

#### [입찰접행 및 진행 정보]

검사		검수	
집행관	정요찬	입회관(담당자)	정요찬
입찰참가자격등록 마감일시	2012/07/29 18:00 조달청 입찰참가등록은 평일 09:00 ~ 18:00, 토요일 09:00 ~ 13:00, 공휴일은 업무처리불가 (단, 토요일은 본청,서울지방청만 업무처리가능함) 본 입찰에 참여하는 업체는, 물품분류로 투찰제한 할 경우 해당물품을 입찰참가자격등록 마감일시까지 나 터에 제조(공급)물품으로 등록하여야 합니다.		
실적심사신청서	방식: 없음	실적심사신청서 신청기한	
공동수급협정서 접수여부	없음	공동수급협정서 마감일시	공고서참조
입찰게시일시	2012/07/24 10:00	입찰마감일시	2012/07/30 10:00
보증서접수마감일시	보증서 접수마감일시를 입력하지 않은 경우에는, 입찰서 접수마감일 전일 18시까지 제출이 가능합니다. (단, 입찰보증금지급착서로 대체하는 경우 보증금이 면제됩니다.)		
개찰(입찰)일시	2012/07/30 11:00	개찰장소	국가종합전자조달시스템(나라장터)
공고서	2012/07/20120719438-00_죽장합덕리 진 입도로 재생아스콘 구입 공고(제1235 호).hwp		
		규격서	2012/07/20120719438-00_재생아스 콘 구입.hwp 2012/07/20120719438-00_죽장 합덕 진입도로(시도6) 재생아스콘 내역서

마라며, '중소기업 공공구매' 통합정보([www.smpg.go.kr](http://www.smpg.go.kr))에서 확인 가능한 경우에는 제출한 것으로 갈음합니다.

단, 팩스 미제출 및 위 사이트에서 **중소기업 및 아스팔트콘크리트 직접생산업체도 확인되지 않는 업체는 낙찰자선정 대상에서 제외됨을** 알려드립니다.

다. 「건설폐기물의 재활용촉진에 관한 법률」 제3조의2에 따른 제품 [아스팔트 콘크리트 제품(아스팔트콘크리트 제조용 순환골재를 25% 이상 사용한 제품)]으로 다음 각 호의 어느 하나에 해당되는 제품을 직접 생산할 수 있는 업체

- 1) 「자원의 절약과 재활용촉진에 관한 법률」 제33조 및 「산업기술혁신 촉진법」 제15조에 따라 재활용제품의 품질인증 대상품목으로서 인증을 받은 제품
- 2) 「환경기술개발 및 자원에 관한 법률」 제17조 제1항에 따른 환경표지의 인증을 받은 제품

3) 「중소기업제품 구매촉진 및 판로지원에 관한 법률」 제15조 제1항에 따른 성능인증을 받은 제품(중 위의 1) 및 2)의 인증기준을 충족하는 제품  
라. 본 입찰은 「지문인식 신원확인 시스템」이 적용되므로 개인인증서를 보유한 대표자 또는 입찰대리인은 국가종합전자조달시스템 전자입찰특별유의서

#### Eco-labeled construction materials

제10조 제1항 제6호 및 제7호의 절차에 따라 예외적으로 개인인증서에 의한 전자입찰서 제출이 가능합니다.

※ 전자입찰 이용안내 : 조달청 콜센터 ☎1588-0800

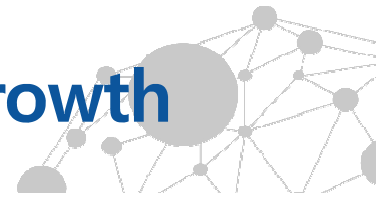
#### 3. 입찰방법 및 낙찰자 결정방법

가. 본 입찰은 **제한경쟁입찰** 및 **총액입찰**로서 **계약이행능력 심사대상**입니다.

나. 낙찰자 결정방법은 『중소기업자간 경쟁제품 중 물품의 구매에 관한 계약이행 능력심사 세부기준(중소기업청 고시 제2011-22(2011. 7. 1))』에 의거 예정가격 이하로서 **낙찰하한율(84.995%)이상 최저가격**으로 입찰한 자 순으로 **계약이행 능력을 심사**하여 **종합평점이 88점 이상인 자**를 낙찰자로 결정합니다.



