

Public procurement in the Nordic Countries represents about €125 billion per year – this purchasing power can effectively contribute to a better environment. An environmental focus can, in addition, increase the organisation's added value, reduce total costs and improve profile

a good buy

How much does procurement contribute to value creation in your organisation?

What added value does a stronger environmental focus give?

And what can you, as leader, do?



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for politicians in local government and public sector managers

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Some facts

the incorporation of environmental considerations into procurement practice reduces environmental impacts

The UN summit in Johannesburg in 2002 agreed on the following:
Fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. [...] This would include actions at all levels to: [...] Promote public procurement policies that encourage development and diffusion of environmentally sound goods and services.

OECD recommends:
...that Member countries take greater account of environmental considerations in public procurement of products and services [...] Act C(2002)3

This fact is emphasised in the Nordic Strategy for Sustainable Development and by all Nordic governments. The legal framework for public procurement provides a good opportunity to specify environmental requirements.

The most important environmental challenges in today's consumer society are to:

- Reduce the emissions of greenhouse gasses
- Reduce the emissions of hazardous chemicals
- Avoid the over-consumption of resources and limit the volume of waste
- Stop depletion of the ozone layer
- Safeguard biodiversity (i.e. the number of living species)

In procurement, it is therefore important to minimise:

- Consumption of raw materials and energy
- Chemicals in products
- Polluting emissions
- Waste generation

Taking the environment into account has advantages

focusing on environmental aspects in procurement gives the following benefits

- The organisation contributes to sustainable development
- Improved profile due to emphasis on social responsibility
- The organisation saves money, e.g. by choosing cars with low fuel consumption
- The local environment is improved – both for employees and for citizens
- Reduced risk – with respect to profile and costs
- Support to political decisions

What is the status for procurement?

the goals of the organisation must be met – with effective resource utilisation

Your most important resources are the work force and purchased goods and services they use. Unsatisfactory procurement can cause significant cost overrun, directly in cash, indirectly in frustration, lost productivity and negative reputation.

Including all investments and purchase of goods and services, procurement costs often represent 40-70% of total operational costs.

Do you have a good overview of procurement in your organisation? Pose the following questions:

- What proportion of the budget is spent on procurement every year?
- What policy and guidelines apply for procurement?
- What goals have been set and how does one report progress relative to these?
- How is the procurement function organised and is procurement competence satisfactory?
- What framework contracts exist and how loyal is the organisation to these?
- Is the main focus on purchasing costs, or do you take life cycle costs into account?

How can you improve your environmental profile and ensure effective procurement? A good start is to adapt the draft procurement policy on the next page to your organisation, get it adopted and then implement it.

Draft procurement policy

The following elements should be adapted for use in your organisation

1. Foundation

The policy should have a firm foundation based on national legislation, overlying policy statements, an environmental management system, strategies, etc.

2. For whom?

This procurement policy applies to employees and suppliers.

3. The procurement function: responsibilities and roles

The procurement function shall:

- Be a service function that contributes positively to the organisation's value creation
- Acquire the goods, services, buildings and installations that are necessary
- Ensure that the acquisitions contribute to effective operations and the best possible economic results over time
- Contribute to reducing the total environmental load from goods and services that are purchased and consumed
- Ensure that procurement is carried out according to relevant laws and regulations

4. Supply strategy

The procurement function shall have a holistic perspective on procurement and a supply strategy that:

- Identifies critical products for the organisation
- Identifies the product groups that have the greatest potential for improvement
- Organises every purchase so as to be as effective as possible

5. Ethics

The procurement function shall be based on the following ethical principles:

- Relationships to suppliers shall be based on transparency, honesty and credibility
- All behaviour shall be such as to ensure that our integrity and credibility are not in doubt

6. Principles for the procurement process

The procurement process shall be based on the following principles:

- Always consider alternative solutions and avoid buying new goods when possible
- Identify and assess the real needs in collaboration between the procurement staff and the end user
- Always take a holistic overview when verifying needs across departments and over time
- Use objective and performance-based specifications and criteria
- Follow up the contract and deliveries from the usage phase through to scrapping
- Inform losing bidders why they were not awarded the contract

7. Guidelines for choice of supplier

The following guidelines will be applied when choosing suppliers:

- The suppliers shall, amongst other things, be selected on the basis of their experience, competence, technical ability to execute the contract, reliability and documented systems for environmental and quality management
- When selecting products or solutions, attention must be paid to life cycle costs, quality and environmental characteristics

8. Reporting

The procurement function shall report annually to senior management on how this policy is being addressed.

An electronic version of this draft policy is available at www.norden.org/miljoe/sk/innkjop.asp

Further information

In the Nordic countries information in English on green purchasing is limited.

However, the following websites exist:

- The Swedish Instrument for Ecologically Sustainable Procurement is available at www.eku.nu/eng/
- The Finnish environmental state administration addresses Green Public Purchasing at www.ymparisto.fi
- Public Procurement Advisory Unit in Finland is presented at www.ktm.fi. The Unit gives information on how to deal with environmental aspects in professional purchasing.
- The Finnish database on products and the environment is available at www.hymonet.com (choose "in English")
- In Denmark the Danish Environmental Protection Agency has worked on Green Public Procurement for many years. Some of the work is presented at www.mst.dk/homepage/ – choose "Products & Industry" and then "Green Procurement". Contact information is available at the bottom of the page.
- The Norwegian approach to eco-efficient purchasing is available at www.grip.no/Innkjop/English/Hoved.htm. This page also includes the handbook "GRIP Purchasing". The handbook is available both to download and in a printed version.
- The Norwegian Procurement Act § 6 concerns procurement based on an awareness of resource and environmental issues: "Central, municipal and county-municipal authorities and legal persons mentioned in [...] shall when planning each procurement have regard to the resource implications and environmental consequences of the procurement." The whole Act is available at odin.dep.no/nhd/norsk/p10002767/p10002770/024081-990048/index-dok000-b-n-a.html.
- The EU-commissions handbook "Buying Green!" is available at europa.eu.int/comm/environment/gpp/pdf/int.pdf.
- The Nordic Council of Ministers website is at www.norden.org



In addition to this brochure, a corresponding brochure aimed at procurement staff is also available. Both brochures are available in PDF format and can be downloaded from www.grip.no/Innkjop/English/Hoved.htm.



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the environment and public procurement

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