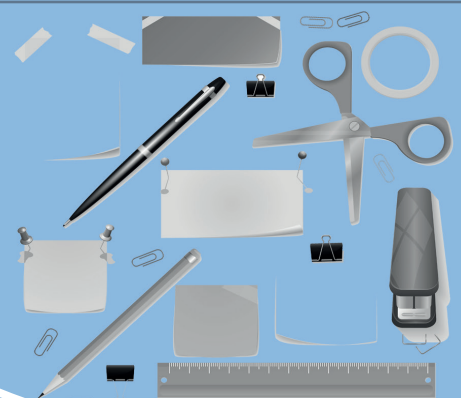
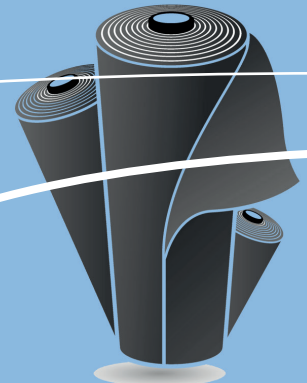
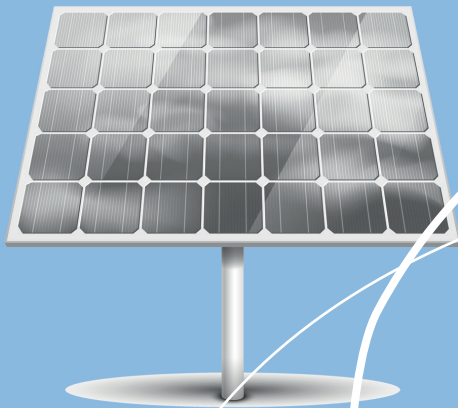


Greening state framework contracts – Approaches in the Nordic countries



THE NORDIC REGION
– leading in green growth





Greening state framework contracts

Approaches in the Nordic countries

*Bjørn Bauer, Rikke Fischer-Bogason, Luitzen de Boer,
Timo Kivistö and Sigurd Vildåsen*

Greening state framework contracts

Approaches in the Nordic countries

Bjørn Bauer, Rikke Fischer-Bogason, Luitzen de Boer, Timo Kivistö and Sigurd Vildåsen

ISBN 978-92-893-4463-0 (PRINT)

ISBN 978-92-893-4464-7 (PDF)

ISBN 978-92-893-4465-4 (EPUB)

<http://dx.doi.org/10.6027/TN2016-506>

TemaNord 2016:506

ISSN 0908-6692

© Nordic Council of Ministers 2016

Layout: Hanne Lebech

Cover photo: ImageSelect

Print: Rosendahls-Schultz Grafisk

Printed in Denmark



This publication has been published with financial support by the Nordic Council of Ministers. However, the contents of this publication do not necessarily reflect the views, policies or recommendations of the Nordic Council of Ministers.

www.norden.org/nordpub

Nordic co-operation

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland.

Nordic co-operation 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 co-operation 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.

Nordic Council of Ministers

Ved Stranden 18

DK-1061 Copenhagen K

Phone (+45) 3396 0200

www.norden.org



Contents

Preface	7
Abbreviations	9
Summary	11
1. Introduction	17
2. Process of Green State Framework Contracts	19
2.1 Definition	19
2.2 Importance of SFCs	20
2.3 Establishment of state framework contracts	21
2.4 Examples on green SFC processes	34
3. Key Themes in Green SFCs	41
3.1 Country Study Summary by Theme	43
3.2 Country Study Summary by Country	52
4. Developing the Key Themes Further	63
4.1 Maturity model – Green SFC	63
4.2 Vision statement	64
4.3 Leadership	66
4.4 Strategy	67
4.5 Staff	68
4.6 Structure	69
4.7 Systems	71
4.8 The maturity model unfolded	73
5. Nordic SFC-models revisited	75
5.1 Denmark	75
5.2 Finland	76
5.3 Iceland	78
5.4 Norway	79
5.5 Sweden	80
6. Conclusions, recommendations, perspectives	83
References	87
Lists of interviewees	87
Literature	89
Sammendrag på dansk	91
Annexes	93
Country study – Denmark	93
Country study – Finland	107
Country study – Iceland	125
Country study – Norway	138
Country study – Sweden	154
Methodology	168



Preface

The Nordic Council of Ministers has long stressed the importance of Green Public Procurement (GPP), and this is seen also in its current Strategy for Sustainable Development and in its Environmental Action Plan 2013–2018. Many Nordic projects have been done about GPP, for example about measuring GPP, common international criteria, and actions needed to mainstream GPP in the Nordic countries. One important finding is that the arrangements for the state framework contracts (SFCs) are different in the Nordic countries and the figure we had about green aspects in SFCs was fragmented. Because SFCs have a central role in public procurement in the Nordic countries this topic quite clearly needed further examination.

The purpose of this project was to clear out how Green Public Procurement has been realized in state framework contracts in the Nordic countries, to propose country-specific ways to improve the situation, and to draw a general model of efficient ways to realize green state framework contracts. The target group includes organizations preparing/making state framework contracts in each Nordic country, political representatives, government officials, consumer and environmental agency officials, and others interested in GPP.

In addition to this Full Report, the project has also resulted in a short Summary Report and a presentation (slides), including the key findings and conclusions.

The study was carried through in 2014 and 2015 by Bjørn Bauer and Rikke Fischer-Bogason (PlanMiljø, Denmark), Luitzen de Boer and Sigurd Vildåsen (Norwegian University of Science and Technology), and Timo Kivistö (Kivistö Consulting, Finland). The steering group and the HKP group want to express their warm thanks to the hard-working team.

The study was supervised by the Working Group of Nordic Council of Ministers for Sustainable Consumption and Production (i.e. HKP-group). The idea for the study was developed, tender call documents were written and the steering group was chaired by Ari Nissinen from the Finnish Environment Institute (SYKE). Other steering group members were Helene Hoggen (Ministry of Climate and Environment, Norway), Annika Kleen, Kristina von Oelreich and Erik Westin (Environmental Protection Agency, Sweden), Line Bech and Gert Hansen (Environmental Protection

Agency, Denmark), and Sigurbjörg Sæmundsdóttir (Ministry for the Environment and Natural Resources, Iceland).

Personnel in the organizations making the state framework contracts as well as a large number of other experts in the field of public procurement participated in interviews, in a workshop 23rd October 2014 in Stockholm, and by commenting the draft reports. Their names can be found in the chapter about references and interviewed people. The steering group and the HKP group want to express gratitude for their important contribution to the project.

Finally, the HKP-group wishes that the EU Commission, Organisation for Economic Co-operation and Development (OECD) and the United Nations 10-year framework of programmes on sustainable consumption and production patterns (10 YFP) as well as other interested organisations and individuals have use of this report and the results in their work for promoting GPP all around the world.

Helsinki 12/1/2016, on behalf of the steering group and the HKP group.



Ari Nissinen

Chair of the HKP group,
Head of Unit of Environmental Efficiency,
Finnish Environment Institute, Helsinki.



Abbreviations

GPP	Green Public Procurement
LCA	Live Cycle Assessment
SCP	Sustainable Consumption and Production
SFC	State Framework Contract
TCO	Total Cost of Ownership



Summary

Green Public Procurement (GPP) is an important way to achieving reduced environmental impact from both consumption and production. GPP can also have a positive impact on green innovation in the private sector, leading to a ripple effect. All in all, GPP can be an important driver of green transition.

SFCs embrace procurement of vast and increasing amounts of goods and services with considerable environmental impact. Procurement of large volumes give influence on the market, and SFCs with ambitious environmental requirements can be a driver for green innovation, hereby simultaneously leading to reduced environmental impact and creating new jobs and export opportunities.

“A state framework contract is an arrangement at state level establishing the contractual terms applying to orders made for the goods, services, or works covered by the framework contract a period of time. Establishing a framework contract embraces an initial call for tenders against set terms and conditions, the appointment of one or more suppliers on the basis of those tenders, and then the placing of periodic orders.”

Procurement Lawyers Association, 2012

The present study investigates achieved results and unfulfilled GPP potential of state framework contracts in the five Nordic countries. The aim is to:

- Describe how GPP has been realized in the state framework contracts in the five Nordic countries.
- Propose country specific ways to improve the situation.
- Draw a general model of efficient ways to realize more effective green state framework contracts.

Key organisational themes

The extent to which green requirements are incorporated in SFC depends on the complete organisational set up – in the project expressed in an analytical model embracing seven organizational elements. The country surveys has shown that the five countries share an overall vision of greening SFCs, but the individual avenues chosen for approaching this vision differ in terms of the other six organisational elements. Key findings from the country surveys are presented below.

A clear and shared vision provides direction and meaning

A vision is an aspiration, an organisation's view of where it wants to go, what it wants to achieve, and what it wants to be in the long term.

- The national visions could in general more clearly address the option of SFCs becoming a driver for change, and in some cases ambiguous formulations weaken the vision statement.
- The implementing organisation can take ownership of the governmental vision by formulating measurable goals and targets.
- The vision can also cover the need for public purchasers and suppliers to have access to tools, training, and other support for greening public procurement.

Leadership makes things happen

Clear and explicit leadership makes it easier to incorporate GPP in organizational structures and processes, reduces the need for prescriptive rules, and enables more flexibility.

- Clear green leadership is not least necessary in a procurement organisation that traditionally has had one main priority: cost savings.
- Leadership communication on green issues contributes to mainstreaming environmental concerns in the organisation, hereby strengthening the green culture.
- Good leadership also means tuning the organisation according to monitoring results and renewed priorities.

The strategy is the road map – where to and how

Strategy can be defined as the long-term plan of action to realise an organisation's vision with the available resources. Tangible targets and distribution of responsibilities and resources strengthens the likelihood of having the strategy implemented in practice.

- All five countries have specific strategies for GPP, either as independent documents or as part of the main strategies for PP, but there are no concrete strategies for the greening of SFCs or the desired outcome and impact in the countries.

Staff with the right capacities is the key to success

Competent and motivated staff is a prerequisite for the success of Green SFC efforts.

- No specific capacity needs assessment covering the complete green SFC process has been identified in any of the five countries.
- The most active the involved national institutions aspire to keep the staff well informed and motivated.
- Preparation of green criteria requires considerable technical knowledge that may be found outside the institution.
- Having decentralized units in charge of sector-specific procurement can enhance the capacity for working with green criteria.

An unambiguous structure transparently distributes tasks

A transparent and clear organisational structure ensures that all key tasks are taken care of by the relevant stakeholders.

- With the exception of Norway, the Nordic countries have centralized units developing and managing SFC with sub-units in charge of the green elements in SFCs.
- The organisational set-up facilitate collaboration with the appropriate related governmental and (to a lesser degree) non-governmental entities.
- No country has units for controlling suppliers compliance with green requirements, this would give green criteria weight and forward a strong signal to the market.

Systems contribute to effective operations

Systems and procedures are some of the most crucial aspects of an efficient implementation of green criteria into SFCs.

- All Nordic countries have more or less fixed systems for developing (green) SFCs.
- A gradual and warned increase in environmental requirements enables suppliers to invest with long term perspectives in mind.
- In all countries creation of new SFCs include identification of needs and specification of details of the given product or service.
- Criteria development includes collaboration with a variety of stakeholders and experts to ensure that green criteria are relevant and efficient.
- All five countries need to implement more thorough and detailed systems for monitoring of activities and results.

The maturity model

Efforts within each of the organisational elements can support the gradual development of an effective model for Green SFCs. Each of the Nordic SFC models has respective advantages and it can be concluded that there are different ways of achieving environmental benefits through green SFCs.

Weaknesses within one organisational element can to a certain degree be counterweighed by specific strengths within another element. In a Nordic context, strong and clear “vision” and “leadership” may be considered the most crucial elements for achieving green outcomes of SFCs. The project has developed a maturity model for Green SFCs – from the basic to the strategic approach:

- A country with a passive green SFC model have modest green ambitions with the SFCs, but will pick the lowest hanging fruits.
- A country with a strategic SFC model aims at harvesting environmental, economic, and societal benefits from an active and future oriented green procurement practice.

