



norden

Nordic Council of Ministers

Green procurement makes a difference!

Prime examples from the Nordic countries



Contents

Green procurement makes a difference!.....	3
Green procurement – what can it achieve?.....	5
Green cars save money and the environment	6
Environmentally certified procurement	9
Better animal husbandry and shorter transport times	10
Climate-wise conference	13
Eco-labelling	14

Virtual servers a reality in Copenhagen.....	17
Green IT	18
Green criteria all the way	20
The market view of environmental criteria	21
Preconditions for green procurement.....	22
Further information	24

Green procurement makes a difference Good examples from the Nordic countries

ANP 2009:740

© Nordic Council of Ministers, Copenhagen 2009

ISBN 978-92-893-1894-5

Print: Scanprint

Cover: Par No 1

Layout: Par No 1

Cover photo: Joakim Ståhl, Future in Mind

Text: Mattias Ståhl, Future in Mind

Form: Mattias Ståhl, Joakim Ståhl, Future in Mind

Photos: Joakim Ståhl s. 2, 3, 4, 9, 12, 15, 19, 20,
Uli Deck/Scanpix s. 6,

Tomas Oneborg/Scanpix s. 8, Jurek Holzer/Scanpix s. 16.

Copies: 1200

Printed on environmentally friendly paper

This publication can be ordered on www.norden.org/order.

Other Nordic publications are available at www.norden.org/en/publications

Printed in Denmark



Nordic Council of Ministers

Store Strandstræde 18

DK-1255 Copenhagen K

Phone (+45) 3396 0200

Fax (+45) 3396 0202

Nordic Council

Store Strandstræde 18

DK-1255 Copenhagen K

Phone (+45) 3396 0400

Fax (+45) 3311 1870

www.norden.org

Nordic co-operation

Nordic cooperation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and three autonomous areas: the Faroe Islands, Greenland, and Åland.

Nordic cooperation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic cooperation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

Green procurement makes a difference!

“Tomorrow’s world is the result of today’s decisions”

A single light bulb won’t save the world but the right type of bulb in every light in the public sector would make a huge difference! Green procurement reduces environmental impact and points the way towards a sustainable future.

Social and environmental responsibility is a top priority for the public sector in the Nordic Region. According to the *Sustainable Society Index 2008*, three out of the top four leading countries in the world in sustainable development are from the Nordic Region.

Procurement is one of the most important mechanisms for achieving sustainable development. The Nordic countries are already good at enforcing environmental standards, but considerable scope for improvement still remains. Goods and services worth around €120 billion are procured for the public sector in the Region every year. Stringent and relevant standards help alleviate the environmental impact, promote effective use of resources, and ensure a wider range of environmentally sound goods and services.

This brochure presents a number of inspirational examples of green procurement in the Nordic Region. We hope it will help decision-makers and procurement officers to raise environmental standards.

We live in a world of unsustainable consumption, over-exploitation of resources, regular flood warnings, shrinking fish stocks and hazardous chemicals. It is of paramount importance that we recognise and exploit the potential for change.

Green procurement policies make a difference! They reduce environmental impact, manage taxpayers’ money more responsibly and illustrate the pioneering role the public sector plays in sustainable development.

Great challenges lay ahead, but we can all play a part in sustainable development by buying wisely.

Keep up the good work!





Green procurement – what can it achieve?

By 2010, half of all public procurement in Europe must be green. However, the level of ambition needs to be even higher if we are to meet our long-term target – cutting CO₂ emissions by 20% and increasing the proportion of renewable energy by 20% by 2020. The tools and expertise are there, and the market is calling for stricter environmental regulations.

Qualitative regulation reduces the impact in several ways. Some of the examples in this brochure are of clearly identifiable and quantifiable methods of using energy more efficiently. Others are about reducing dependence on chemicals, improving animal husbandry and running organisations according to green principles.

