



# Challenges and opportunities for using LCCA in public procurement: the EU perspective

**“Tendering for sustainable infrastructure in the circular economy”**

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# EU public procurement legislation

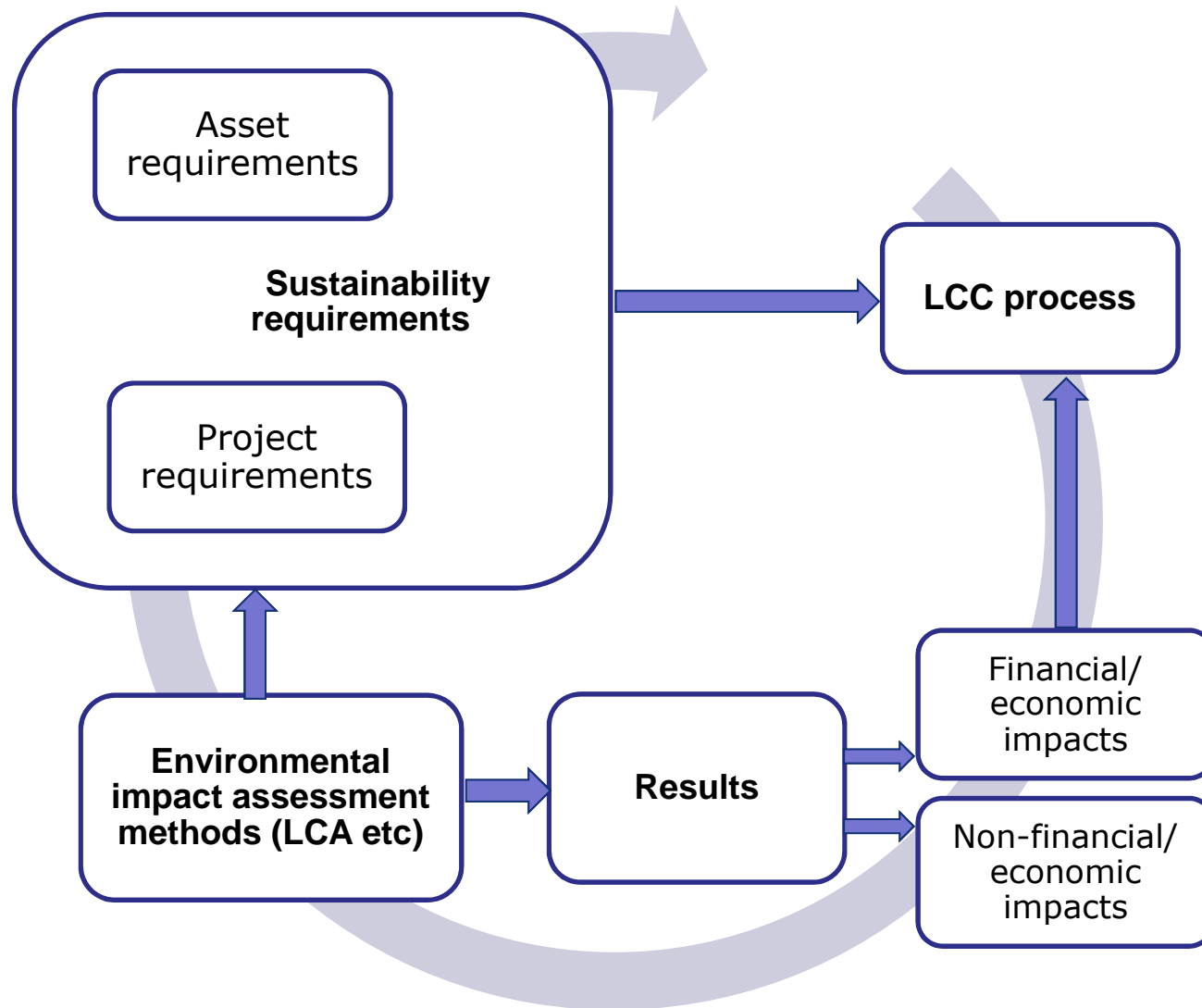
- Legal framework modernised in 2014, now in place in most Member States
- Focuses on many of Europe's challenges
- In particular; the transition to a resource-efficient, energy-efficient and circular economy, more equal and inclusive societies