Recommendations at country level

Based on the country studies and the models developed, the report present key recommendations aiming at supporting a more effective and environmentally beneficial practice with development and use of SFCs in each of the five countries. The recommendations have been discussed with key stakeholders in each country.

Overall recommendations and perspectives

For longer term consideration and further development of the national and Nordic approaches to SFC, the report finally presents some perspectives and overall recommendations.

- State Framework Contracts can be an important instrument for greening of state institutions and of the market – and must be dealt with accordingly.
- Use SFCs strategically to support green manufacturing and innovation.
- Green SFCs are no panacea for successful national GPP and should be applied with a careful preparation and feasibility study of the products and services under consideration.
- Base the endeavours for green SFCs on national analyses in a holistic organisational perspective. Consider the maturity model for the green SFC organisation as a framework for organisational development.
- Accept that Green and Cheap do not always go hand in hand. Applying Total Cost of Ownership (TCO) perspectives as opposed to the traditional procurement price approach will definitely open up for more green procurement.
- Ensure that preparation of green SFCs is followed up by promotion of actual procurement.
- Learn from good practices in other countries.
- Implement monitoring systems specifically related to green SFCs.
- Carry out market dialogue to ensure that suppliers can comply with increased green demands.
- Consult criteria from other countries – but adapt to national conditions.



1. Introduction

Green Public Procurement (GPP) is an important way to achieving reduced environmental impact from both consumption and production. The public sector procures vast amounts of services and goods, and a reduction in the environmental effects of this consumption can have a major, positive impact on climate, nature, and the availability of natural resources. Moreover, it is commonly presumed that GPP can have a positive impact on green innovation in the private sector, leading to a ripple effect. All in all, GPP can be an important driver of green transition.

GPP is carried through at all levels of the public administration. In order to increase efficiency of the massive procurement at state level, all the Nordic countries have established framework contracts at state level, and these State Framework Contracts (SFC) are in focus in this study.¹ The SFCs were identified in a prior study, “Mainstreaming GPP in the Nordic countries” (NMR 2013), as important, potential drivers of GPP due to the increasing centralization and co-operation on procurement and a derived growing impact on both market and environment.

The Nordic countries have as a general rule allocated the responsibility for SFC to a centralized function that handles and coordinates framework contracts and offers procurement services to public institutions. The main organizations are:

- Denmark: Moderniseringsstyrelsen and SKI.
- Finland: Hansel Ltd.
- Iceland: Ríkiskaup.
- Sweden: Kammarkollegiet.
- Norway: DiFi, HINAS.

The roles of these units differ, partly due to differences in the overall national structure. As example, Norway’s DiFi provides advice to the public procurers, whereas Finland’s Hansel Ltd in practice puts the products and services required by the public administration out to tender and maintains the related framework agreements. The organisations do,

¹ The structure is partly different in Norway with a less centralised approach.

however, have in common the possibility of strengthening GPP, and as the diverse approaches may hold valuable lessons on GPP, it was concluded in the “Mainstreaming GPP” study that there is a need of increased exchange of knowledge and lessons learned between the Nordic countries and their procurement institutions.

The present study investigates achieved results and unfulfilled GPP potential of state framework contracts in the five countries. The aim is to:

- Describe how GPP has been realized in the state framework contracts in the five Nordic countries.
- Propose country specific ways to improve the situation.
- Draw a general model of efficient ways to realize more effective green state framework contracts.

The report is based on an interaction between theoretical studies and fieldwork:

- In the first section, the concept of state framework contracts is presented and an overall model for inclusion of green criteria in the SFCs is proposed. The process model is a “best case scenario” based on identification of good experience and practices in the Nordic state procurement units combined with recognized procurement process models from literature.
- Second, the structures and lessons learned for green SFCs in the five countries are presented based on country studies that are to be found in annexes.
- An analysis of the national SFC models forms the basis for a green SFC maturity model, creating a link between the organizational set up of the national GPP models and their respective green achievements.
- The model is applied to the five Nordic countries in an endeavour to formulate recommendations on how each country can improve their organisational setup and contract development processes in order to harvest additional green benefits.



2. Process of Green State Framework Contracts

The main focus in this study is procurement made by the *state administrations* through the centralized *framework contracts*. The state framework contracts (SFCs) differ from other types of public procurement as they constitute fundamental agreements through which state institutions (ministries, state owned companies etc.) can carry out their purchases.

2.1 Definition

The definition of an SFC frames the approach in terms of organisational level, procurement object, timeframe, and process – all essential elements for differing this form of procurement from other approaches:

“A state framework contract is an arrangement at state level establishing the contractual terms applying to orders made for the goods, services, or works covered by the framework contract a period of time. Establishing a framework contract embraces an initial call for tenders against set terms and conditions, the appointment of one or more suppliers on the basis of those tenders, and then the placing of periodic orders.”

Procurement Lawyers Association, 2012²

An SFC is not necessarily an actual procurement contract; the SFC specifies framework conditions and specifies the terms that a supplier must comply with when providing products or services to the purchasers.

In the Nordic countries, the state framework contracts are established in order to centralize procurement, ensuring effective use of expert competencies in the procurement process and aiming at benefits such as lower prices (due to volume of contract) and lower administrative expenses.

² <http://www.procurementlawyers.org/pdf/PLA%20paper%20on%20Frameworks%20PDF%20Mar%2012.pdf> as shown on web-site 20 March 2014.

2.2 Importance of SFCs

SFCs are important in a Green Public Procurement (GPP) context as they embrace procurement of vast and increasing amounts of goods and services with considerable environmental impact.

Procurement of large volumes give influence on the market, and SFCs with ambitious environmental requirements can be a driver for green innovation, hereby simultaneously leading to reduced environmental impact and creating new jobs and export opportunities. Moreover, when the SFCs display green criteria that the suppliers must and can meet, public procurers from decentralized procurement functions, regions, and municipalities can be encouraged to follow suit.

It is a complicated and huge task to map or assess the volume and effects of green SFCs as the actual purchasing through the contracts is carried through in individual ministries and public enterprises. There is no easy access to data regarding volume purchased,³ no data on which products that are actually purchased from the contracted suppliers, and no insight in the baseline situation (which products or services would have been procured if a green SFC had not been established).

A Swedish study of four areas of framework contracts showed that significant environmental benefits can be achieved through systematic integration of environmental concerns in the SFCs.⁴ The study further demonstrates that even though environmental concerns are already included in the four SFCs, further environmental benefits are achievable within all four product and service areas. All in all, the potential benefits of green SFCs and the increasing centralisation of procurement calls for a study of the possibilities of further “greening” the SFCs in the Nordic countries.

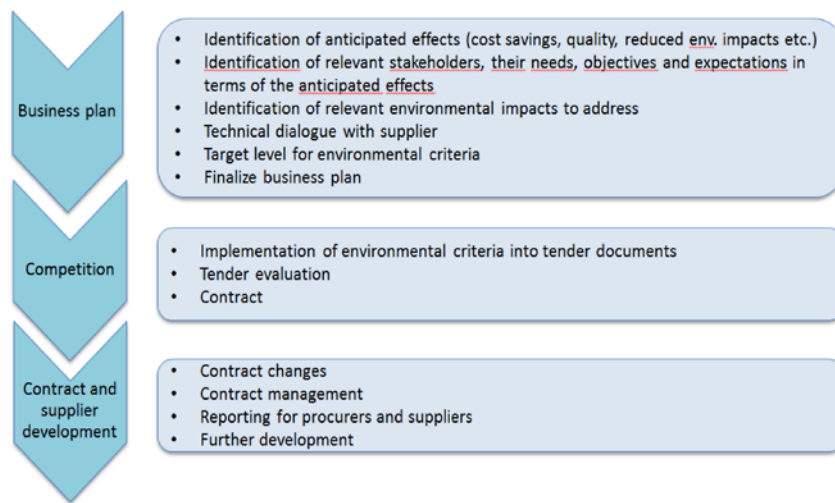
³ As an example, the Danish Agency for Modernisation, Moderniseringsstyrelsen, cannot estimate the financial volume of goods and services purchased through Danish SFCs (March, 2015).

⁴ Naturvårdsverket 2009, rapport 5951: Miljökrav i statliga ramavtal – påverkan och potential. The areas of investigation are furniture, computers, vehicles and coffee vending machines.

2.3 Establishment of state framework contracts

The study of the process of establishing SFCs in the Nordic countries has revealed that a relatively uniform approach to SFC development can be drawn on grounds of the Nordic methods.⁵ The overall process can be viewed in the figure below.

Figure 1: The SFC Process

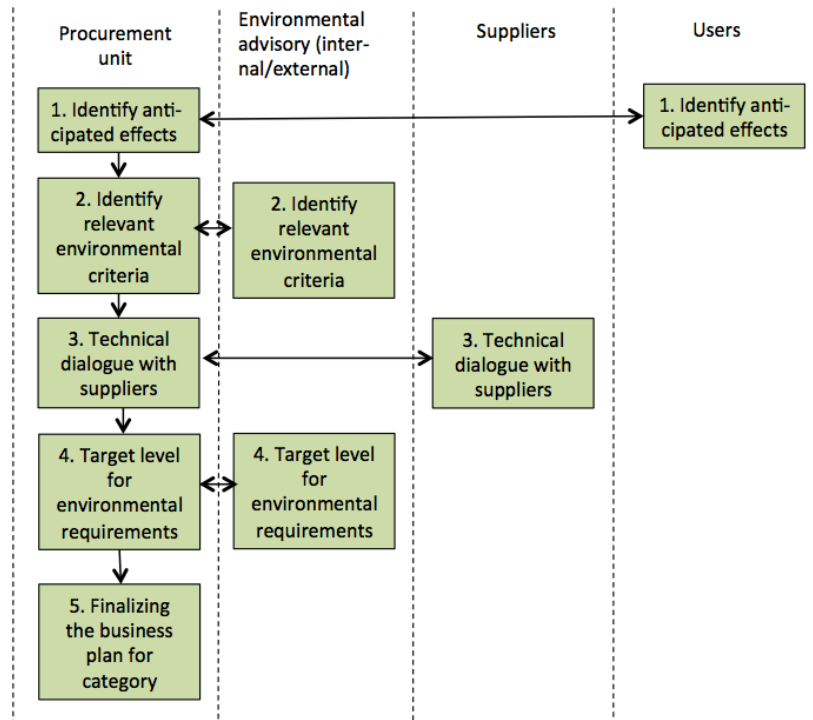


2.3.1 Developing a business plan for the product/service category

Once a product or service category has been chosen as subject for a green framework contract, strategic decisions must be taken balancing environmental aspirations with other pursued effects and the actual market situation. Developing an initial “business plan” can be beneficial in order to identify context specific considerations and potentials.

⁵ This generic description does by nature not cover all specific details of the approaches in the five countries; details on the national approaches can be found in the country studies in the annexes to this report.

Figure 2: Business plan for the product/service category



Step 1: Identify the desired effects

The initial step is to identify which effects the various stakeholders are aiming for when developing or using the SFC. The criteria setting must balance between the desired effects in order to obtain the overall most beneficial construction of the SFC: Which functional and/or technical requirements must be met, which quality is needed, what are the key environmental impacts that should be targeted, which environmental criteria the suppliers can meet, how do different targets influence product price etc. Different criteria may conflict and require target oriented multi-criteria decision making.

Some of the significant effects that can be aimed for include:

- Economic savings from procured products and services.
- Process efficiency through joint procurement.
- Market functionality.
- Economic aspects.
- Environmental aspects.
- Social aspects.

- Innovation aspects.
- Quality aspects.

The identification process should involve the users of the contract (the state institution procurement staff) who may have concrete requirements to the SFC.

Vehicles, Sweden

A state framework agreement on vehicles had a relatively high amount of environmental criteria, including ambitious CO₂ criteria.

The award process was successful, but it was later realized that the environmental standards had made it impossible to purchase 4WD vehicles on the contract, since these types of vehicles were unable to live up to the criteria on CO₂ emissions.

A thorough needs analysis is necessary before environmental criteria are set, in order to ensure access to the appropriate products and services on a given contract. In other cases, however, high environmental standards can push for advantageous changes in consumption and work practises.