Here are just a few examples of the benefits and potential of the activities outlined:

- In the Finnish city of Turku, environmental criteria for lighting and office equipment are expected to reduce electricity consumption by approximately 50%. If the whole EU were to adopt these standards, operating costs would be halved and CO₂ emissions cut by around 15 million tonnes p.a. If the whole world were to use the most energy-efficient light bulbs, CO₂ emissions would be cut by around 190 million tonnes, which corresponds to approximately one fifth of the European target for reducing emissions of carbon dioxide by 2020.
- If the whole European public sector were to adopt the Danish Ministry of the Environment's guidelines for cars, CO₂ emissions would be cut by around 100,000 tonnes p.a., fuel and operating costs by a third. If all cars sold in Europe met these standards, CO₂ emissions would be cut by 220 million tonnes, more than a fifth of the European target for 2020.
- If all IT purchases in Europe followed the example of Copenhagen City Council and the Swedish Administrative Development Agency, energy consumption would be cut by around 30 TWh – roughly the equivalent of four nuclear reactors.
- If all the local authorities in the Nordic Region matched the performance of Copenhagen's new server park, their networks would be more secure, costs would be reduced, and CO₂ emissions cut by about 160,000 tonnes.

Green cars save money and the environment

The Danish Ministry of the Environment and National Procurement Limited – Denmark (SKI) have worked closely together on the development of environmental criteria for cars. The criteria specify that CO₂ and particle emissions must be reduced and that operating costs must be cut by a third.

The procurement criteria apply specifically to the Ministry of the Environment’s vehicles, but other Danish bodies are encouraged to adopt them as well. The Ministry of the Environment has also published eco-driving guidelines for purchasers.

The criteria focus on both the environment and safety. Diesel vehicles must have particle filters and cars must not emit more than 140 grammes of carbon dioxide per kilometre – corresponding to a reduction of around one tonne per vehicle. Fuel and operating costs are also to be reduced by around one third.

“The main challenge was to ensure that our criteria did not conflict with legislation,” says Søren Jensen, chief procurement advisor at the Ministry of the Environment. “A number of parties collaborated on procurement, but just one took the lead. This made the task simpler.”

For the procurement criteria to be successful, they had to ensure both a high level of safety and low fuel consumption.

“The dialogue with the auto sector was extremely positive, and we learned a great deal,” Jensen says. “We deliberately chose to set environmental criteria at a reasonable level, but as a result of the positive response, we intend to make them stricter as soon as possible.”

The Environment Ministry is now building upon the skills and experience gained in its procurement work to put together a national framework agreement for green cars. This agreement will be made available to all public-sector procurement officials.

“We will make the environmental criteria stricter when the agreement is renewed,” Jensen elaborates. “Technology and possibilities change rapidly in the car industry, so the new criteria will reflect the latest trends.”

Crucial for procurement outcome

- Co-operation with SKI
- Criteria must not conflict with legislation
- Green procurement is an organisational priority
- Economic and environmental benefits

Development potential for next procurement

- Include the same criteria in national framework agreement
- Stricter eco-driving criteria for particular sectors
- The market is ready for tougher CO₂ criteria





Environmentally certified procurement

Politicians in Nordland County, Norway, have an ambition to be environmental pioneers. In 2005, the County Council decided that its procurement should be ISO 14001 certified. The process began in 2007, and certification was granted to the purchasing department in December 2008.

The improvement plan for Nordland's purchasing department required that all suppliers should be certified in accordance with ISO 14001, the Norwegian Eco-Lighthouse or equivalent. Those who do not currently meet certification requirements are given one year to implement a systematic environmental programme. The council provides help and guidance to maximise the impact of the initiative.

"We don't want to exclude any suppliers, but everyone must make a contribution if we are to cope with modern environmental problems," says head of purchasing Dagfinn Sivertsen. Several suppliers have realised the value of certification, and some have even gone further than the criteria imposed by the council.

It is still too early to evaluate the environmental benefit of these measures. But dialogue with suppliers has been developed, and internal work processes have become more efficient.

