

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

What can you, as a Procurement Officer, do?



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the environment and public procurement

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Good reasons for incorporating environmental factors in procurement

a better environment

The environment is threatened. There are more and more of us and we are consuming steadily more. We must therefore act to protect the Earth on which we depend. Eco-efficient goods and services are therefore an important contribution.

positive profile
and reputation

An organisation that takes the environment seriously projects a credible profile. The organisation's eco-profile can motivate employees and help recruitment of competent personnel.

lowest overall cost

Total costs from procurement, through operations to disposal are to be minimised. This is usually also good for the environment, because resources saved are money saved.

good products

Eco-effective products are effective – they do what they should. They are both useful and give satisfaction, as well as minimising environmental impact. Environment and quality often go hand in hand.

good suppliers

The focus on the environment will not disappear. The suppliers of the future are adapting to this reality. You can already contribute today to your suppliers' future by specifying environmental requirements.



"We have good experience from our work in environmental procurement. In general, the best suppliers are also best environmentally. For many products, our experience is that the environmental requirements do not increase costs – the procurement price is generally about the same, and operational costs are lower. Furthermore, eco-adapted products contribute to a better workplace and positive feedback from the users."

Rikke Dreyer, Advisor, National and Local Government Procurement service, Denmark

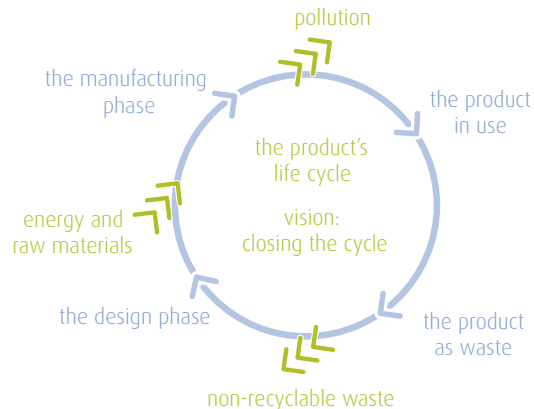
Some facts

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

- Reducing the emissions of greenhouse gases
- Reducing the emissions of hazardous chemicals
- Avoiding over-consumption of resources and limiting the volume of waste
- Stopping depletion of the ozone layer
- Safeguarding biodiversity (i.e. the number of living species)

In procurement, it is therefore important to manage:

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



Just as nature circulates in perpetual cycles, so must the products we manufacture, use, recycle and remanufacture. The goal is a closed cycle – with minimal consumption of energy and raw materials, negligible pollution and as little waste as possible.

Is it difficult? Is it legal?

is it difficult to specify environmental criteria in procurement?

Knowledge of the regulations is required in order to determine how different criteria can be applied in procurement projects. EU directives no. 2004/17/EF and 2004/18/EF of 31st March 2004 clarifies the opportunities for using environmental criteria. The EU Commission handbook "Buying green!" also does the same (see back page for more information)

If your organisation has good procurement practises, the inclusion of environmental criteria will be a relatively small job. Much can be achieved with relatively few criteria. If, for example, cars are to be bought, fuel consumption and emissions will be the two most important criteria. It doesn't have to be much more complicated than that!

More effort will be required if you decide to analyse a products environmental aspects, possible alternatives and what is appropriate for you. However, if you do this, you can then decide that it might be better to specify gas driven busses. This would then avoid the most difficult criteria.

You will often have to demand environmental alternatives explicitly – the market may not automatically offer them.



what is legal?

In the area of public procurement and the environment, most uncertainties have now been clarified by legal interpretations and court decisions. The European Court of Justice and the European Commission are positive about the inclusion of environmental criteria in public procurement. They are actively clarifying uncertainties and adjusting framework conditions to make things as easy as possible for Procurement staff.

These are some of the aspects that can be included:

- Specific requirements for the goods and/or services. This includes demands concerning, for example, raw material content, chemical content, durability, energy consumption, emissions, noise, etc.
- Requirements that the supplier must take back discarded products and packaging, or that they are affiliated to a particular system providing this service.
- Requirements that the product meets the demands of official labelling systems, for example, the Nordic Swan or the EU Flower. You cannot demand that the product must be eco-labelled, but the licence for labelling can be used as documentation.
- Requirements that suppliers of services, such as cleaning, transport or construction etc., have systems for quality assurance and environmental management. EMAS registration, ISO 14001 or an equivalent certification can be used as documentation.

- Requirements that the production process is environmentally sound, but only when this requirement can be specified in an objective and non-discriminatory way and related to the contract's subject matter.

Requirements that must be handled carefully or are not permitted:

- All requirements that clearly specify a named process or trademark/manufacturer
- All requirements that clearly favour specific countries
- Requirements that a supplier of goods has implemented a system for environmental management
- Requirements on transport distance

Good procurement requires good practice

most important...