# LCC in EU public procurement law

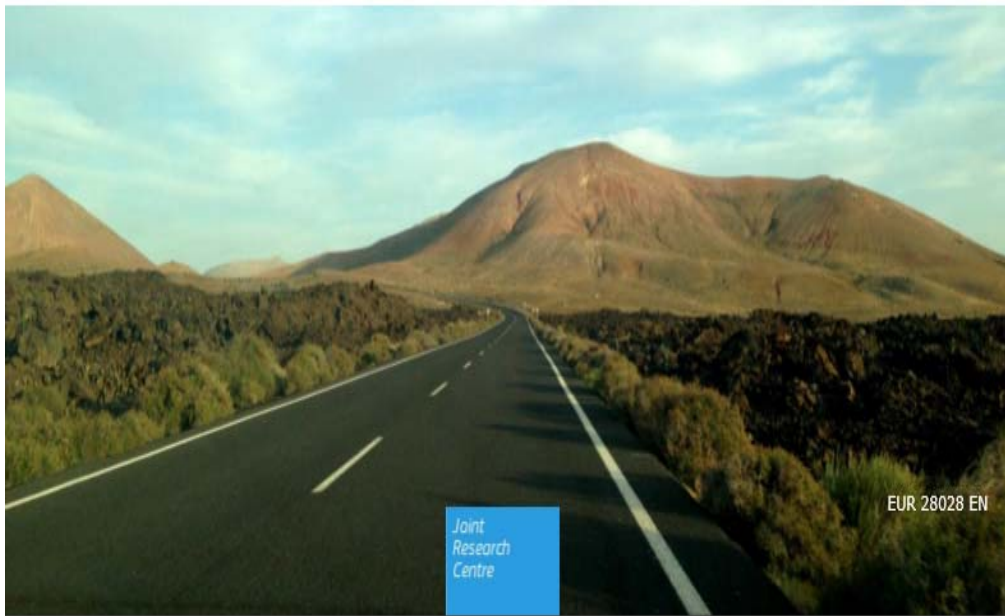
- Possibility of using LCC in the award of the contract
- Part or all of acquisition, use, maintenance, end-of-life costs
- Environmental externalities if accessible, objectively verifiable and non-discriminatory method, and data required is not burdensome
- If an EU legal act covers LCC, it shall be applied in public procurement

# Remarks

- *Environmental impacts taken into account in LCC*
- *But LCC is an **economic** analysis – it does not necessarily pursue the same logic as an **environmental** assessment*
- *Risk analysis is part of the exercise (forecasts of future costs). But the formal management of risks is dealt with separately*
- *Different levels of analysis/complexity*



# GPP criteria for road design, construction and maintenance




- **The rationale and scope for considering life cycle costs**
- **How the GPP criteria can reduce life cycle costs**

# Promotion campaign for LCC in construction (2009)

- Development of a EU methodological framework + guide
- Application/validation of 15 case studies

## Case study 4 - A50 Ewijk – Valburg Road (NL)

<b>Project sector</b>	Civil/Infrastructure	<p><b>Figure 1</b></p> 
<b>Project type</b>	Road widening	
<b>Project value</b>	Large (50+ million euros)	
<b>Procurement route</b>	Design and Build	
<b>Project stage</b>	Detailed design/tender stage	
<b>Project description</b>	Road widening, intersections customization, new bridge	
<b>LCC Specialist</b>	<b>Rijkswaterstaat</b> Jaap Bakker	

# Lessons learnt

- *Need for common cost terminology - encourage initiatives similar to International Cost measurement standards*
- *More systematic and rigorous collection of data and information about public construction works (infrastructure passports?)*
- *Pragmatic approach to deal with the relation between sustainable development and LCC*
- *Need for accompanying measures (guidance, case studies, training, etc.)*



# National and sector initiatives to develop LCCA tools

- Commission's capacity to check the legality and relevance of all existing initiatives?
- Commission would encourage these principles:
  - Initiatives widely supported by the sector;
  - Initiatives compatible with equal treatment, transparency, link to the subject matter and non-discrimination

# Improving infrastructure maintenance

**Discussion paper (Sept. 2018):**  
[https://ec.europa.eu/growth/content/ec-discussion-paper-published-maintenance-road-and-rail-infrastructures\\_en](https://ec.europa.eu/growth/content/ec-discussion-paper-published-maintenance-road-and-rail-infrastructures_en)

- *Contracts incorporating life cycle and performance-based maintenance*
- *Efficient methodologies to evaluate asset management*
- *Digitalisation and artificial intelligence enabling predictive maintenance*