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Green Public Procurement – Taking it to the Next Level
November 26, 2009, Stockholm, Sweden

CONFERENCE REVIEW



THE SWEDISH
ENVIRONMENTAL
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SWEDISH ENVIRONMENTAL
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Taking it to the Next Level

Date: November 26, 2009

Place: Rosenbad, Drottninggatan 1, Stockholm, Sweden

Moderator: Anna Linusson, Head of Environmental Department,
Stockholm County Council

Conference programme

Welcome

Maria Ågren, Director-General, Swedish Environmental Protection Agency and
Sven-Olof Ryding, Managing Director at the Swedish Environmental Management
Council (SEMCo)

Opening by moderator

Anna Linusson, Head of Environmental Department, Stockholm County Council

Stockholm County Council (SLL) works mainly with healthcare and public transportation. SLL takes care of 40 000 patients and have about 700 000 passengers who travel with public communications each day. SLL is now working with their fifth environmental programme (2007-2011). The vision of this programme is to provide the inhabitants with a good living environment. SLL shall also contribute to a sustainable development. The vision for the procurement is to promote good health and reduce the impact on the environment.

Today, SLL is working with environmental aspects in all their procurements. Procurement is one of five aspects that will help SLL to reach their environmental goals. The prioritized environmental objectives are pharmaceuticals, chemicals, energy, transports and other products. SLL has developed a priority list which takes into consideration aspects as volume and environmental impact. This priority list results in specified environmental criteria, which are being followed up. The most environmental friendly products are being “labelled” with a flower, so that the buyers easily can identify which products to prefer.

Anna urged the conference participants to have fun!

Urgent but not too late - threats and hope for Mother Earth!

Stefan Edman, biologist, author, environmental adviser

What can be done, what is going in the wrong direction and what is going in the right direction? There are some good trends. For an example, the child mortality has reduced in many developing countries and a lot of people have been lifted up from poverty. Another positive trend is that we have a lot of knowledge on how we can face the climate change challenge. This knowledge is seen both in the households and in the companies, for example we have learned how to be energy efficient. Still another positive trend is that there are more political will today than for 5 or 10 years ago. The position today is therefore a little bit better. But still, we have a lot of problems to solve.

It is important to take action now. The temperature cannot rise to a point where the climate change will speed up “over the tipping edge” and become uncontrollable. It is crucial to make the changes now - we have the technology and the products to do so. It is also possible from an economical point of view. GPP can help to speed up this development. It's an important tool that is close to people's daily life. GPP-models have to be created so that a win-win situation can be achieved. Finally; the climate change is not a burden, it's a possibility for the global community to solve many other related issues like poverty, equality etc.

GPP in Europe

Pavel Misiga, Head of Unit, DG ENV, European Commission

Why should we work with GPP in Europe and what is the connection to climate change? The carbon footprint is associated to human needs (food, communication etc). The industrial carbon footprint for individual consumption is high. If the developing countries follow the industrial countries in Europe, we will face a big problem. We cannot afford to have a development of this kind. We have to reduce the environmental impact of consumption. The Sustainable Consumption and Production (SCP) Action Plan is a dynamic system of minimum requirements. The Commission wants to provide a green development (with labels, GPP, Eco-design etc). It is important that the measures are reasonable and effective.

What can be achieved within the concept of GPP? The Commission has carried out a study in 7 member states (UK, DK, FI, NL, AU, DE, and SE). The study showed that GPP can decrease costs with approximately 1 %. It can also reduce CO₂ with 25 %. GPP shall be a voluntary tool and the political target is that 50 % of the procurements in all EU Member States shall contain environmental criteria in the year 2010. In order to help procurers, the EU Commission has developed a toolkit with common GPP criteria for prioritized products and service groups. At the moment there are criteria developed for 10 product groups. It is allowed for any Member State to have more far-reaching criteria if they wish.

What is the way forward? A new study is being made in 10 Member States on the criteria setting process. The Commission also develops new criteria for 10 other product groups. It is a time-consuming process and the Commission hopes to get feedback from the Member States. Some emerging issues are; mainstreaming of GPP, sustainable procurement and greening of economy (eco-efficient economy). Many Member States have developed national guidelines, and also started to develop criteria. The toolkit applicable on a European level will help nations who just started this work. Concerning social criteria, it is in a very early stage of development, but requirements related to social issues are already allowed within the public procurement directives.