Blood bags, Norway

The criteria developers intensively discussed environmental requirements for blood bags with specific focus on avoiding phthalates in the plastic material.

A dialogue with experts and suppliers made it clear that the phthalate-free blood bags were not qualitatively competitive, among others due to a strong odour.

Instead other environmental requirements were introduced, focusing on the environmental characteristics and recyclability of the packaging. However, these requirements did not have a determining impact on the result of the competition.

The example shows that an increased environmental focus may lead to conflicting product requirements. Involvement of experts and a thorough market dialogue are necessary to ensure formulation of realistic and relevant environmental requirements.

Step 2: Identify relevant environmental impacts and formulate criteria

Formulation of environmental criteria starts with identifying key environmental parameters related to the product/service, if relevant based on the organisations environmental vision or mission document and/or existing goals and targets within specific areas – climate change mitigation, chemical substances etc. The purchasers, environmental experts and relevant stakeholders must decide in which stage(s) of the purchasing process inclusion of environmental criteria is most effective and realistic.

A first step towards identifying environmental criteria for a given product/service is investigating the existence of:

- EU GPP criteria.
- Existing tendering material/contracts from other public procurement processes or from other countries.
- An independent and certified environmental label.
- A method for lifecycle assessment or existing data from a completed LCA.
- A method for weighing the environmental effects of the product/service.

To support in-house capacity, external advisors can be consulted, including:

- The environmental unit designated to provide support to GPP and SFC preparation.
- Environmental advisory services, the eco-labelling institution.
- Ministry of Environment.
- Consultants, research institutes.
- Suppliers, business associations.

Based on the findings from the available material and discussions with experts an initial list of environmental criteria is developed, ranging from basic to comprehensive requirements.

Step 3: Technical dialogue with market actors – possibilities and barriers for the suppliers to meet the proposed criteria?

The technical dialogue with suppliers and other relevant market actors serves to support realistic environmental target setting, balancing the green criteria with the abilities of the suppliers. Important questions include:

- Which environmental ambitions can the suppliers meet?
- Can the suppliers deliver data to verify the environmental performance of the product/service?
- Do the environmental criteria have a significant impact on the product/service, such as enhancing or challenging the commercial quality?

Printing supplies, Iceland

Due to the relatively recent introduction of environmental criteria in state framework contracts in Iceland as well as the small size of the Icelandic market, Ríkiskaup has been careful to initiate thorough market dialogues before the introduction of new environmental criteria.

In framework contracts on printing supplies, the Swan eco-label was first introduced as a “nice to have”. Ríkiskaup had a meeting with all the printing suppliers informing them of the new environmental criteria for printing. At the meeting, Ríkiskaup learned that most suppliers were thrilled by the idea of environmental criteria in tenders and contracts, largely because they already met most of the criteria and saw this as a chance to gain significant competitive advantages. Now the Swan is a core criteria on printing supplies.

Through careful dialogue with suppliers and a gradual increase in green criteria, the market and the state can support one another towards green consumption and production.

Vehicles, Iceland

Iceland launched a competition for vehicles and included all the environmental requirements published in the EU GPP criteria. Relying on the EU GPP criteria development process the Icelandic SFC-unit did not carry out any market dialogue.

During the competition it became clear that the market was unable to provide a sufficient number of vehicles complying with the environmental criteria.

The solution was to give the Icelandic suppliers/resellers additional time to acquire the appropriate vehicles, but also to omit certain of the green criteria and relapse to the basic requirements.

By giving the market time to adapt, the resellers are prepared to meet green criteria requirements in SFC tenders. The solution is to have timely dialogue with the market and pre-publish intentions to tender for the product in question.

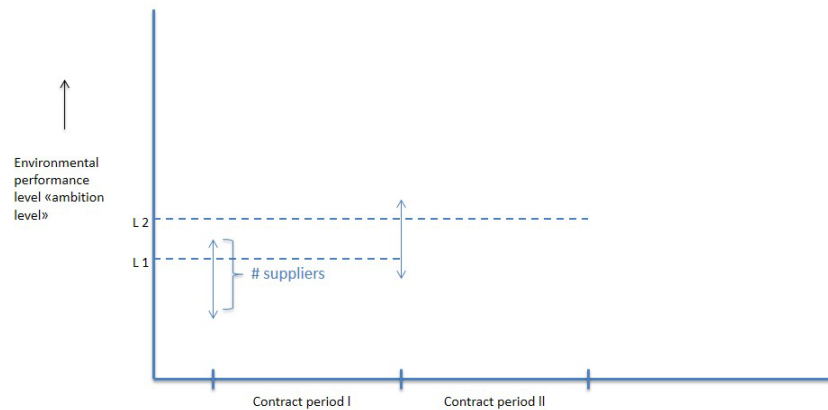
Step 4: Define the target level for environmental requirements

The technical dialogue enables the organisation preparing the contract to define the environmental targets.

- If the main part of the market can meet the criteria level there is room for more strict environmental criteria, ensuring meaningful competition on environmental performance.
- If, on the other hand, only few suppliers can meet the criteria, it should be considered to lower the ambition level in order to ensure that a sufficient number of suppliers will submit a bid.
- When a realistic criteria level has been defined, it is considered whether the environmental demands may significantly impact the procurement object, and if so, how the procurement unit should balance and prioritise among the criteria.

As illustrated in the figure below, a contract must be ambitious enough to make a difference and at the same time realistic to comply with for a sufficient number of suppliers.

Figure 3: SFC ambitions and realism



Step 5: Finalize the business plan for the category

The decided environmental criteria are entered into the overall business plan for the product/service and presented to the steering group for approval.

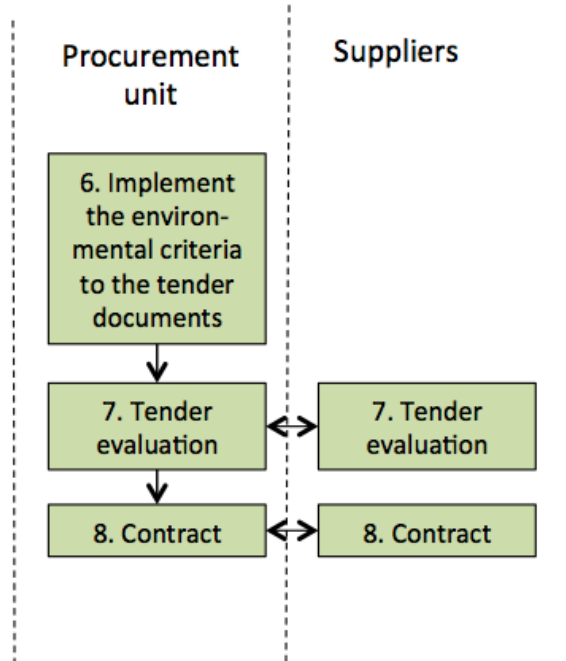
2.3.2 Competition

Step 6: Implementing environmental criteria into framework contracts

When the business plan for a product/service has been approved, the environmental criteria can be integrated in the tender documents in different ways, including as:

- Functional requirements.
- Compulsory requirements for goods and services.
- Qualification of the supplier.
- Award criteria.
- Contract clauses.

Figure 4: Competition



Hotel services, Norway

In a procurement process for hotel services, the environmental criteria were given 20% weight in the state framework contract and in a tender.

- Swan-certified and Swan-compliant (documentation needed) services received a score of ten.
- Hotels with ISO 14001 or the Norwegian environmental management system "Miljøfyrtårnet" received a score of five.

The rationale behind this rating was that the Swan-requirements are more concrete and strict than the environmental management system.

A hotel chain that had invested resources in the Swan-labelling won the competition and hereby received dividend of the environmental efforts.

Furniture, Sweden

Furniture is a procurement area with strict environmental criteria in Sweden. With an estimated yearly contract turnover of approx. SEK 350 million, furniture contracts carry a significant environmental potential.

Environmental criteria are implemented in the contract as mandatory criteria, and the procuring organisation can further apply environmental requirements as award criteria. As part of the mandatory criteria, suppliers must demonstrate compliance with regulations on chemical substances using a safety data sheet.

Mandatory environmental criteria ensure a certain environmental minimum standard. Additional environmental criteria as part of the award criteria set the level of “green” with regard to the market conditions of the product or service category in question.

It should be considered whether certain requirements apply to the procurers (the users of the contract) when choosing environmentally friendly products/services.

Step 7: Tender evaluation

The assessment of incoming tenders includes evaluation of the environmental performance of each supplier's proposed product/service against the stated criteria:

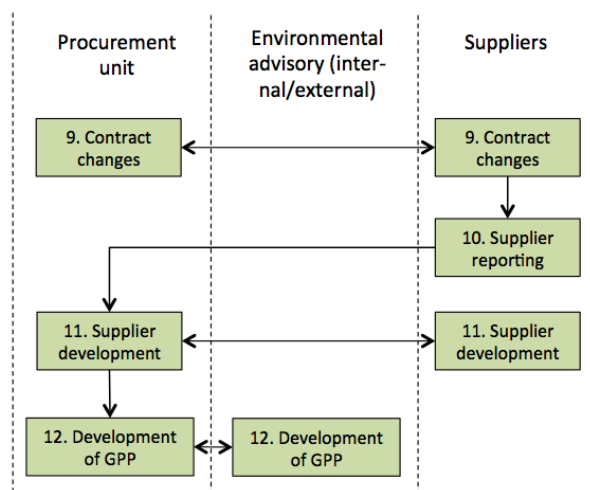
- Do the products/services fulfil the criteria?
- How can the environmental friendly product be distinguished from conventional products?
- Does the supplier meet the supplier qualification criteria?
- How does the supplier report on the environmental effects (if required)?

Step 8: Contract

Following the supplier audit, a framework contract is signed with a supplier meeting the criteria.

2.3.3 Contract management and supplier development

Figure 5: Contract management and supplier development



Step 9: Contract changes

During the contract period product/service upgrades may be found relevant, both in terms of new products/services and of upgraded environmental criteria for existing products/services. This should be done within the scope of the original competition.

Step 10: Reporting, procurers and suppliers

Procuring units should monitor the level of implementation of environmental criteria as well as the actual purchasing of “green” products/services by the users – for the state administration as a whole and for the various procurement levels and product groups.

Suppliers should be required to report on selected environmental criteria; standard reporting may include:

- CO₂-emissions from the production of the product, including significant raw material and components.
- CO₂-emission related to the use of products or services, with generally applicable emission values and technical values (e.g. fuel consumption from technical data sheet).
- Other key environmental criteria depending on the environmental characteristics of the procurement object.

Step 11 and 12: Further development

Based on experience from the implementation process as well as the monitored environmental outcomes and effects, the organisation should discuss how to further expand the use of environmental criteria in SFCs. Procurement units should consider how to further develop the green procurement strategy and the processes for green procurement and how to enhance the use of evaluation and monitoring schemes.

During the contract period, the remaining suppliers will try to develop themselves so that at the end of the contract period most suppliers meet the level. In the requirements for the new contract, a higher level is again set. Finding the “right” entry level of green ambition is crucial for each contract.

Meeting the environmental requirements should motivate suppliers to consider how to reach the next level of green development, also realising that the green requirements in SFCs will gradually be strengthened with time.

Office furniture, Finland

Two successive competitions on procurement of office furniture embraced an annual volume of EUR 24 million.

In order to have the required number of suppliers, the first competition made room for supply of both traditional office furniture and “eco-furniture”; environmental requirements focused on wood origins and harmful substances in plastics, coatings, textiles and packaging.

The following competition embraced eco-furniture only and had additional requirements on the origins of the wooden materials and the contents of harmful substances, and also on emissions from the production processes and on services related to the product life of the furniture.