## II. Support for public procurement and green growth



### 8. Achievements of PPS in terms of green growth support

Category	Achievement
Support for entry into public procurement market of green products	<ul style="list-style-type: none"><li>○ alleviated and preferred the requirements for entry into public procurement markets.</li><li>○ designated and supplied green technology quality products as excellent procurement items.</li><li>○ adopted bid system with consideration for eco-friendliness including energy saving.</li></ul>
Support to increase public demand for green products	<ul style="list-style-type: none"><li>○ A system to designate Minimum Environment Standard Products in place.</li><li>○ Established integrated public green purchasing information network.</li><li>○ Set forth guidelines for green purchasing.</li></ul>
Expansion of green design and construction for public buildings	<ul style="list-style-type: none"><li>○ Strengthened green design for public buildings.</li><li>○ Gave preference to green construction companies in bidding.</li><li>○ Fostered the use of eco-friendly and energy saving materials.</li></ul>

III

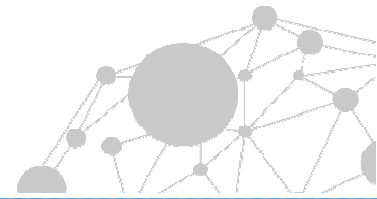
# Alleviation of barriers to entry into public procurement market of green products







# III. Alleviation of barriers to entry into public procurement market of green products



## 1. Alleviation and preference of entry requirements

### Preference given in qualification evaluation

- ✓ (extra point for credit rating) GR, eco-labeling certification, high efficiency energy material certification, 1<sup>st</sup> grade of energy consumption efficiency, new/renewable energy facility certification, green technology certification

### Preference given for multi-supplier contracts

- ✓ (Preference for entry into procurement market) Suppliers with green technology certification, MAS qualification evaluation is omitted.
- ✓ (Preference for MAS Phase 2 Competition) Full score is given to suppliers with certification.



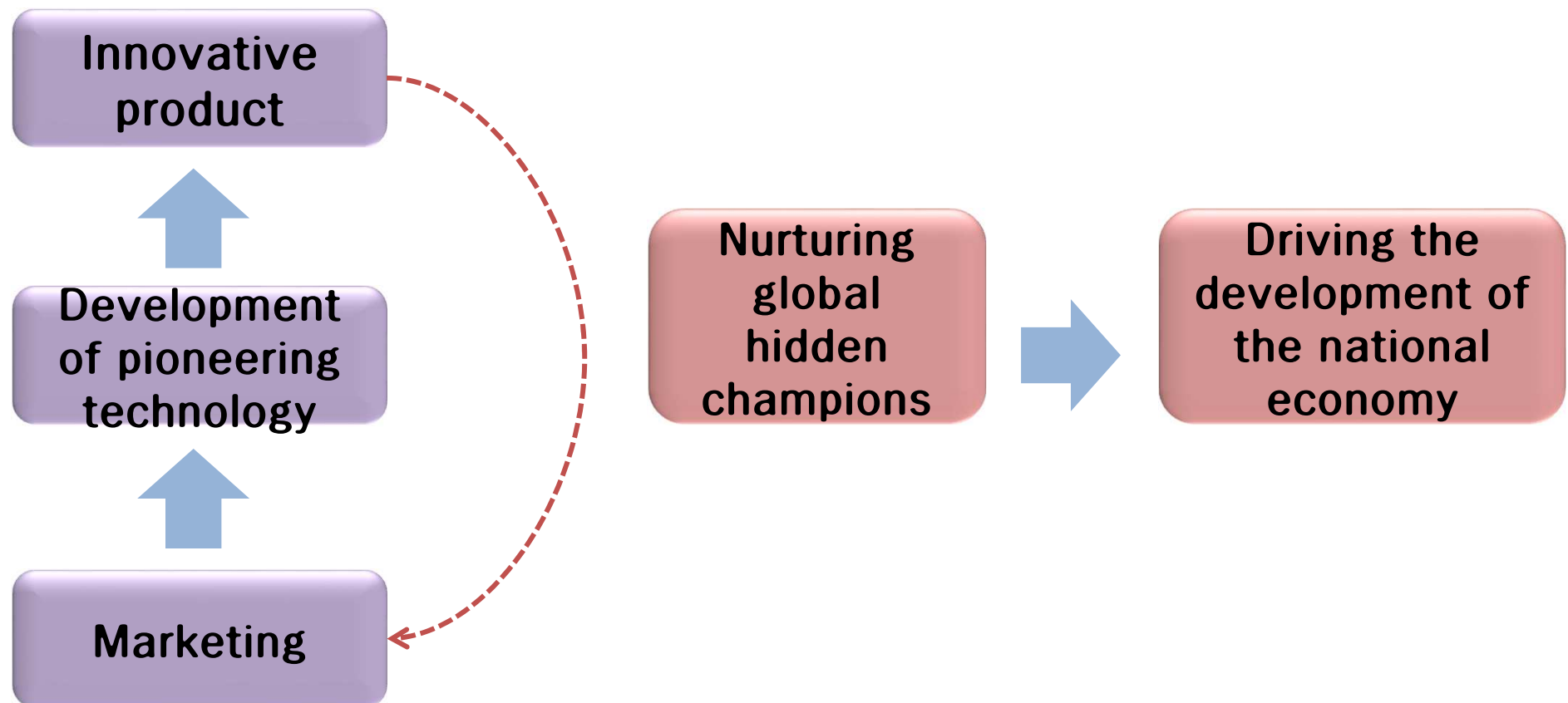
### III. Alleviation of barriers to entry into public procurement market



## 2. Excellent procurement item system



The system is designed to improve the quality of procurement items and support marketing activities of SMEs and venture businesses by designating quality items with technical excellence as an excellent procurement item and supplying them to organizations in need by means of private contracts, etc.