"We now have more control and better monitoring, and environmental considerations are now very much part of public procurement," says Sivertsen. He recommends that others follow suit, but points out that the process of constantly developing the system requires patience and commitment.

"Progress is driven by our motivation, which is to constantly raise environmental standards in public procurement," he says.

The purchasing department has very specific environmental targets for 2011, including:

- To make environmental factors a selection criterion in all contracts, and weight them at 20% in overall evaluations
- To increase the proportion of eco-labelled products by 30%
- To increase the proportion of electronic invoices by 20%
- To increase the availability of ecological products by 10%.

Crucial for procurement outcome

- *Motivation on environmental issues*
- *Strong political commitment to the environment*

Better animal husbandry and shorter transport times

In 2008, five local authorities in Blekinge joined forces to purchase fresh and processed meat products. These small authorities have limited resources, but partnership has improved their bargaining power and procurement standards.

The five councils came together to buy meat that met their environmental standards and procurement criteria – including good animal welfare, access to grazing, and GMO-free ecological products. They also demanded information about origin labelling, use of antibiotics and incidence of salmonella and that transportation adhere to specific criteria regarding environmental classification, the type of fuel and tyres used, and so-called “alcohol locks”.

“In our procurement work we decided to focus on animal handling and the environmental impact of transport,” says Anna-Karin Landgren, procurement officer for Karlhamn.

The local authorities developed their criteria through dialogue with the Swedish Environmental Management Council (MSR). The challenge was to convert MSR evaluation criteria into compulsory standards – for example, that animals must be anaesthetised before slaughter, and that transportation to slaughter must not take more than eight hours.

“The MSR procurement criteria must be adhered to, but our purchasers are also free to impose higher standards,” Landgren says. “Our ambitions are guided by the purchasers, and we are prepared to raise the bar a bit higher.”

Meat consumption has a significant environmental impact in terms of long-distance transport, major land usage and other resources used in production. According to the Delfi FoodserviceGuide 2008, public-sector catering in Sweden spends around SKR 2.3 billion on fresh and processed meat products every year.

“The challenge lies in maintaining and following up on internal dialogue,” says Landgren. “We hope that our criteria will lead to shorter transport distances, a higher proportion of ecological products, improved animal husbandry and safer transport for drivers and everyone else.”

Crucial for procurement outcome

- Local political support, although dealing with five municipalities is time-consuming
- Efficient use of resources through partnership
- Dialogue with stakeholders, environmental experts, suppliers and politicians
- Ecological products only in certain categories

Development potential for next procurement

- Establish a common political decision-making process between local authorities
- Follow-up on environmental benefits
- Enhance internal dialogue in order to raise ecological awareness and reduce the amount of meat consumed





Climate-wise conference

In 2007 and 2008, Baerum Council in Denmark purchased hotel and conference services under new environmental criteria focusing on waste, chemicals, water and energy consumption, transport and product range.

The local authority developed specific environmental standards based on the criteria for the hotel industry laid down by the Procurement Panel, which was set up by the Environment Ministry in 2005 to advise on green public procurement.

The criteria focus on waste generation, the use of chemicals, ecological product range, water consumption, and whether suppliers use eco-labelled products. Suppliers win extra points for providing customers with green information.

“Environmental criteria were weighted at 25% in our evaluation, which is significantly higher than before,” says Paal Nustad, the project leader in Baerum.

The local authority stipulated that travel times to conference centres should not exceed 40 minutes for one-day conferences, or two hours for conferences involving

overnight stays. The aim was to reduce the environmental impact of transport and encourage expensive staff time to be used as efficiently as possible.

In addition to its service requirements, Baerum also requires suppliers to document a systematic environmental programme and ongoing improvements. The council buyers were worried that suppliers would either not be interested in the tough demands or would resist them.

“In fact, it was just the opposite,” Nustad explains. “The suppliers thought the criteria were good and relevant, and their employees reacted positively to the environmental specifications. We were delighted with the results. Dialogue with the suppliers has worked really well. Several suppliers are certified by Norwegian Eco-Lighthouse, one hotel has the Swan eco-label and one supplier is working on ISO14001 certification.”