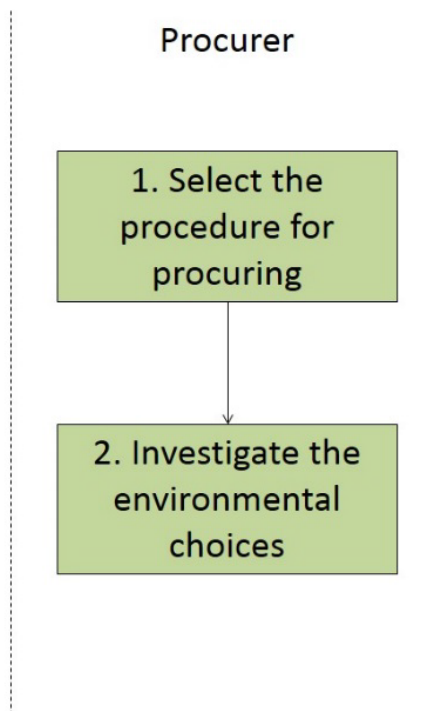
The development of the procurement method with the inherited market dialogue and supplier development showed that a step-wise process may enable and motivate suppliers to comply with more ambitious environmental requirements, not least when the long term perspective is evident.

2.3.4 Using state framework agreements

The potential environmental impact of green SFCs become actual when the framework procurers in state organisations place order on the contracts. The process of using state framework agreements include two steps:

- Selection of procedure for procurement:
 - Is a mini-competition required or can you choose the supplier?
- Investigation of environmental choices:
 - Is it possible to use environmental criteria in mini-competitions?
 - Are data available for making the environmental evaluation?
 - Are environmental products or services available?
 - Are data available for choosing environmental products or services?

Figure 6: Procurers



2.3.5 E-procurement processes in GPP

Digital tools can contribute to a more effective green public procurement process by supporting several of the procurement steps:

- In the competition phase public organisations use eRFX-tools that are usually connected to procurement advertising tool (at the national level).
- Contract management tools can be part of the eRFX-tool or separate solutions; especially related to procurement of constructions the tools can be part of a document management system (including drawings).
- Use of framework agreements is often systematised with eOrdering systems or Procure-to-Pay-tools; eOrdering may use a catalogue service transferring the price lists from the suppliers to the procuring organizations.
- Supplier reporting can be done with use of an eGPP-tool.

The eRFX-tools can submit Requests for information enabling the procurement unit to collect suppliers' or environmental experts' suggestions or comments to green requirements.

Following information collection, the process continues with the procurement unit's Request for proposal with definitive requirements (for example: "no PVC") or measurable requirements (for example: "level of CO₂-emissions"). The suppliers will provide the needed information in the tender, and the procurer will have a summary on green impacts in the tender evaluation phase. By comparing with earlier competitions the procurer can monitor change and progress over time.

The eRFX-tools can be connected to the national advertisement database. At the national level (and possibly at sub-national levels) it is possible to mark the Request for proposal as green hereby utilising the database for measuring the volume (value) of green procurement. Also contract management tools often allows classification of the contracts by codes, of which one could be green marking.

Digital catalogue management services offer the possibility to use one field for green-marking the items or for measurable information like "CO₂-emission" or "use of electricity during use". This information can be transferred to the eOrdering systems and the tools' search functions allow display of the green information to the procurer.

The eOrdering systems are not yet widely used in public organizations, but systems can provide valuable electronic support for GPP through the reporting on green characteristics and also through monitoring with automatic statistical analyses.

2.4 Examples on green SFC processes

The following examples of green SFC-processes have been prepared based on documents and specific interviews with national key staff.

Office furniture, Finland

Two competitions were carried out in the space of four years and the green requirements developed from a few core criteria (traditional office furniture) into comprehensive criteria and beyond for standard products. The process included the following steps:

A – Business plan development

- During the previous tender competition the suppliers were informed that the next tender competition would include only one lot with more strict environmental criteria.
- Criteria development took into account comments from the producers.
- The environmental target level were the comprehensive criteria and some of the award criteria from EU GPP criteria as functional requirements.

B – Competition

- Durability aspects were mentioned in the core requirements.
- Other environmental concerns beyond the EU GPP criteria were used as award criteria:
 - Options for recycling.
 - The aspect of repairability (renewing the upholstery).
 - Services connected to longer life cycle Office furniture, Finland.
 - An option of providing a description of environmental processes (beyond comprehensive criteria) to be included in the contract – with issues as: optimizing routing of the deliveries; reducing CO₂-emissions during transport; reduce packaging.

C – Tender evaluation

- The evaluation included control that all requirements (including green requirements) were fulfilled.
- All tenders received maximum points for environmental award criteria.

D – Contract

- The contract has an appendix on environmental processes.
- Mini-competitions can have functional criteria.
- The contract gives possibility to verify the compliance of the products, but this was not carried out during the tender process.
- Monitoring environmental issues are not specified and no mandatory reporting is stipulated.

Blood bags, Norway

This case deals with establishing a national agreement for the purchase of blood bags for the regional Norwegian specialist health care organizations (hospitals). The tender project was carried out by HINAS, a purchasing agency owned by the four regional health care authorities in Norway.

A – Business Plan Development

- At the start of the planning process, environmental criteria were frequently discussed, and the initial intention was to avoid phthalates in the plastic materials. It was considered to specifically award scores to suppliers for this in the evaluation process.
- An expert from Sweden contributed with knowledge about how public purchasers had worked with this issue in Sweden.
- After further investigations and discussion with experts and representatives of the ultimate users in the project group, it became clear that the phthalate free substitute products possess certain undesirable features, among others an extremely strong smell, rendering it unpractical for use in the hospitals.
- Instead, the environmental focus turned to the issue of packaging. This is elaborated on in the sections below.
- There was no planned, specific technical dialogue with the suppliers as part of a business plan development. HINAS felt they had a good sense of the supplier market through their contacts with the regional health authorities.

- The points above indicate a planned approach in the sense of deliberately wishing to improve the environmental product performance and testing out possibilities for this.

B – Competition

- All packaging must comply with an environmental label, be recyclable, and result in least possible waste.
- This is a general criterion used by HINAS (and not specific for blood bags).
- The criterion regarding reducing waste and stimulating recycling was placed under the larger criterion of quality. The other main criterion was price.
- The issue of packaging waste and recycling was not considered decisive in the final awarding of the contract.

C – Contract

- There were no specific environmental issues included in the contract.
- No specific compliance check of suppliers was carried out other than that members of the project group assessed if the products offered by the suppliers complied with the technical requirements.
- No specific reporting mentioned, however, as a standard procedure, HINAS carries out follow-up meeting with all framework agreement suppliers once or twice per year. These meetings constitute an important “arena” for discussing important (technological) developments and opportunities for improving environmental performance in the future.

HINAS is in the process of establishing a new organisational structure which is based on *category sourcing*, meaning that knowledge and experience to a larger extent will be bundled in relation to specific categories of purchasing needs. This will allow for the further development of specific environmental knowledge for each category.

Hotel services, Norway

This case deals with establishing a national agreement for hotel services for all employees in the regional Norwegian specialist health care organizations (hospitals). The tender project was carried out by HINAS.

A – Business Plan Development

- The overall objective was to achieve a new national agreement based on tougher environmental requirements compared to the existing agreement.

- As a starting point HINAS had a good overview of the Norwegian hotel suppliers and which environmental certificates different suppliers had (if any). An external expert on environmental certification assisted in evaluating suppliers that had not yet achieved a certificate but were in the process of achieving it. Whilst it is relatively straightforward to establish that a supplier has a certificate, assessing a supplier that is working towards such a status involves examining a lot of technical documentation.
- There was no planned technical dialogue with the suppliers, but a “bidding conference” was organized where suppliers could ask questions about the call for bids.

B – Competition

- The environmental criterion is related to the supplier’s environmental certification, with the “Swan” and the “Miljøfyrtårnet” as the most important certificates, the former more stringent than the latter. ISO 14001 is considered less demanding as suppliers themselves decide on the environmental aspiration levels.
- The Swan certificate (or a comparable and documented performance) yielded the maximum of 10 points, whereas the Miljøfyrtårn or ISO 14001 (or comparable performance) yielded 5 points.
- Environmental performance was weighted 20% in the final selection process, 80% weight was assigned to the price.

C – Contract

- No specific environmental issues were included in the contract.
- There was no specific compliance check other than the process described under point b.
- No specific reporting requirements, however, as a standard procedure, HINAS carries out follow-up meeting with all framework agreement suppliers once or twice per year. These meetings are an important “arena” for discussing (technological) developments and opportunities for improving environmental performance in the future.
- Despite some initial criticism from the suppliers when HINAS announced the environmental requirements, HINAS received positive feedback from the supplier winning the contract, expressing their satisfaction with being rewarded for their considerable effort in achieving an environmental certificate.

Printing supplies, Iceland

In 2010, a two-year framework contract was established on printing supplies, based on experiences from buyers and suppliers within the area. No concrete needs analysis or environmental impact assessment was done and the contract included little environmental criteria.

A – Business plan development

- In 2012 the framework contract was up for evaluation and Ríkiskaup decided to expand the contract to include the Swan Label as a green criterion.
- A dialogue was initiated with suppliers to inform about and discuss the new criterion. Ríkiskaup was initially concerned about the ability of the market to meet this new criterion, and possibilities of altering or reducing the criterion were discussed.
- Most suppliers were optimistic about the criterion and some had initiated the process of becoming Swan labelled or were interested in such prospects. The supplier dialogue was extensively successful in providing a tender process that correlated with market maturity and expectation and enhanced good relations between suppliers and Ríkiskaup.
- During the mini competitions (where suppliers compete for individual contracts within the framework contract), other additional environmental criteria can be used as award criteria. However, this is not generally done, since the Swan Label is considered sufficient.

B – Competition

- In 2012 only three suppliers had the Swan Label. However, Ríkiskaup made it possible for suppliers to be part of the state framework contract based on intent of getting the Swan Label within six months of the contract. Thus, two more suppliers became Swan Labelled and took part in the contract.
- In 2014, when a new SFC contract was established, supplier dialogue was initiated and nine suppliers expressed interest in supplying under the contract. Eight of the suppliers were chosen to take part in the contract, five were already Swan certified and three expressed intent to do so within six months.
- There is no specific system in place for checking supplier/product compliance, however, checking for compliance of suppliers certified with the Swan Label is simple since the process requires a third party certification. For suppliers without a Swan label, Ríkiskaup can ask the environmental agency to help verify the performance. Ríkiskaup plans on doing compliance check with the three suppliers currently in the process of becoming certified.

D – Contract

- The law on public procurement enables changes to existing contracts as result of newly developed criteria and as long as the suppliers under the existing contract seem capable of meeting such changes. In the newly developed 2014-contract no changes are anticipated the first two years, since the Swan Label is considered sufficient as an environmental criteria at this point.
- Currently reporting concerns only contract value but buyer and supplier experiences are reported at the end of each contract and used for the establishment of new contracts. The environmental agency is in charge of checking up on compliance with environmental criteria, but no concrete system is in place to do so.

When Ríkiskaup has an overview of the approximate purchasing for the next 12 months on all state framework contracts, they inform VINN, who reviews new criteria and plans for how to enhance the environmental performance of the coming state framework contracts.



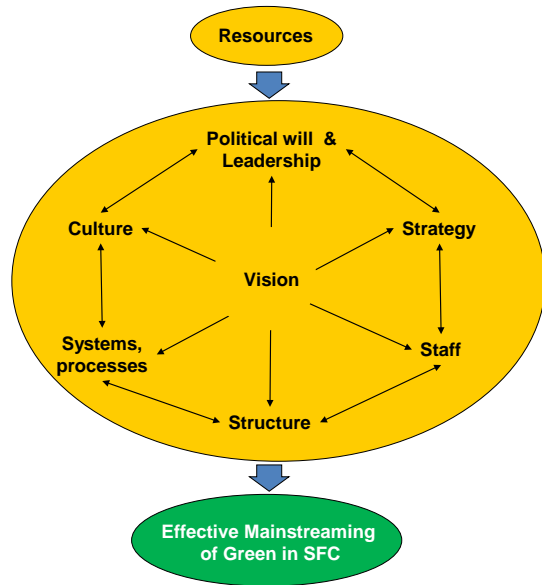
3. Key Themes in Green SFCs

The project has conducted studies on green SFCs in the five Nordic countries, based on a preliminary analytical model developed through the first months of the project. The model, which is inspired by a series of previous international analyses of endeavours for strengthening GPP, has initially and continuously during the analytical phase been adapted to the specific purpose of the present project. The elaborated model is presented in section 4.