From Graz to Stockholm – have we turned policy into practise?

Mark Hidson, Director Sustainable Procurement, ICLEI

There has been a strengthening of the political support within the EU for GPP in the last three years. A number of directives and other legal documents have been released since 2006 supporting GPP. In 2006, six Member States had implemented GPP actions plans and seven others had drafts prepared. In 2009 these numbers have increased to fifteen Member States having GPP action plans and five have GPP drafts prepared. There has also been a number of supporting measures being developed. The European Commission has held a number of workshops to raise the awareness on GPP. GPP has moved from just tackling the environment to a tool to develop economical stability, to support SMEs and to create jobs etc.

The 2008 study on GPP showed that 45 % of tender values and 55 % of the total number of tenders applied GPP for ten product groups in 2006/07. There are some good examples, like Malmö in Sweden, which is converting its school meals to be 100 % organic, and Kolding in Denmark, where environmental aspects are included in all procurements. In a time perspective it is somewhat strange that it is always the same cities and the Member States who act as good examples. GPP is not practised comprehensively all over Europe. There are some reasons for this. There is a lack of general management skills on GPP, lack of time and resources, and a lack of support and training for people dealing with GPP. Further reasons are that there are gaps between policymakers, tool developers and users, between the private and public sectors as well as between national and European level.

There is a lot going on in the area of GPP, but we need to take a step back. We now have an opportunity to harmonise procurement criteria at an European level. In order to do that, maybe we should focus on a limited number of criteria documents, which are constantly updated and that really function. There is also a need to put support structures in place and to share knowledge. National helpdesks providing advice and support for procurers are important. Focusing on climate will probably have a big impact on procurement. Investments determine the future; it is important to make sustainable investments in construction and buildings with a long life time

thereby having a big impact on the environment. We have succeeded to turn policy into practise, but not in all instances and countries.

When is GPP an effective instrument?

Bjørn Bauer, Director, PlanMiljø

PlanMiljø has conducted a study to analyse for what product groups that GPP could be an effective regulatory instrument. Public procurement constitutes of 16 % of the GNP in the Nordic countries. The volume of public procurement was studied and also divided into product groups. The environmental impact was also studied showing that food, housing and leisure were the sectors that had the biggest environmental impact. When combining the value of public procurement together with environmental impact, it showed that taxi and coach services was the most important product group.

From the analysis carried out, three product groups were selected; taxi and coach services, computers and related services, and cleaning products. For the selected product groups the regulatory instruments were analysed. The analysis showed that GPP is a dynamic instrument, it stimulates innovation and is easy to implement in tendering. Bus services is an example where the public sector has a good GPP bargaining power and there is good potential for environmental improvements. Furthermore, the study showed that GPP could be a powerful market driver which was shown especially in Sweden. GPP could also be a tool to support innovation. The “risk factor” when companies invest in innovations could be reduced if GPP focus on innovative products. The study resulted in a flowchart for GPP assessment, which could be used when deciding if GPP is the most effective regulatory instrument for a certain product group.

GPP could be supplementary to regulations. GPP is also flexible and more dynamic than traditional regulatory instruments. It is easier to implement and usually has an impact outside national borders. GPP is also a tool for green innovations, which is possible where there is a significant magnitude of public procurement and where high risks are accepted. Visions and leadership are needed, together with strategies and training for procurers. International networks and a culture supporting GPP are also necessary.

The Swedish strategy

Dan Ericsson, State secretary, Ministry of Finance (Replacing Mats Odell)

The Swedish government finds it of vital importance to continue the work with GPP as a tool for sustainable development. It is seen as an appropriate way to take responsibility. Green products do not have to be more expensive, in fact, they may even be cheaper in the long run. GPP can also provide business opportunities. Leading green companies can through GPP sharpen its competitive edge resulting in a win-win situation.

Many suppliers feel that GPP can support the development of green products. We also feel that we are on the right track in Sweden. In the year of 2007, the first National Action Plan for GPP came into force in Sweden. SEMCo was identified as the key actor in carrying most of the activities in the National Action Plan. SEMCo shall continue to support procurers with information and effective and user friendly tools. SEMCo must also continue to spread information about GPP. The support will in the long run help to achieve a sustainable development.