Crucial for procurement outcome

- *Good support from the Procurement Panel's environmental criteria*
- *Constructive dialogue with suppliers early in the process*
- *Suppliers see business advantage of close co-operation on the environment*
- *General social acceptance of environmental issues*

Development potential for next procurement

- *Stricter criteria. Some evaluation criteria could evolve into compulsory criteria*
- *Greater focus on following up and evaluating the results of environmental work*

Eco-labelling

The Finnish city of Turku has purchased light bulbs that are capable of reducing lighting costs by up to 50%. This is a major saving, since lighting accounts for about one third of the electricity consumed in offices.

Turku's light-bulb procurement was guided by environmental criteria from Green Labels Purchase (GLP), a European project developing environmental standards for a range of products to promote eco-label criteria in public procurement.

Turku has a history of introducing environmental criteria in public procurement. The city's sustainability programme uses procurement and controlled consumption as key tools in reducing its impact on the environment.

"Turku adopted GLP criteria as a pilot project," says Tuula-Marja Kosonen, Turku's head of procurement. "Our organisation already had considerable environmental competence, but we decided to bring in outside assistance for the development project."

More efficient lighting is a priority for environmental procurement. Lighting accounts for about one third of electricity consumption in Finnish offices – and approx. 90% of the total energy used by a conventional incandescent light bulb is lost as heat.

"Agreeing the environmental criteria to be used for this particular contract was quite easy," Kosonen recalls. The criteria focus on the light bulb's energy efficiency, lifespan, brightness, colour and content of mercury and other chemicals. In principle, they are based on the Nordic Swan and EU Flower eco-label criteria and the EU energy-labelling system.

"Our supplier offers a range of different models of varying environmental performance, so it's important that the people who place the orders are aware of the role they play and make conscious environmental choices," he adds. The best bulbs in the winning tender are expected to deliver cost savings of up to 50%.

Crucial for procurement outcome

- *Good organisation and sound environmental competences*
- *Positive political backing with environmental issues a top priority*

Development potential for next procurement

- *Raise awareness of the framework agreement*
- *Improve follow-up*
- *Increase proportion of orders for the greenest products*
- *Involve users in procurement specification by setting up reference groups*





Virtual servers a reality in Copenhagen

When Copenhagen City Council wanted to purchase new servers, it turned to SKI (the Danish national procurement agency) for help. As well as offering better quality, the new servers will reduce both CO₂ emissions and costs.

Copenhagen's local authority recently replaced 638 computer servers with just 38 new ones. These larger, more efficient servers are linked together to offer greater capacity than the old system, despite the huge reduction in numbers. The five-year contract represents a major financial investment, but it is expected to save money in the long run.

The servers are now centralised in a single location, which simplifies operation and maintenance. The new cooling system targets specific areas, reducing energy consumption by around 33%. The suppliers have also promised to plant 500 trees in India in order to capture carbon dioxide and offset the CO₂ emissions from the servers' power supply.

This new solution will reduce CO₂ emissions by 3,550 tonnes or 75%. In addition, the new installation requires less energy and servicing, representing a saving of around DKK 1.6 million per year. This is a prime example of the way in which quality, the environment and financial criteria can go hand in hand.

"We asked the suppliers to specify the electricity consumption of their products," explains Andreas Hare, project leader at Copenhagen City Council. "Environmental considerations were not crucial, but they did play a major role."

Crucial for procurement outcome

- *Sound environmental competence secured via SKI*
- *Environment a high priority on the political agenda*
- *New organisation with a joint IT centre*
- *Positive dialogue with suppliers*

Development potential for next procurement

- *Keep up with the new opportunities afforded by rapidly changing technology*
- *More flexible systems developed in response to need*

Green IT

In 2007, Verva negotiated framework contracts for computers, screens and accessories for the whole of the public sector in Sweden. The requirements for low energy consumption were tougher than ever, and the procurement process also stipulated criteria for noise, recycling and dangerous substances.