The overall hypothesis of this part of the project is that the extent to which green requirements are incorporated in framework contracts depends on the complete organisational set up behind the framework contracts. Seeking evidence supporting or contradicting this hypothesis it has been important to gain insight into the organisational elements that determine the nature of the state framework contracts and the green contents. Thus, the study has been structured by an analytical framework that embraces seven organizational elements, each of which has been assessed through document review and interviews with key stakeholders:

- Is GPP a part of the institutional vision, mission and values?
- Does the leadership clearly express the vision in daily operation?
- Is the strategy for implementation of GPP in framework contracts clear?
- Is staff motivated and competent in matters of GPP?
- Is there a clear structure and a sound division of tasks between units and people?
- Does the organisation have proper systems for development, evaluation and use of GPP criteria in SFCs?
- Is GPP mainstreamed and part of organisational culture?

Figure 7: The organisational model



The five countries share an overall vision of greening SFCs, but the individual avenues chosen for approaching this vision differ in terms of all other six organisational elements. National examples of innovative and effective approaches to the respective organisational element are described as part of the study summary below – with more detail to be found in the national analyses attached in annex.

3.1 Country Study Summary by Theme

Vision and culture

The interviews in the survey document that formulating a clear vision and mission sets the scene and ensures focus from government officials and the management level of the SFC organisation(s). It also provides a “green focus” in the organisation and legitimises actions on GPP in SFC development.

In Finland, Hansel’s vision states: Hansel aims to be a pioneer of responsible procurement and “Hansel can have an impact on what is available on the market by incorporating CSR aspects in framework agreements and setting criteria, related to the environment”. Finland aims at 100% implementation of green aspects in SFC by end 2015.

In Denmark, GPP is embedded in strategies for green growth and innovative procurement. The Danish State Procurement Policy states that “...state framework contracts should contribute to the development and sale of green products (...). All state organisations shall include environmental concerns equally with other concerns.”

Denmark

The vision is to pursue efficient procurement with low prices while supporting a competitive market. Environmental concerns rank equal to other concerns and are implemented in an SFC if standard products can meet the criteria, thereby ensuring extensive competition. Environmental considerations are considered part of the organisational culture.

Finland

Finland aims at ensuring responsible joint procurement and market functionality, increasing complexity of the global environment, use of technology, and responsible employers. A government resolution from 2009 requires inclusion of sustainability criteria in all state procurement by 2015. The application of such criteria varies between ministries and institutions.

Iceland

The vision is to reduce public procurement’s environmental impact, support state entities in greening their operations, and improve sustainable consumption while promoting greater competitiveness for Icelandic businesses. Environmental criteria will be applied when they do not hamper a competitive market. Implementation of “green values” into the organisational culture is a work in progress

Norway

Norway aspires to achieve cost and time savings, share knowledge, achieve objectives of green and social public procurement, and boost the use of electronic procurement solutions. Norway has no national public procurement unit and ministries; institutions have different procurement visions and different levels of inclusion of environmental criteria.

Sweden

The Swedish vision focuses on reducing environmental impact through inclusion of environmental criteria that do not increase the administrative burden or hamper competition. The 16 environmental quality objectives are widely used by procurement staff.

Leadership in the organisational set-up

The study shows that clear leadership is essential in achieving effective mainstreaming of green aspects in framework contracts and the subsequent implementation.

Success is more likely to be achieved if a mix of soft and hard instruments is applied: Soft instruments include visionary statements, information, training, voluntary agreements, and tools; hard instruments include binding targets, mandatory procedures, allocation of resources, and monitoring and reporting systems with follow up procedures.

In Sweden, the NPS management is seriously engaged in the green agenda and the staff perceives the “green focus” as an obvious choice. This is also reflected in the NPS business plan.

In Finland, Hansel holds the leadership in matters of GPP and is clearly devoted to the issue through development tools and hosting GPP related events to further enhance GPP in Finland.

Denmark

Moderniseringsstyrelsen holds the leadership on state framework contracts, also in relation to integrating environmental criteria. One employee is solely devoted to the development and implementation of green criteria into SFC and provides support on the issue. Willingness and leadership in matters of GPP is first and foremost visible through the 2013 Strategy for Intelligent Public Procurement and the Action Plan for CSR 2012–2015.

Finland

Leadership is held by Hansel (with the Ministry of Finance), who implements green criteria into SFC and provides tools and guidelines concerning GPP related efforts. The 2009 government resolution requiring inclusion of sustainability criteria in all state procurement by 2015 shows political willingness. Leadership is made visible through GPP conferences and procurement network meetings. CSR is covered separately through a CSR team.

Iceland

The Icelandic government made GPP a central aspect of public procurement with the adoption of the GPP policy in 2009. Ríkiskaup and the Ministry for the Environment and Natural Resources assume leadership through developing and implementing green criteria into SFC. The visibility of these entities could, however, be enhanced further.

Norway

Norway does not have a national procurement unit. The Ministry of Climate and Environment is responsible for the politics for GPP. Difi, under the Ministry of Local Government and Modernisation, has the competence and responsibility for public procurement, including legislation and guidance. GPP is visibly prioritised at the political level with the law on public procurement stating that life cycle costs and environmental consequences must be considered when planning for procurement.

Sweden

The leadership on GPP is held by the National Procurement Service (NPS), supported by both legislation and tools for implementation. NPS is very visible and have a full time employee devoted solely to implementing environmental criteria.

Strategy, scope and achievement of goals

A strategy with clear goals and targets starts out procurement staff on the road towards GPP in practice.

The Icelandic GPP policy presents 8 goals on GPP, and the proportion of tenders with green criteria/TCO should be 50 pct. by 2016. An annual action plan lists specific actions to be made in order to reach each goal, and a responsible entity as well as a time schedule is defined.

Norway has applied a less centralised strategy for development of SFC – with involvement of regional (state) institutions (and hereby good anchoring of SFCs); involvement of suppliers in the setting of criteria; and specific attention on SMEs.

Denmark

The 2013 Strategy for Intelligent Public Procurement, which is tied to the Circular on State Procurement, is the guiding document for GPP. The strategy lists three goals and seven principles that public procurement should aim to fulfil, and it mentions the potential for the public sector to be a driver for innovation and sustainability.

Finland

In 2009, environmental considerations were implemented in the procurement strategy of the state procurement entity, Hansel. The goal has been to include sustainability criteria in 70% of public procurement by 2010 and in 100% by 2015. Criteria regard reducing environmental impacts, proper financial administration, efficient use of resources, occupational well-being of personnel, and improving customer and supplier satisfaction.

Iceland

An eight point strategy followed the GPP policy in 2009 and an Action Plan has been developed to guide the efforts. It is the goal that 50% of SFC should include green criteria by 2016. The strategy will be updated in 2016.

Norway

Norway has recently launched an initiative to renew the national policy on GPP. The latest national plan was “Government’s Action plan for environmental and social responsibility in public procurement (2007–2010)”. Currently the possibility for a national centre for framework contracts is being discussed. The decentralisation of SFCs enables close contact with the local market. However, without a central entity enforcing GPP, the role of GPP is only clearly pronounced in the strategies of some of the individual procurement entities.

Sweden

The Government’s Action Plan for GPP from 2010 is based on the 2003 EU Strategy for the Integrated Product Policy, aiming at reducing the environmental impact of goods and services throughout their lifecycle while simultaneously strengthening the competitiveness of suppliers. The Action Plan is made up of four strategic areas of focus and presents 16 environmental quality objectives.

Staffing

Competent and motivated staff at all levels is the key to make the vision and strategy become a reality; focus is on staff's knowledge, skills, will and motivation.

In Finland, Hansel organises procurement network meetings and Motiva an annual conference as some of the most important and effective knowledge sources for GPP.

In Sweden, NPS has worked with green criteria for years, has gained vast knowledge, and has a troupe of staff dedicated to the green issue.

In Denmark, dedicated external expertise are often involved in criteria development.

In Norway, implementation of ISO 14001 has in some institutions boosted the staff's interest for GPP.

Denmark

Staff within Moderniseringsstyrelsen express competency in matters of implementing and evaluating environmental criteria. Such efforts are done in close collaboration with external stakeholders and experts to ensure that criteria are relevant and realistic.

Finland

The staff at the state procurement entity, Hansel, is motivated and competent in matters of environmental criteria in tenders. For procurers in state organisation there is a need for capacity building.

Iceland

Some staff experience difficulties in balancing the focus on low prices and a competitive market with the newly developed environmental criteria. In some cases, environmental criteria are left to the individual ministry or municipality to implement.

Norway

The qualification of staff varies between entities. Generally, the larger entities seem to be doing better with incorporating environmental criteria. Incorporating environmental criteria is seen by many as time consuming and difficult.

Sweden

The NPS staff is competent and motivated to develop and apply environmental criteria in the state framework contracts. Sometimes external consultants are hired for specific tasks.

Organisational structure

There is a need for a clear structure, which distributes tasks and obligations between units and provides staff with the necessary back up for development and implementation of green framework contracts. A dedicated focal point for green aspects in framework contracts can support and monitor contract developers and procuring institutions and individuals.

In Finland, the Ministry of Finance has placed all state framework procurement activities in Hansel. The Ministry of Environment finances a special “green unit” for green issues in PP. Motiva is supporting GPP in all institutions.

In Sweden, Kammarkollegiet is the responsible unit for SFCs and has formed the National Procurement Service (NPS) providing coordinated framework agreements to the state authorities. A senior staff member in the Swedish NPS is appointed Green Focal Point for all institutions dealing with green framework contracts, be it formulation or implementation.

Denmark

Moderniseringsstyrelsen (under the Ministry of Finance) develops and follows up on obligatory state framework contracts. SKI (co-owned by the Ministry of Finance and the Danish municipalities) develops voluntary framework contracts at municipal and state level. Both entities are in charge of developing and implementing relevant environmental criteria.

Finland

State procurement is governed by the Ministry of Finance with the procurement entity Hansel. A steering group with members from all ministries oversees all state procurement and guides Hansel. Several of the framework contracts are compulsory for the ministries to use. Two advisory services (Motiva and Union of Municipalities) provide various support on public procurement and an educational unit provides training for procurement staff.

Iceland

State procurement is managed by Ríkiskaup (the State Trading Centre), which operates under the auspices of the Ministry of Finance. A GPP steering group,

VINN, with representatives from ministerial and municipal entities, is in charge of developing environmental criteria for implementation by Ríkiskaup. Government entities are obliged to use the SFC, but this is not always followed.

Norway

There is no central procurement unit in Norway, and municipalities typically do their own purchasing. Certain sector wide agreements exist, e.g. in health care and higher education. At the ministerial level, procurement is organised sector-wise by governmental organisations below ministry level. DIFI (Agency for Public Management and eGovernment) is a central player in laying the ground work for potentially moving towards a central procurement unit.

Sweden

State procurement is managed by the NPS, an entity within Kammarkollegiet, which is supported by the Swedish Competition Authority. The Swedish EPA, who is committed to promote sustainable consumption and production, supports the Swedish Competition Authority.

Systems, procedures, and monitoring

A systematic approach to developing and implementing green criteria eases the way to environmental benefits. Systems can refer to definition of green criteria; balancing of conflicting interests (environment/price etc.); procedures for procurement under SFCs (end-user); development of staff competencies; and communication.

In Norway, use of the Swan label as criteria and documentation eases GPP in practice.

In Finland, Hansel has issued a 15-page manual on planning and conducting GPP.

In Sweden, all agencies must have environmental management systems – this provides a very systematic approach also to GPP in SFC.

The Danish online tool “Den Ansvarlige Indkøber” gathers green criteria and standards and provides easy-to-copy tender formulations.

Denmark

The tendering process at the state level includes dialogue with the Ministry of Environment, the EPA and the Energy Agency to identify relevant environmental criteria. Other existing criteria (e.g. from SKI) are also considered. Dialogue with suppliers as well as a technical consultant ensures relevant and realistic

criteria. No systematic monitoring is in place, but in cases of reasonable doubt, Moderniseringsstyrelsen controls for compliance.