The most important phase for any procurement is the needs assessment



You should focus on the performance that actually needs to be provided – not on specific brands, products or solutions. Maybe a purchase can be avoided by reusing or changing routines? Maybe completely new alternatives can be found? Doing a good job during this phase is a must for successful procurement. Try to find effective answers to the following questions:

- ☐ What needs do the users have? What performance is required?
- ☐ How long will the need last? Will the need change as time goes on?
- ☐ How can the need be satisfied in other ways than buying new? Can methods and/or practices be changed?
- ☐ Can existing products be upgraded/repaired?
- ☐ Can a completely different solution be chosen?
- ☐ What environmental aspects are most important?

Specifications and awards – an art form

When the needs are clarified, the challenge is to translate these into objective specifications and award criteria. You can often choose whether a criterion should be a demand in the specification or an award criterion. In general, your basic requirements should be specified as mandatory demands or minimum requirements and be a part of the specification, whereas your preferences can be formulated as award criteria.

The fact that a fire engine should be red is a mandatory demand and should be included in the specification. The same applies to minimum requirements for acceleration, maximum speed and water tank capacity. At the same time, we should be open to better performance than the minimum requirements and in the award criteria favour the best acceleration, biggest water tank, lowest diesel consumption, lowest emissions etc. These are obviously contradictory requirements, but part of the art is to stimulate suppliers to offer better and better products – evaluate the benefits and then select the best solution.



An overview of life cycle costs

Saving resources means saving money. Get an overview of the life cycle costs (LCC). This means the costs for your organisation related to procurement, use and disposal. Then calculate the present value. This is a purely economic model that discounts future cash flow to produce a present value. This allows the different alternatives to be compared directly and reduces the chances of the solution you choose having unexpected cost consequences and thereby reduces the risks related to the procurement activity.

Component cost	Alternative 1 Plane ticket			Alternative 2 Train ticket			Alternative 3 Video conference		
	Year 0	Year 1	Year 2	Year 0	Year 1	Year 2	Year 0	Year 1	Year 2
Purchase cost									
Ticket cost									
Telecomms costs									
Lost working time									
Annual service									
Sum									

Transparency

Be open about the factors you think are important and also preferably about any weightings you are planning to apply. This makes the evaluation process more straightforward, open and transparent.

The Request for Tender

once the needs are assessed, work then concentrates on supplier selection and developing the specification and award criteria

In the specification the environmental requirements should be in the form of demands that must be satisfied. In the award criteria questions can be posed. The following questions can be adapted to the specific situation.



Eco-labelling

If official criteria for eco-labels exist for this product group:

- Does this product satisfy the requirements of an official eco-label, for example the Nordic Swan or the EU Flower? The licence number or other third party verification can be used as documentation.

NB: When official eco-label criteria exist for the relevant product group, they will cover most of the following points:

Chemical content

Chemicals that are hazardous to health and the environment are one of the greatest environmental challenges, but demand extensive knowledge. The following questions provide a lot of information, without requiring much in-depth knowledge:

- Does the supplier know which chemicals the product contains and in what amounts?
- What consequences do these chemicals have for health and the environment?
- Can it be guaranteed that the product does not contain banned or highly regulated chemicals?

For chemical products, the health, environment and safety data sheet can be used as additional documentation.

Durability

Products that are of low quality and have short lifetimes lead to more resource use and additional costs:

- What guarantees can be given on the whole product or parts of it?
- What possibilities are there for upgrades – and at what cost?
- Is a service contract available – and what costs/conditions apply?

Energy usage

Energy use is often a hidden cost. If the product generates unnecessary heat, four times as much energy will be required for cooling. Standardised methods must be used for calculating the energy usage.

- What is the energy use in operation (litres per 100 km, KWh per year)?
- What is the energy use in standby mode? (TV, PC, copiers etc.)

It is an advantage to include information on energy usage in present value calculations.

Emissions

Emissions come mainly from products where combustion occurs (cars, boilers, ovens etc). Other typical emissions are ozone (copiers), chemicals (cleaning and painting), vapour emissions (wall and floor coverings) and dust (wear and tear on surfaces, copiers). Emissions are often directly related to indoor air quality and health.

- What type of emissions does the product produce?
- What amount of emissions does the product produce?
- What health and environmental consequences can the emissions have?

Recycling system

One day the product will be scrapped. If it is still useful for others, it can be sold on the second hand market or in a recycling centre, but hazardous waste requires special treatment.

- Will the product/packaging become hazardous waste?

If the product/packaging does not become hazardous waste:

- **Product:** What return and recycling systems exist for the product?
- **Packaging:** Is the supplier associated with a national system for collection and recycling of packaging or, if not, does the supplier have a proprietary system that is approved by the authorities?

Transport

Transport causes environmental problems, both as a result of heavy resource use, large quantities of emissions and road building on farmland. The supplier's distribution system should therefore be as efficient as possible. However, you are not allowed to favour national suppliers in order to reduce transport impacts. Instead, consider the following points:

- Does the supplier coordinate transport to other customers at the same time?
- What delivery times/lead times can be offered with this coordinated transport?

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 local politicians and public sector managers 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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