Verva, the body responsible for Swedish administrative development, is one of 12 authorities that negotiate framework contracts¹⁾, the point of which is to make state procurement more efficient. Verva also investigates opportunities to develop environmental requirements for individual framework contracts that go further than the minimum legal standards.

“During the procurement process, we eliminate the products with the worst environmental performance,” says Anna Hillström, who is responsible for environmental issues in Verva’s IT procurement. “But the performance of the items we purchase still varies greatly, so it’s important that those who place the orders continue to compare products.”

The procurement process focused on a number of different areas. Priorities included advanced, future-proof but practical environmental criteria and smart technological solutions that will enable communication between different parts of the social system. Two external environmental experts participated in the whole process, from analysis and design of the specifications to final evaluation.

“The environmental criteria focus first and foremost on the products’ environmental performance in the form of energy efficiency, noise level, recycling and the use of environmentally harmful substances,” Hillström explains.

The criteria were more demanding than before, but the suppliers’ response was positive. Open dialogue between Verva and the suppliers was crucial to the procurement process.

“I believe many suppliers were influenced in a positive direction by the market analysis,” Hillström states. “It’s important to stress the importance of environmental criteria in the evaluation. That way, the suppliers will be more careful with the documentation.”

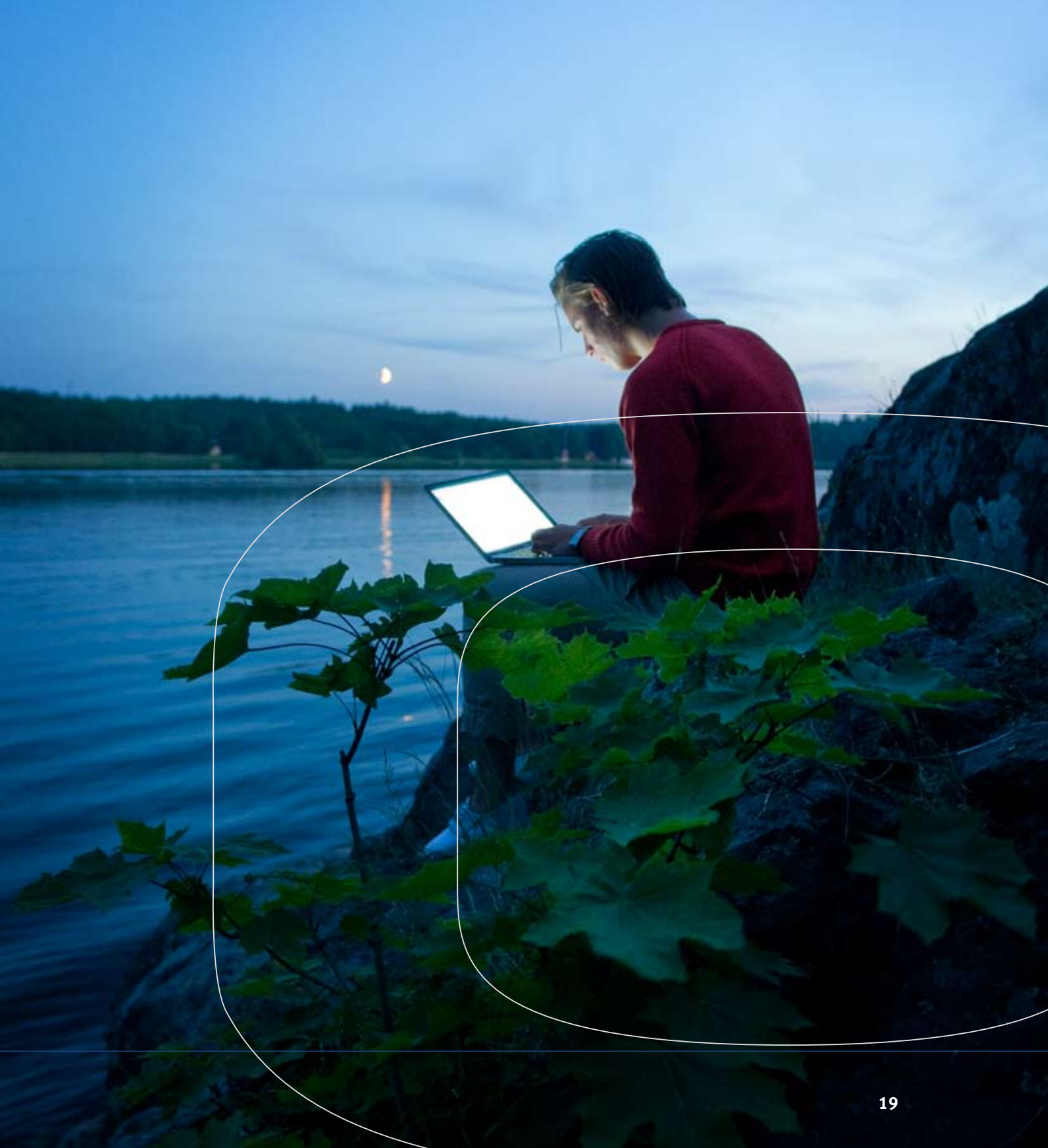
Crucial for procurement outcome

- *Good, perceptive organisation with appropriate environmental competences*
- *Wide-ranging dialogue with the IT industry*
- *Public debate focused on the environment*
- *Suppliers and purchasers realise that green products generate savings, and the myth of expensive environmental standards is dead*

Development potential for next procurement

- *Ensure those placing orders are environmentally aware and select products with the best environmental performance*
- *Ensure optimal installation of equipment from operational, economic and environmental perspectives*
- *Insist that equipment offering the greatest possible energy savings is installed and activated*
- *Require the supplier to take responsibility for installation*

¹⁾ With effect from 1 January 2009 Verva’s responsibility for IT procurement was transferred to the Swedish Legal, Financial and Administrative Services Agency