Finland

The tendering process includes dialogue with suppliers on suitable criteria. An internal GPP toolkit is used in the evaluation process. Framework agreements are published on the Hansel website and in the Hansel CSR report, which is used as procurement guidelines by some ministries. Hansel monitors the framework contracts with their environmental marking. Ministries do not have their own monitoring.

Iceland

The tendering process includes dialogue with suppliers on suitable criteria. Despite efforts to enhance the capacity of the procurement staff in regard to utilizing and evaluating environmental criteria, more work is still needed. The environmental impact is somewhat monitored through annual green accounting reports.

Norway

The tendering process includes dialogue with suppliers on suitable criteria. No concrete evaluation process guides the implementation or review of the environmental criteria. However, standards such as ISO 14001, the Swan and the EU Eco-label are useful tools in this process. Difi has in cooperation with CEN BII og OpenPEPPOL introduced a product catalogue in which suppliers can mark their products with eco-labels.^{6 7} The system allows for monitoring of public procurement of the eco-labelled products.

Sweden

The tendering process includes a feasibility pre-study containing a market and needs analysis. When applying environmental criteria, the NPS consults the Swedish Competition Authority for existing criteria and enters into dialogue with the suppliers. In some cases, procurers can make a reopened competition with additional environmental criteria, using a criteria catalogue specially developed for this purpose.

⁶ CEN Business Interoperability Interfaces for public procurement in Europe, <http://www.cenbii.eu/>

⁷ Pan-European Public Procurement Online, <http://www.peppol.eu/>

Network and information sharing

Having visible networks and sources of reliable information is important in facilitating GPP efforts. Most often environmental criteria are left out due to the lack of clearly defined ways of implementing and evaluating such criteria. International networks also work as a way to show best practices in matters of GPP.

In Sweden, the NPS website provides a central platform for networking and information sharing with specific tools and guidelines regarding GPP. Through cooperation with other Nordic and EU countries, NPS ensures that the information they provide is up to date.

Denmark

Moderniseringsstyrelsen collaborates with the ministerial procurement departments through the KIS Forum, where experiences and knowledge is exchanged. Several national ministries and agencies take part in the development of green criteria. Moderniseringsstyrelsen is also a member of Nordic and international procurement and GPP groups and forums.

Finland

Besides collaborating with ministries (e.g. through the Motiva GPP conference) and sharing information (e.g. website and CSR report), Hansel is a member of the cooperation group of central procurement units in Europe. The Finnish Ministry of Environment is involved in the Nordic group, the EU expert groups and the UN programme relating to overall cooperation, including GPP.

Iceland

The VINN website and Facebook page provides information and tools. The need for a GPP helpdesk designated for procurement staff has been discussed. Internationally, Ríkiskaup is a member of an informal group of European Central Purchasing Bodies, discussing current issues pertaining to public procurement.

Norway

With no central procurement unit, the various procurers make extensive use of the DIFI website as a way to exchange tools, checklists and criteria. One procurement unit organises an annual conference, and the Swan label foundation has established a “purchaser’s club” for public purchasers. Some purchasing

units are members of international networks. Difi's website offers tools for suppliers that wants to promote the eco-labelled products.⁸

Sweden

Nationally, NPS organises workshops and seminars aimed towards procurers. Various resources are available at their website. NPS cooperates with the Danish and Finnish procurement entities and is involved in the international Baltic GPP group.

3.2 Country Study Summary by Country

The studies have focused on SFCs, but with SFCs being a fully integrated part of the national schemes for GPP also more general GPP aspects have been investigated.

3.2.1 *Denmark*

It is the vision of the Danish government that public procurement should ensure efficient procurement with low prices while supporting a competitive market; the green transition shall be supported by environmental and energy efficiency criteria in public procurement. Taking into account environmental considerations is seen as an integrated part of the Danish public procurement culture. Although environmental concerns rank equal to other concerns, environmental criteria will not be implemented in a tender if the suppliers' standard products cannot meet the criteria, meaning that there must be a certain level of competition amongst the suppliers.

Moderniseringsstyrelsen holds the leadership on state framework contracts, also in relation to implementing environmental criteria into contracts. Willingness and leadership in matters of GPP is visible through the 2013 Strategy for Intelligent Public Procurement and the Action Plan for CSR 2012–2015. Besides making procurement processes more efficient and lowering procurement costs, joint public procurement is also seen as a tool to improve the environmental performance of government. Thus, various circulars pertain to environmental requirements in public procurement, including energy efficient procurement, procure-

⁸ <http://www.anskaffelser.no/verktoy/how-send-e-catalogue>

ment of sustainable wood (e.g. FSC), and environmental considerations in the procurement of vehicles.

The 2013 Strategy for Intelligent Public Procurement, which is tied to the Circular on State Procurement, is the guiding document for GPP. The strategy lists three goals and seven principles that public procurement should aim to fulfil, and it mentions the potential for the public sector to be a driver for innovation and sustainability. However, the guidelines presented in the strategy are voluntary. Moderniseringsstyrelsen sees its role as a supporter of innovative and sustainable production rather than an instigator of such efforts.

Staff within Moderniseringsstyrelsen expresses competency in matters of implementing and evaluating environmental criteria. Such efforts are done in close collaboration with external stakeholders and experts to ensure that criteria are relevant and realistic.

The organisation of GPP is led by Moderniseringsstyrelsen (under the Ministry of Finance), which develops and follows up on obligatory state framework contracts. SKI (co-owned by the Ministry of Finance and the Danish municipalities) develops both voluntary and binding framework contracts at the municipal, regional and state levels. State entities can choose to use an SKI framework contract if no state framework contract is already in place. No GPP taskforce or unit has been settled, why both Moderniseringsstyrelsen and SKI develop and implement relevant environmental criteria into their framework contracts. At Moderniseringsstyrelsen, one employee is devoted to the development and implementation of green criteria, a process often take place with support from external experts.

Preparation of green criteria for SFCs includes dialogue with the Ministry of Environment, the EPA, and the Energy Agency to identify relevant environmental criteria. Existing criteria from EU or SKI are considered. Dialogue with suppliers as well as a technical consultant ensures relevant and realistic criteria. No systematic monitoring is in place, but in some cases Moderniseringsstyrelsen controls for supplier compliance. Suppliers are obligated to provide information on environmental and energy related issues as part of the framework contract.

Moderniseringsstyrelsen collaborates with the ministerial procurement departments through the KIS Forum, where experiences and knowledge is exchanged. Several national ministries and agencies take part in the development of green criteria. Moderniseringsstyrelsen is also a member of Nordic and international procurement groups, also embracing GPP.

Suppliers are generally positive towards to use of environmental criteria in SFCs, especially when recognizable and clearly defined criteria such as the Swan or Flower eco-labels are used. Although such criteria are in general not considered as drivers for green innovation they do encourage suppliers to keep up with the label requirements. Some suppliers call for more control of supplier compliance.

SFCs are perceived beneficial in terms of lower prices and more efficient procurement processes. No efforts have been made to measure the environmental effects at this point. One obvious effect, however, is an increase in eco-labelled products available on the market.

One identified barrier in regards to GPP is the difficulty in balancing the market and price related goals with the goal of environmental criteria. TCO is considered a feasible way to obtain this balance, but there has been a lack of usable tools in this regard. In the beginning of 2015, The Danish EPA launched several TCO tools to be used by Moderniseringsstyrelsen and SKI in the procurement processes. These tools are developed in accordance with the 2013 Strategy for Intelligent Public Procurement, which states that TCO should be considered in the evaluation of energy consuming products, such as IT.

3.2.2 Finland

The Finnish government sees public procurement as a tool to ensure responsible joint procurement and market functionality; aid procurers in dealing with an increasingly complex global environment; strengthen the use of technology; and support responsible employers. A government resolution from 2009 requires that sustainability criteria are included in all state procurement by 2015. Since 2000, the public procurement entity in Finland, Hansel, has been committed to environmental issues and has published annual CSR reports. The actual application of the sustainability criteria into framework contracts varies between ministries and institutions. Overall, there is a positive attitude towards GPP among the Finnish public procurers, supporting a “green culture”.

Leadership in matters of environmental procurement is visible through the 2009 government resolution requiring the inclusion of sustainability criteria in all state procurement by 2015. Leadership is made visible through GPP conferences and procurement network meetings. CSR is covered separately through a CSR team.

In 2006, the Hansel public procurement strategy was developed to include environmental considerations, aiming at reducing environmental impacts, proper financial administration, efficient use of resources, oc-

cupational well-being of personnel, and improving costumer and supplier satisfaction.

The staff at the state procurement entity, Hansel, is motivated and competent in matters of environmental criteria in tenders. For procurers in state organisations there is a greater need for capacity building.

The organisational structure of public procurement is centred around the Ministry of Finance that governs the central procurement unit, Hansel. The Ministry of Employment and Economy governs the legal aspects of state procurement. A steering group with members from all ministries oversees all state procurement and guides Hansel. Currently, there are approx. 70 state framework contracts, several of which are compulsory for the ministries to use. Two advisory services provide support on public procurement and an educational unit provides training for procurement staff.

The systems and procedures for implementing environmental criteria include the use of an internal GPP toolkit that helps the procurers evaluate environmental criteria. Framework agreements are published on the Hansel website and in the Hansel CSR report, which is used as procurement guidelines by some ministries. Hansel monitors the framework contracts with their environmental marking, ministries do not have their own monitoring.

Information is shared on many levels. Besides collaborating with ministries (e.g. through the Motiva GPP conference) and sharing information (e.g. website and SCR report), Hansel is a member of the cooperation group of central procurement units in Europe. The Finnish Ministry of Environment is involved in the Nordic group, the EU expert groups, and the UN programme relating to overall cooperation, including GPP.

All framework contract suppliers fulfil the environmental criteria. Most suppliers on the market indicate that they are able to comply with the SFCs' green requirements. Some suppliers argue that the environmental criteria could be more demanding, what they would consider a potential competitive advantage. Several suppliers call for a more thorough verification process, where procurers check up on suppliers' alleged compliance with environmental criteria.

The effects of environmental criteria have not been measured. However, green criteria are used in 75% of the Hansel framework contracts, which covers roughly EUR 518 million. Thus, significant environmental effects are to be expected. The remaining 25% includes mainly services which have little environmental effects and do not meet the requirements of the green contract marking.

Difficulties in balancing the various criteria create a barrier for GPP. Implementing environmental criteria while also ensuring a non-discriminating procurement process and a competitive market is a challenge. The use of Life Cycle Costing could potentially help solve a part of this problem.

3.2.3 Iceland

It is the vision of the Icelandic government to reduce public procurement's environmental impact, help public organisations green their operations, and improve sustainable consumption, while promoting greater competitiveness for Icelandic businesses. The government wishes for procurement to drive green innovation and for procurers to integrate environmental criteria into all tendering processes. This vision is very ambitious and GPP is put on the political agenda through a concrete Green Public Procurement Policy from 2009. However, environmental criteria are only applied in framework contracts if they do not hamper a competitive market. GPP efforts in Iceland are relatively new and the implementation of "green values" among procurers is a work in progress.

The Icelandic government has shown leadership in matters of GPP through the adoption of the GPP policy in 2009. The groundwork for the policy was laid in the early 2000s with small steps towards GPP, including the establishment of the Green Public Procurement Programme, VINN, in 2003. However, stakeholders find that the leading entities on GPP, Ríkiskaup (the State Trading Centre) and the Ministry for the Environment and Natural Resources could be more visible and allocate more resources to GPP efforts than what is currently the case.

A concrete strategy and action plan followed the GPP policy in 2009, providing specific actions to be made for each strategy goal. Currently, quantitative targets are being developed for each of the eight goals to further operationalize the strategy. The strategy will be updated in 2016.

Most staff experience difficulties in balancing the focus on low price and a competitive market with the newly developed environmental criteria. Some of the staff in Ríkiskaup do not feel competent in using the environmental criteria and implementation of environmental criteria is in some cases left to the individual ministry or municipality.