Sweden has high environmental goals and the public sector must act as “good examples” how to cope with environmental issues. The EU Commission is currently developing guidance on Sustainable Public Procurement (SPP). SEMCo also works with pilots in some areas concerning SPP, such as coffee, tea and cacao, bio-fuel and forest products. Sweden has a long tradition of working with green procurement, but we still have a lot to learn with many exiting years ahead of us with challenging tasks. Together we can develop a more sustainable development.

United Nations and GPP

Farid Yaker, Program officer Sustainable Public Procurement, UNEP

The United Nations Environment Programme (UNEP) monitors the state of the environment on a global scale. UNEP identifies solutions and supports their implementation. UNEP also develops environment policy instruments. Some of the priority areas are climate change, ecosystems management etc. but also disasters and conflicts of various kinds. The UNEP definition of sustainable procurement includes environmental, social and economical aspects. UNEP’s contribution to sustainable public procurement is a training kit, development of a UN common policy and awareness-raising workshops.

The Marrakech Task Force (MTF) on sustainable public procurement is being led by Switzerland and has 17 members. The objective of the MTF is that 14 countries distributed in all regions around the world shall practise SPP by 2010/2011 in a special project entitled. “Capacity-building for Sustainable Public Procurement in developing countries”. The methodology used in the project included several aspects such as SPP principles, status assessment, legal review, market readiness analysis (GPP policy plan), training, implementation plan and implementation.

Further challenges for UNEP are to encourage political willingness, lack of awareness, tight budgets, limited use of life cycle costing assessments, and concern about the possible impact of SPP or procurement principles and value for money.

4 x Policy Cases

The Swedish GPP-tool for procurement criteria and spearhead criteria

Peter Nohrstedt, Swedish Environmental Management Council

Focus for the work of SEMCo concerning GPP in Sweden is to develop effective environmental criteria. Today criteria are available in 10 product areas covering 44 product categories. The ambition is to translate all criteria into English. SEMCo works with guidelines, education and with good examples. SEMCo also operates a Helpdesk for procurers.

One vital aspect of SEMCo's criteria process is the contribution from different stakeholders in working groups. The goal is that the criteria process shall be transparent and allow participation from all interested parties. The process starts with a prioritization of product groups. After having identified relevant product groups for criteria development, SEMCo carries out a pre-study (which contains environmental impact assessment, chemical aspects, market examination trying to find Best Available Technique (BAT), stakeholder analysis etc). The result of the pre-study is discussed in the working group. The achievements of the working group result in suggested environmental criteria which is being subject for a referral sent to a broad stakeholder group. After the criteria process has been audited by an external verifier, a decision can be taken to accept and publish the criteria. A similar process, but somewhat less stringent, is used when up-dating existing criteria. SEMCo's ambition is to have criteria in three different levels of ambition: basic, advanced and spearhead level.

Future developments for the work by SEMCo focus on public procurement going from being green to be sustainable, politicians/decision makers should be further engaged and procurement criteria should be harmonized to the extent possible. Tailor-made training of procurers and simpler tools (with a database-support) are other important tasks to undertake in the future as well as to help procurers to validate and follow up contracts.

Timber policy in Great Britain

Greg Moffat, Sustainable Timber Procurement Adviser, DEFRA

Department for Environment, Food, and Rural Affairs (Defra) is responsible for sustainable timber procurement policy in the UK. Defra has a commission to announce this policy through a stepwise approach to allow the public sector to adjust to the changes: in the year of 2000: legal minimum and preferably sustainable; in 2009: sustainable minimum and from 2015 on: sustainable only. Defra also defines what is legal and what is sustainable. Social criteria should probably be published soon (2010). The commissioned work to be carried out by Defra is also to define to whom and to what the policy is applicable to.

Defra develops a clear guidance on implementation of the policy for public sector buyers. This guidance can be downloaded and adopted for the purpose of GPP. It is important to make the criteria easy and user friendly for the public procurers. Guidance is also being developed on how to comply and make sure that the criteria is used the prescribed way. The “Central Expertise on Timber” (CPET) provides free advice and guidance to all public sector buyers on how to make use of various types of verifications. This includes free Helpdesk, website and training (www.proforest.net/cpet).

Furthermore, Defra is commissioned to raise awareness to the policy and to avoid purchase of wood products from illegal forest sources. Finally, Defra monitors the implementation of the policy and is also monitoring if requirements across public sector is being implemented in the UK.