Green criteria all the way

The procurement unit in the Finnish city of Espoo sought the city environmental department's help to formulate criteria for tissue paper. This enabled them to buy high-quality products with a low environmental impact.

Espoo's vision is to improve quality of life and provide an internationally competitive business environment based on sustainable development. Sustainable development is one of Espoo's fundamental values, so the procurement unit's environmental work enjoys widespread support.

The unit turned to one of the city's environment inspectors for help in defining and evaluating procurement criteria. "We are engaged in active dialogue with the environment department, and we aim to constantly develop and improve our partnership," says head of procurement Jani Väisänen.

The procurement group also included experts in purchasing and logistics, as well as a range of end-users with diverse knowledge and skills.

The environmental requirements were based on Swan eco-label criteria and focused on raw materials, chemicals

and packaging. The procurement unit also set standards for quality, efficiency of delivery and environmental impact. The criteria are designed to reduce environmental impact and to save money.

Espoo is large city with a great many delivery points. More efficient transport solutions are an important aspect of reducing overall environmental impact. For example, after delivery, suppliers must now take some of the customers' waste away with them in order to avoid journeys with empty vehicles.

"We are working with suppliers to optimise transport," Väisänen explains. "Our environmental criteria have not had the negative effect on prices some people feared."



Crucial for procurement outcome

- *Clear, well-defined criteria that facilitate fast, simple, efficient and objective evaluation of tenders*
- *City environmental expertise*
- *Positive backing from users*
- *Dialogue with suppliers*

Development potential for next procurement

- *Co-ordinate the development of suppliers' logistics and Espoo's ordering routines, with a view to reducing environmental impact*
- *Apply a range of specialised skills from city departments in the procurement process*
- *Ongoing synchronisation of contract terms with suppliers*

The market view of environmental criteria

Clear environmental criteria in procurement leads to better dialogue with the market and helps all the stakeholders make a more effective contribution to a sustainable future.



Hans Wendschlag, Europe Environmental Manager, HP

The Nordic market, in particular the public sector, has been a driving force in environmentally friendly IT products.