State procurement is managed by Ríkiskaup operating under the auspices of the Ministry of Finance. A GPP steering group, VINN, with representatives from ministries and municipalities, is in charge of developing environmental criteria to be implemented by Ríkiskaup. The environmental criteria are most often developed from existing criteria from

Sweden and the EU and with support from external consultants. The law on public procurement states that all of Iceland's approximately 200 government institutions have to use the framework contracts for procurement, this is by some entities perceived as a guideline, why not all government institutions use the framework contracts.

The tendering procedure includes a dialogue with suppliers to assess whether the market is able to meet the (environmental) criteria. Some training on green methodologies and aspects of GPP has been conducted, but more is needed. GPP workshops are arranged for all public procurement staff, but no other concrete systems are currently in place to facilitate this process. The environmental impact of the environmental criteria is to a slight degree monitored through annual green accounting reports, which all public entities are required to submit. Such reports focus on the use of electricity and water, CO₂ emissions and waste production. A monitoring programme is part of the government's vision on GPP, but currently no concrete actions are planned for.

The VINN website and Facebook page provides information and tools. The need for a GPP helpdesk designated for procurement staff has been discussed. Internationally, Ríkiskaup is a member of an informal group of European Central Purchasing Bodies, discussing current issues pertaining to public procurement.

In most sectors, suppliers are positive towards environmental criteria in SFCs and some suppliers call for more environmental criteria in their sector. Other sectors, however, are not yet ready to embrace the environmental criteria, and this has in some cases led to cancellation of tenders, underlining the importance of the market dialogue process between procurers and suppliers. Due to an experienced disconnect between environmental performance and successful tendering, some suppliers call for a more transparent process where the environmental efforts of the supplier visibly pays off.

Some environmental effects have been identified as part of the green accounting programme. At the market level, significant effects are identified, especially in terms of the number of suppliers certified with the Swan eco-label. This correlates with the change in framework contracts, where the Swan eco-label has moved from a "nice-to-have" option into a concrete criterion.

Several barriers slow down the greening process. The lack of sufficient long-term funding is a barrier to fully developing structures and systems for GPP. Further, a gap has been identified between the ambitious GPP Policy and the concrete actions of the government, also reflected in an apparent lack of motivation and competences among procurement staff. At the

external side, another barrier relates to the fact that most of the Icelandic GPP criteria are developed from the EU criteria, and the several tenders have been cancelled and adjusted due to the inability of the market to meet these standards. This calls for the development of an Icelandic Model to GPP specifically taking into account the unique Icelandic context.

3.2.4 Norway

With SFCs the responsible Agency for Public Management and eGovernment, DIFI, aims at cost and time savings, sharing of knowledge, green and social public procurement, and increased electronic procurement. There is no central public procurement unit and ministries and institutions have different procurement visions and green aspirations. Overall national policies and plans encourage green procurement, and “green values” appear to be embedded in the procurement unit culture.

The Ministry of Climate and Environment is responsible for the GPP policies, and DIFI under the Ministry of Local Government and Modernisation, is a central player. GPP is visibly prioritised at the political level with the law on public procurement stating that life cycle costs and environmental consequences must be considered when planning for procurement; however, specific rules or guidelines have not been issued.

No national strategy on GPP exists, but currently the possibility for a national centre for framework contracts is being discussed. Overall, GPP does not seem to be a particularly pronounced issue in the strategies of the individual procurement entities, but with variations: In some procurement units, environmental considerations are a natural part of the working culture due to the ISO 14001 qualification process.

The qualification of staff also varies between entities. Generally, the larger entities seem to be doing better with incorporating environmental criteria. Incorporating environmental criteria is seen by many as time consuming and difficult. DIFI strives to enhance the capabilities of procurement staff by facilitating conferences, training and workshops. At the ministerial level, procurement is organised sector-wise by governmental organisations below ministry level. Uninett (owned by the Ministry of Education and Research) and HINAS (owned by four regional healthcare authorities) are some of the largest ministerial procurement units. DIFI is a central player in laying the groundwork for potentially moving towards a central procurement unit. Municipalities typically do their own purchasing. Certain sector wide agreements exist, e.g. in healthcare and higher education.

No overarching system defines the process of implementing or reviewing the environmental criteria. However, HINAS has recently developed a guideline for how to include environmental aspects in the different stages of the procurement process in the hospital sector. Generally, standards such as ISO 14001, the Swan, and the EU Flower are useful tools in this process.

Networking and information sharing is largely taking place through the DIFI website offering tools, checklists, and criteria. The procurement unit Uninett, which deals with framework contracts related to ICT for universities, organises an annual conference regarding public procurement. The Swan eco-label foundation has established a “purchaser’s club” for public purchasers, where members can use the expertise and criteria provided by the foundation. The purchasing unit HINAS (framework contracts related to healthcare) is member of the international network European Health Public Procurement Alliance.

Overall, suppliers are positive towards the use of environmental criteria in state framework contracts, especially when standard green criteria are used, such as the Swan eco-label and other labels.⁹ When procurement units make their own green criteria it is more difficult for suppliers to understand and comply with the criteria. Some suppliers argue that focus should also be placed on the environmental impact of non-product aspects of a given purchase, such as transport and logistics. Some suppliers are concerned that the SFCs exclude smaller suppliers from the competition.

There is currently no monitoring system for the use of environmental criteria in framework contracts (although HINAS perform analysis of CO₂ related effects based on supplier information), but procurement units and suppliers experience some effects that they attribute to the use of environmental criteria in framework contracts: Better quality of supplies and an increase in the number of eco-labelled products and services being purchased. Suppliers experience an increase in the use of quality and environmental standards and increased environmental awareness among suppliers.

A significant barrier identified is the belief that state framework contracts with environmental criteria may have an undesirable effect on the competitive situation in certain markets and on smaller suppliers’ ability to win contracts. In other cases, national tenders may actually increase competition by attracting large international suppliers.

⁹ The comprehensive list of labels is available at <http://www.anskaffelser.no/verktoy/codes-use-ehf-catalogue-labels-environmental-and-social-responsibility>

3.2.5 Sweden

The Swedish government has the vision that public procurement should help reduce environmental impact through the inclusion of environmental criteria, but environmental criteria in SFCs should not increase the administrative burden or hamper competition. The 16 environmental quality objectives are widely referred to by procurement staff and the inclusion of environmental considerations is a natural part of the culture of state procurement units.

The National Procurement Service (NPS) holds the leadership on green SFCs, supported by both legislation and tools for implementation. The NSP manages over 1,000 different contracts used by central government authorities and regional and local governments. The environmental focus is very visible within the NSP, with concrete objectives and criteria and specific mentioning of environmental considerations in the NSP business plan. Besides general attention on the matter, the NSP has several employees devoted solely to promote the green agenda and to implement environmental criteria in the SFCs.

The Government's Action Plan for GPP from 2006 is based on the 2003 EU Strategy for the Integrated Product Policy, aiming at reducing the environmental impact of goods and services throughout their lifecycle while simultaneously strengthening the competitiveness of suppliers. It is not mandatory for government institutions to use Kammarkollegiet's framework contracts, but it is often the best solution for them why the potential impact of environmental criteria is substantial.

The NPS staff is competent and motivated to develop and apply environmental criteria in the state framework contracts – due to a clear prioritisation of environmental matters within the organisation as well as a distinct expectation from the public that NPS works with environmental criteria. External consultants are hired for specific tasks.

Procurement is managed by the NPS, supported by the Swedish Competition Authority, which is responsible for implementing the National Action Plan on GPP. The Swedish EPA, which is committed to promote sustainable consumption and production, supports the Swedish Competition Authority. This organisational structure was established in 2010 when the government formed the State Procurement Organisation ("Statens Inköpscentral") and centralized all state framework procurement activities.

The tendering process includes a feasibility pre-study containing a market analysis and a needs analysis. When applying environmental criteria in SFCs, the NPS consults the Swedish Competition Authority for existing criteria and enters into dialogue with the suppliers. The NPS

aims at few and clearly defined criteria with significant impact. In some cases, procurers can make a reopened competition with additional environmental criteria, using a criteria catalogue specially developed for this purpose. After signing a framework contract with one or more suppliers, the Contract Management Division is appointed to follow up on the results and to ensure compliance with the criteria of the contract.

For networking and information sharing, NPS organises workshops and seminars for procurers. Various resources are available at the website. NPS cooperates with the Danish and Finnish procurement entities and is involved in the international Baltic GPP group.

Suppliers are positive towards the use of environmental criteria in SFCs, and most suppliers are able to meet the criteria; the more common the criteria get, the easier it becomes for the suppliers to meet and go beyond the criteria.

No concrete effects have been measured and there is no overarching monitoring of environmental criteria in state framework contracts, but the focus on environmental considerations has resulted in environmental criteria in nearly all state framework contracts.

One significant barrier regards the lack of knowledge among users of SFCs. Although relevant environmental criteria are established and the supplier is meeting these criteria, the individual procurers might not know how to evaluate the environmental criteria or might not find it important. This waters down the effect of the environmental criteria and lowers the financial gain otherwise expected by the suppliers who meet the criteria.



4. Developing the Key Themes Further

A maturity model describes auditable stages which an organization is expected to go through in its quest for greater sophistication.¹⁰ Procurement maturity models were introduced in 1988 (Reed et al).¹¹

The following model aims to demonstrate how green procurement maturity can be assessed in reflection of the national organisational approaches and endeavours for implementing green requirements in state framework contracts.¹²

4.1 Maturity model – Green SFC

The maturity model provides a framework for understanding the national organizational set-up that enables development and practical implementation and use of green state framework contracts.

As described in section 3, the analyses of the national models for green SFCs have been structured according to a generic organizational approach that has in previous studies contributed to deepen the understanding of pros and cons of organizational set-ups.

- Is GPP a part of the institutional vision?
- Does the leadership clearly express GPP vision and values?
- Is the strategy for implementation of GPP in framework contracts clear?
- Is staff competent in matters of GPP?
- Is there a structure with clear division of tasks between units and people?

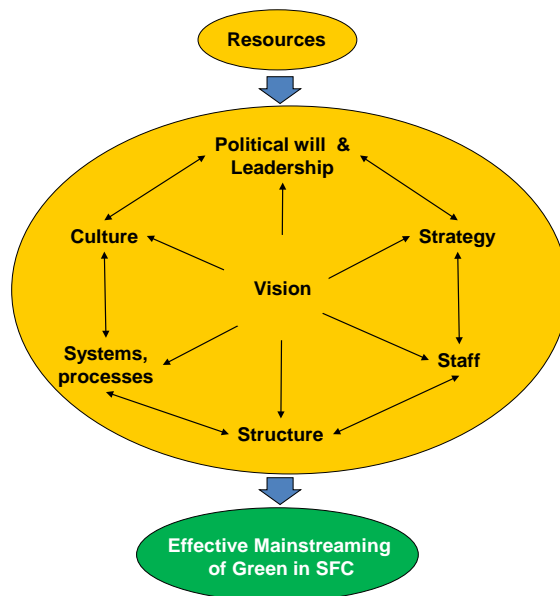
¹⁰ Schiele, H. (2007). Supply-management maturity, cost savings and purchasing absorptive capacity: Testing the procurement–performance link. *Journal of Purchasing & Supply Management*, 13(4), 274–293.

¹¹ Reck, Robert F; Long, Brian G: “Purchasing: A Competitive Weapon”, *Journal of Purchasing and Materials Management*; Fall 1988; 24, 3.

¹² It should be noted that organizations striving for a higher maturity stage must acknowledge the related increased work load, technical challenges, and administrative burdens.

- Does the organisation have proper systems and procedures for development and evaluation of GPP criteria?
- Is GPP an implemented cultural value?

Figure 8: The organisational model



Based on the national analyses, the model can now be fledged out to a maturity model covering the best practices in green SFCs from the Nordic countries.