## III. Alleviation of barriers to entry into public procurement market



### 3. Comprehensive bid evaluation system based on eco-friendliness

#### ✔ Comprehensive bid evaluation system

- **Before 2011, price performance of 6 high-energy consumption items was evaluated to promote purchase of low energy consumption items.**
  - \* High-energy consumption items: elevator, refrigerator, air compressor, ventilator, escalator and pump
- **Four items added in 2011.**
  - \* 4 items: air-conditioner, washing machine, LCD monitor, desktop PC
- **Added eco-friendliness evaluation in consideration of lifecycle carbon emission**
  - \* Evaluation method: scores of relative evaluation in the area of price (40%), performance (30%), and environment (carbon emission 30%) were the basis of choosing the winning bidder (suppliers with highest scores)

IV

# Building infrastructure to increase public demand





## IV. Building infrastructure to increase public demand



### 1. A system to designate Minimum Environment Standard Products

#### Overview

- ✓ Aiming to lead the development of green technology of Korean companies on the basis of public procurement purchasing power
- ✓ Environmental factors (standby power, energy consumption efficiency, recycling, etc.) reflected in purchasing specification.
- ✓ Entry allowed for companies meeting these requirements only.

#### Criteria and effects

- ✓ Select items heavily affecting the development of green technology and expansion of green market.
  - Minimum Environment Standard Products representing 47.0% of total supply of green products (in 2015)
- ✓ Management of Minimum Environment Standard Products serve to expansion of public green market, and public green market functions as a leverage to increase demand of residential and commercial sector.



## IV. Building infrastructure to increase public demand



### 1. A system to designate Minimum Environment Standard Products

#### Criteria and effects

- ✓ With consideration for Korean certification standards and technical levels of the market by product items, technical levels will be upgraded step by step.  
→ If necessary, upgrade of domestic standards like KS will be requested → to enhance technology and win global markets.
- ✓ Given technical divide between large companies and SMEs, the system should be in place variably.  
→ Adaptation period allowed to SMEs and boosting technical development.

**Energy Sector**  
(49 items  
including PC)

**Eco-friendly  
Sector (26  
items)**



## IV. Building infrastructure to increase public demand



### 1. A system to designate Minimum Environment Standard Products

#### Supply of Minimum Environment Standard Products

Support project Role	2010	2012	2014	2015	Remarks
Supply of procurement items	142,249	165,593	183,186	194,756	Ratio of Minimum Environment Standard Products (B/A)  •(2010) 19.9% → (2015) 47.0%
Green products (A)	18,365	40,142	61,054	61,095	
Minimum green standard products (B)	3,648	15,803	29,497	28,702	





## IV. Building infrastructure to increase public demand



### 2. Operation of Green Public Procurement Information Network

#### Green Public Procurement Information Network

- ✓ The network provide a wide variety of information covering types and procedures of green certifications, certified items and technologies, responsible departments, relevant laws, preferential purchasing programs, and PPS green product contracts in Korea.





## IV. Building infrastructure to increase public demand



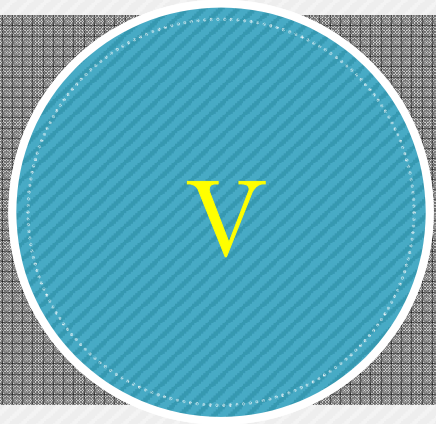
### 3. Formulation of Purchasing Guideline to boost green public procurement

#### Purchasing Guideline to boost green public procurement

- ✓ Despite mandatory provision for green purchasing obligation in place, purchasing methods are not specified, causing difficulties for the person in charge of public procurement
- ✓ The Guideline sets out the scope of green purchasing items, direct purchasing of green construction materials and alternative purchasing with green products, prior notification of green product purchasing specifications, green technology, and specification development guidelines. → **Propel public procurement by suggesting green purchasing guideline.**

#### Green purchasing training

- ✓ This training program is offered for public procurement manpower to provide and share information concerning the government's directions for green policy, importance of green purchasing, method of green purchasing, and excellent cases of green purchasing.  
→ **Promote active participation in low carbon, green growth policy and spread of green public procurement**



# Expansion for public buildings to be constructed with green materials





## V. Expansion for public buildings to be constructed with green design



### 1. Increase in green buildings in green design

#### Driving the spread of green public buildings

- ✓ 12 (70%) out of 17 projects whose design was completed as a result of customized service led by PPS ordering and design won energy efficiency grade and eco-friendly building certification.
  - 8 customized service projects were rated as Grad 1 Building Energy Efficiency.
  - Eco-friendly construction design was applied, saving KRW 870million of budget in consideration of benefits for the next 20 years.