“Environmental criteria and business advantages must go hand in hand, so it’s good to see environmental criteria for procurement being developed and clarified,” says Hans Wendschlag, explaining the crucial importance of dialogue between suppliers and purchasers for the development of green products.



Hans Waldén, Environmental & Regulatory Affairs Director, SCA

SCA Personal Care believes that public-sector environmental criteria evolved from earlier, less coherent standards that closely reflected the particular interests of individual buyers. Today’s environmental criteria are more relevant and consistent.

“Environmental criteria in the Nordic public sector may not have led directly to product changes, but we have certainly benefited from our experiences in international markets,” Hans Waldén says. He also identifies co-operation within the sector and closer dialogue between purchasers and suppliers as important elements in both green procurement and product development.



Anders Peterson, Head of Marketing, Ford Sweden

Public-sector demand for environmentally friendly cars has been a key factor in the evolution of the green car market.

“Purchasers insist on relevant criteria and our dialogue with them is positive. Volumes have also been satisfactory, which is a precondition for funding the development costs imposed by the criteria,” says Anders Peterson. He also points out that continuity of criteria and adherence to agreements by the purchasers are crucial because it can take several years to develop a new model.

Preconditions for green procurement

The procurement process is a complex one. Below are some of the factors that are key to successful green procurement.

The circumstances faced by, and the resources available to, each purchaser are unique, so it is important to identify your priorities.

Politicians and managers

- Define a clear political vision for sustainable development
- Formulate and communicate a green procurement policy with quantifiable environmental targets
- Establish an efficient procurement organisation that co-ordinates and makes use of specialised skills within the administration
- Provide committed and supportive management.

Purchasers

- Delegate responsibility for green procurement and ensure environmental competences
- Prioritise the most important products and environmental issues
- Seek partners for co-operation and make use of available tools
- Be aware of what the market has to offer
- Involve users in the procurement process
- Combine various types of criteria
- Allow for the whole life cycle of the product and prioritise environmental criteria in the evaluation
- Ensure that environmental criteria comply with legislation
- Maintain open and transparent dialogue with suppliers throughout the process
- Set measurable targets for environmental benefits and financial savings
- Be motivated, work strategically and take the long view.

Users

- Communicate the importance of the organisation keeping to its contracts
- Evaluate the experiences of end-users
- Follow up on environmental criteria by issuing questionnaires, making random checks and visits to suppliers – the market wants this feedback!
- Involve colleagues by informing them of environmental benefits and other positive results
- Be creative! Develop new models for using products and services more efficiently.



norden

Nordic Council of Ministers

Store Strandstræde 18
DK-1255 Copenhagen K
www.norden.org

Further information

The links below provide further information about green procurement. The websites deal with everything from overarching strategic issues to case studies, tangible advice and environmental criteria covering a wide range of product areas. This is just a sample – there is much more information out there.

Europe

www.ec.europa.eu/environment/gpp
Environmental criteria for various products and practical tips on green public procurement.

Denmark

www.gronindkobsportal.dk
Website created by the Danish panel for green procurement. The panel has been tasked with promoting green procurement by the Danish Environmental Protection Agency.
www.ski.dk/miljoogklima
SKI, the Danish national procurement agency, promotes opportunities for green procurement through its framework contracts. It also provides guidelines that help purchasers use the environmental criteria contained in the contracts.

Finland

<http://www.miljo.fi/default.asp?contentid=324497&lan=SV>
Finland's national environmental authority provides information about green procurement in Swedish.
www.hymonet.com/hymonet/
This website provides information about environmental standards and procurement criteria for a range of products. (Subscription site in Finnish only.)

Norway

www.innkjopspanelet.no
The Procurement Panel provides advice, criteria and guidelines for green procurement on behalf of the Ministry of the Environment.

Sweden

www.msr.se
The Environmental Management Council has developed criteria to facilitate green procurement in both the private and public sectors. The Council also provides advice and training.