The clean vehicle ordinance

Per Bolund, Member of Parliament, Swedish Parliament

Sweden has adopted a clean vehicle ordinance that focuses on both fuels and fuel-efficiency. There is no tax on renewable fuels and there is a lowered tax on clean company cars. Sweden has legal requirements on fuel stations to provide renewable fuels. Sweden also supported biogas infrastructure. In Stockholm there is a charge on congestions with a clean car exemption and there is a government subsidy for buyers of clean cars.

The work with procurement of clean cars started in different municipalities in Sweden. Later on, the Swedish government also introduced a policy on clean cars for public authorities. In 2005 it was the intention that at least 25 % of new cars should be clean and this work has continued implying 100 % of the standard cars should be clean. The procurement policy focus on CO₂ emissions, but efficiency and safety are also important aspects. Some of the initial reactions were that there were too few cars on the market and that there are too few fuelling stations available with renewable fuel.

The effect of the ordinance is that the confidence for the Swedish government’s clean car policy has increased. About 60 % of the cars sold currently to public authorities are clean cars and the anticipated total market share for clean cars are 40 % of all new cars sold. For the time of the study, 87 different car models fulfilled the clean car definition as advocated for the Swedish market. The clean car policy might also expand to include heavy trucks and lorries in the future. Partly due to the clean car ordinance, the average for emissions from cars sold in Sweden are decreasing. The Swedish example shows that public procurement is useful to introduce clean cars on the market.

Energy efficient procurement – a Danish example

Mads Lindewall, Kristianssen, Project Manager, Danish Electricity Saving Trust

The Danish Electricity Saving Trust (Elsparfonden) is an organisation within the Danish Ministry of Climate and Energy. The Trust was established in 1996 and shall promote electricity savings. The strategy of the Trust is to influence the market and motivate the market to become more energy efficient. The means that the Trust offers are: stimulate first movers, set up “curve-breaker agreements”, issue purchasing guidelines, view electricity consumption and initiate benchmarking. Some more traditional tools are also used such as bans and taxes. The strategy for the public sector is to influence administrative leaders and politicians through campaigns, debates and web contacts.

The Trust has published purchasing guidelines and also commissioned an energy-savings purchasing project. The goal is to establish advisory boards and develop tools for training and implementation. The obstacles for energy-efficient purchasing are different, but the most common barrier is that the more obvious focus on purchase price instead of total cost. In order to solve these problems, the Trust has developed several web-based on-line tools for procurers to use while purchasing energy-efficient products.

Buissness case – how GPP can impact the market

Johan Böhlin, Procurement Controller, Stockholm County Council

In the year of 2006, Stockholm County Council (SLL) conducted a pilot study, making use of outside expertise, on the possibility of procuring a “Green Ambulance”. In June 2007, tender invitations were sent out to suppliers. No tenders was received as no supplier could meet the prescribed requirements. In 2008, SLL started a negotiated procurement procedure with one of the suppliers, who earlier had shown interest to be a part of a product development project. In the same year a new model from Mercedes Benz launched a new model of a vehicle that seemed to meet many of the requirements. This made a product development project possible. The vehicle was biogas-driven with several merits regarding the weight limit, load capacity and other specific requirements. The project resulted in the first green ambulance to be inaugurated in May 2009.

Some of the advantages of the green ambulance concept are that the LCA for biogas show low overall environmental impact, the tires are free from damaging HA-oils and are also stud-free in winter. The aerodynamic alarm has LED lightning which gives 5-10 % lower fuel consumption. The ambulance has also a complete declaration of chemicals used, a PVC-free floor mat, and halogen and PVC-free electric cables. The increased cost for manufacturing the green ambulance in accordance with the procurement criteria was about 13.5 % (154 000 SEK). The next ambulance to manufacture is estimated to be only 6 % more expensive than an

ordinary ambulance. The reduced cost for using biogas instead of petrol is approximately 22 000 SEK/year, and compared to diesel +/- 0 SEK/year.

Business case - view from the deliver

Tommy Pettersson, Barkarydsgruppen

The environmental goals for the production of the green ambulance were to increase the recyclability of used materials and to reduce the environmental impact. Other goals were that the ambulance should be free from phthalate in the interior materials and the gloves and solvents should be iso-cyanate free. These goals resulted in the following specific procurement requirements: reduce PVC, halogen and other hazardous chemicals.

In May 2009 the first green ambulance was introduced on the market. It had halogen free wiring, lower environmental impact, improved recyclability and healthier working conditions. This example shows the importance of a demanding customer when developing products still not available on the market.