# V. Expansion for public buildings to be constructed with green



## 2. Green Remodeling

### Green Remodeling

- ✓ It is a scheme to improve energy efficiency by means of expansion, reconstruction, and major repair of existing buildings and to raise their value as a eco-friendly building through recycling of materials.
  - Total service to support the entire process from budgeting to design and construction management.
  - Reduction of GHG emissions, environment preservation, and green construction projects



# V. Expansion for public buildings to be constructed with green



## 3. Preferential evaluation of green builders

### Preference given to green companies in preliminary qualification (PQ) and bidder qualification

- ✓ Preference given for building energy efficiency grade certification, eco-friendly building certification, etc.

### Setting evaluation items

- ✓ Setting evaluation items for high-energy efficiency, low carbon eco-friendly design and assessing excellence of applied green construction techniques

### Design-build project order for eco-friendly facilities including waste to energy and recycling facilities → encourage technical expertise in design and construction

- ✓ Waste to energy and recycling facilities: used to change waste to energy sources like biogases from wastes and heat generated by burning wastes.

# VI

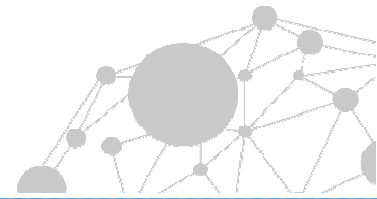
## Major outcomes







## VI. Major Outcomes



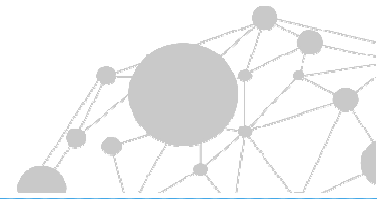
### 1. Increase in purchase of green products

 Purchase of green products soared 3.4 times to KRW 6.1 trillion(31.4%) in 2015, compared to KRW1.8 trillion (12.9%) in 2010.

	2010	2012	2015
Purchase of Items (A)	142,042	165,593	194,756
Purchase of Green Products (B)	18,365	40,142	61,095
Ratio (B/A)	12.9%	24.2%	31.4%



## VI. Major Outcomes



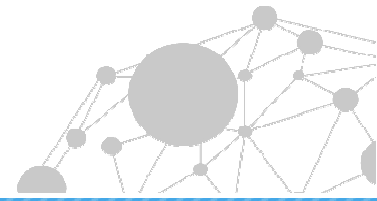
### 2. Socio-economic effects

#### Economic effects of the Designation System of Environment Standard Products

- ✓ **Analysis on environmental and economic benefits and job creating effects of the Designation System of Minimum Environment Standard Products**
  - **Direct effect: KRW144.6 billion of energy saving**
  - **Indirect effect: KRW306.2 billion of reducing environmental load emissions**
  - **Jobs added: 7,800**



## VI. Major Outcomes



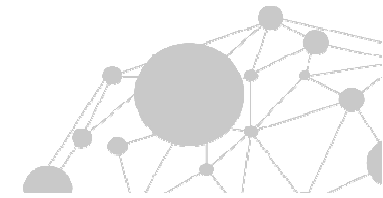
### 3. Boosting public demand for eco-friendly green construction

#### Fostering green remodeling

- ✓ Remodeling Chung-Ju Tobacco plant as the National Arts Preservation Center
  - - Investing US\$39.6 billion in construction costs and remodeling the non-operating plant as an art center
  - **Cost saving of \$15 billion, compared to new construction. Building improved to a 2nd grade in energy efficiency and eco-friendly architectural certification class.**



## VI. Major Outcomes



### 4. Key Success Factors & Future plan

#### Success Factors

- Enacting the law to encourage purchase of green products
- Monitoring system in connection with PPS E-procurement system
- Evaluation of green performance
- Financial & reputational incentives

#### Limitations

- Staff in charge of GPP in public agencies frequently changes
- Ineffective management of indirect procurement (e.g. construction)
- Shortage of green products criteria (especially, constructor materials)

- ▶ **Stimulate public demands by diversifying product groups**
- ▶ **Connect with external systems to monitor GPP not purchase by PPS**

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# Thank You

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