4.2 Vision statement

A vision is an aspiration, an organisation's view of where it wants to go, what it wants to achieve, and what it wants to be in the long term. The vision contains a commitment for the organisation to work in the direction provided. The vision should be desirable, realistic and reliable; otherwise it will not have the motivating effect on staff and stakeholders. The vision statement is an important tool for initiating a dialogue within the organisation about the desired results and enhancing an organisational culture that supports green goals and activities. At the same time, the vision statement provides external stakeholders an understanding of the organisation's long term ambitions.

In the case of SFCs, the vision can and must be set at two levels: As a political statement from the government, and as an internal statement in the contracting organisation. Important elements for the successful implementation of an overall vision are:

- The government should formulate a vision statement expressing the role of GPP – to reduce the environmental impact of state entities, and/or to act as a driver of an innovative and green market. *All Nordic countries have prepared a vision statement with relevant elements, but being a driver for change could be taken more into consideration. The examples in chapter 2 demonstrate that green SFCs can at the same time pursue reduced environmental impact of state entities and dynamic development of green suppliers.*
- The implementing organisation should take ownership of the governmental vision by interpreting it into a more concrete vision for their specific work with greening SFCs.
- Inclusion of concrete and measurable goals and targets in the vision statement (or the closely related strategy) is a significant indicator of the seriousness of the efforts. Such goals often also translate into ambitious and devoted employees and a work culture supporting achievement of the goals. The clarity of the vision assists the process of organisational acceptance as well as legitimizes that green criteria are included in the tenders. *In Finland, the central unit for PP, Hansel, aims at 100% implementation of green aspects in SFC by the end of 2015 (which is a quite short-termed vision).*
- The vision can be expanded to include the need for public purchasers and providers to have access to tools, training, and other support in taking environmental considerations in public procurement – *as seen in Sweden*. This can, however, also be a part of the strategy that seeks to implement the vision.
- Without specific goals, the vision statement loses power; more clear leadership and a concrete strategy are then required to achieve the desired level of motivation among procurement officers. *The Danish vision statement on intelligent PP states that “all state organisations shall include environmental concerns equally with other concerns”, apparently a strong statement. This, however, does not necessarily lead to actual green procurement; the present survey found that environmental criteria are often given lower priority than price. The suppliers with the lowest price therefore often win the tender, regardless of their environmental standards.*

- Ambiguous formulations may weaken the vision statement. *The Swedish vision statement aims for authorities to take environmental criteria into consideration “as widely as possible” and further mentions that greening should not increase the administrative burden of Swedish suppliers. Such a wording provides the option of giving green requirements low priority in the development of the tendering criteria.*¹³

4.3 Leadership

Good leadership of state procurement in general makes it easier to incorporate GPP in existing organizational structures and processes. Leadership creates a connection between visions and actions by allocating resources and providing direction in the dialogue with staff, managers, suppliers and other stakeholders. Leadership and management practices build – explicitly or implicitly – upon a set of core principles and values. By elucidating and discussing the importance of green, politicians and the management can support that the complete organisation operates on the basis of shared values. This reduces the need for prescriptive rules and enables more flexibility.

- Clear leadership emphasising the importance of greening is not least necessary in a procurement organisation that traditionally has had one main priority: cost savings. Visible leadership on GPP has a significant impact on the skills and motivation among the staff. *In Finland Hansel is a visible focal point for all work related to SFC, including developing and implementing green criteria. In Sweden, the NPS management is seriously engaged in the green agenda and the staff perceives the “green focus” as an obvious choice. This is also reflected in the NPS business plan.*
- Leadership is also expressed through allocation of resources to the prioritised area of work. *In Sweden, Kammarkollegiet has devoted extra resources to GPP by allocating an employee to solely focus on the development and implementation of green criteria into SFC.*

¹³The requirement that the administrative burdens must not increase could also be seen as a call for development simple systems and practical standards.

- Allocation of resources contributes to raising staff competencies and self-confidence in the development and implementation of green criteria. *The staff in Sweden in general express that they are equipped with the proper tools and knowledge to implement and evaluate green criteria; in countries where fewer resources are allocated, such as Iceland, staff appears to have a lower perception of own competencies within the field.*
- Leadership communication on green issues contributes to mainstreaming environmental concerns as a priority in the organisation and strengthens the anchoring of green values in the culture. *Finland has a strong GPP communication with frequent events, such as conferences and seminars, and in Iceland a large effort was carried out where all government institutions were given the opportunity to attend GPP workshops at the onset of the national GPP programme.*
- Good leadership also means tuning the organisation according to monitoring results and renewed priorities. *Norway and Finland monitor the framework contracts with an environmental marking; however, in all Nordic countries in general there appears to be insufficient monitoring, weak feed-back of monitoring results to management, and/or limited effort on strengthening performance in light of monitoring results.*

4.4 Strategy

Strategy refers to the way in which goals are to be reached; it can be defined as the long-term plan of action to realise an organisation's vision and objectives with the available resources. A strategy is thus important for, among others:

- Operationalizing the vision statement, with targets and actions.
- Supporting staff in their GPP related work by defining concrete tasks and responsibilities.
- Enabling monitoring of progress.
- Allocating the necessary resources.

A strategy with detailed, measurable targets and appropriate resource allocation can be expected to lead to actual implementation and use of green criteria in SFCs.

- All five countries have specific strategies for environmental and/or innovative PP, either as independent documents or as part of the main strategies for PP. *The Icelandic GPP-strategy includes specific goals of which some are quite concrete (such as “use of green criteria in 50% of all tenders by 2016”) whereas other are less precise (e.g. staff should have the appropriate knowledge). The Icelandic strategy is detailed with an annual Action Plan identifying responsible entities and including a time schedule.*
- *There are no concrete strategies for the greening of SFCs and the desired outcome and impact in the countries.*

A strategy should be reviewed within a set number of years and be updated when necessary so as to ensure reflection of policy developments, evolving priorities, and market conditions.

4.5 Staff

Competent staff is a prerequisite for the success of Green SFC efforts, stretching all the way from needs assessments over criteria development and market dialogue to the actual use of Green SFCs and compliance control of suppliers. An overall assessment of capacity needs may lead to identification of needed capacity building initiatives or a need for additional (perhaps external) capacity.

- The staff should have an overall understanding of the purpose and contents of Green SFC and GPP. The Finnish PP entity, Hansel, and advisory unit Motiva organize a variety of events, such as seminars, conferences and network meetings, aiming at ensuring that staff is up to date on the most recent developments within GPP at a European level.
- Preparation of green criteria requires considerable technical knowledge that may be found outside the institution. In Sweden and Denmark, the employees co-ordinating development and implementation of green criteria in SFCs cooperate closely with external consultants and experts when in-house capacity is not sufficient.
- Implementing the green requirements in tenders and evaluating suppliers' bids require understanding of the process and general knowledge of environmental requirements. Procurement staff in Denmark and Sweden generally expresses a high degree of

competency when it comes to using and evaluating green criteria, not least due to a significant focus on GPP at the leadership level.

- Compliance control of suppliers is necessary to make sure and document that green criteria are complied with and actual environmental benefits achieved. Capacity for conducting compliance control is generally present in all Nordic countries, but with emphasis on general contract criteria (price and quality). Staff in Sweden generally expresses confidence in the field of compliance control also.
- Having decentralized units in charge of sector-specific procurement can enhance the capacity for working with green criteria as the potential benefits will be close connected to the efforts. However, decentralization may require follow-up, capacity building, and guidelines from central level to become effective. In the decentralised Norwegian model, staff capacity varies greatly between entities. Some state level entities are fully capable of working with green criteria and have a high degree of collaboration with suppliers in making the criteria efficient and appropriate; other entities, especially at the municipal level, are having difficulties operationalizing and evaluating the green criteria. The implementation of ISO 14001, however, has greatly improved the overall performance by enhancing staff understanding of and motivation for GPP.

4.6 Structure

The structure of an SFC-organisation can be defined as the formal and informal division and coordination of activities and responsibilities. The structure should reflect the key elements of the process as described in chapter 2. A transparent and clear organisational structure ensures that all key tasks are taken care of and are distributed transparently between the relevant stakeholders, enabling staff to seek the necessary back up for development and implementation of green SFCs.

- With a central unit assuming overall responsibility for Green SFCs the odds are good of having a well-functioning structure covering all key tasks and sufficient capacity for the complex challenges. *With the exception of Norway, the Nordic countries all have centralized units developing and managing SFC with sub-units in charge of GPP. Finland has a clear and efficient structure with the*

central entity, Hansel, in charge of joint state framework contracts. The Finnish Ministry of Environment finances a special “green unit”, Motiva, for green issues in PP. Denmark and Sweden have appointed employees specifically to the development and implementation of green criteria into SFCs, whereas Iceland has a working group on GPP. In Denmark, Norway, Finland and Sweden, the clear organisational structure coincides with staff expressing confidence in knowing where to turn for advice on GPP matters.

- *The organisational set-up should reflect and facilitate collaboration with the appropriate related governmental and non-governmental entities. All the national SFC units collaborate with other ministries and units on developing and implementing green criteria, but to a varying degree. As central units under the auspice of either the Ministries of Finance or Trade, the SFC units have good dialogue with these ministries. Also, the Ministries of Environment and the Environmental Protection Agencies are involved in the development and implementation process in all five Nordic countries. The involvement of non-governmental environmental organisations is less common and is not part of the core organisational set-up.*
- *In order to give green criteria weight and forward a strong signal to the suppliers (“complying with green criteria is mandatory to become supplier to the public sector”), suppliers’ compliance must be controlled and evaluated.¹⁴ In terms of SFC a centralised compliance unit could be the solution to this challenge. All Nordic countries have units for standard compliance control, but no country has units specializing in controlling and enforcing suppliers’ compliance with environmental criteria, and control of environmental compliance appears to be sparse. In Sweden and Denmark, supplier compliance is largely only investigated when there is reason to question the compliance.¹⁵*

¹⁴ This is less of an issue when the green criteria are based on Nordic or EU eco-labels since these require third party auditing.

¹⁵ Green suppliers from these countries express frustration with the lack of compliance control since it makes their work towards complying with the green criteria less valuable.

4.7 Systems

Systems and procedures are some of the most crucial aspects of an efficient implementation of green criteria into SFC. Appropriate and sufficient systems help transform visions, strategies and competencies into effective actions and enable GPP activities and endeavours to have the highest possible green impact on consumption and production.

- Well-defined and efficient criteria development systems help facilitate a smooth process of criteria development in collaboration with relevant stakeholders. *All Nordic countries have more or less fixed systems for developing SFCs.*
- A gradual and warned increase in environmental requirements enables suppliers to invest with long term perspectives in mind. *Among many examples the Finnish experience with procurement of office furniture elucidates the benefits of a stepwise tightening of the requirements in combination with market dialogue.*
- When creating new SFCs it is important first to identify needs and specification details of the given product or service. *In all Nordic countries it is common that the central PP entity enters into dialogue with various external stakeholders when preparing new tendering documents. In Sweden, large-scale feasibility pre-studies are carried out containing needs and market analysis. In Denmark, Moderniseringsstyrelsen utilizes product specific expert groups (representing end-users).*
- When developing green criteria it is advantageous to identify existing criteria in order to utilize all available resources and information. *All five countries commonly use the EU GPP standards as a starting point when developing green criteria, and criteria under labelling schemes, such as the Swan or the Flower, are often used systematically. In Finland, Hansel has developed an internal guideline for GPP, which is based on the EU GPP toolkit and other sources, listing 8 environmental goals for procurers to follow. Similarly, a web-tool has been designed for Danish procurers providing an easy-to-use approach to including the GPP criteria in tendering documents.*
- Besides implementing individual green criteria into SFCs, the entire contract can be marked “green” depending on the amount of environmental criteria and the weight of these criteria compared to price and quality. *In Finland, Hansel has its own environmental marking (based on the EU GPP toolkit and Motiva guidelines) which*

SFCs can achieve if they pass an environmental audit. Using an auditing tool, Hansel estimates how environmental aspects are taken into account in the contract: Defining the requirements, requirement specifications, applicability requirements, criteria for comparison or contract terms. This marking combined with supplier contract volume makes it easy to report the volume of green SFC.

- The process should be developed to have a one-day audit procedure to validate the actual level of green criteria. Additionally the procurement units should develop a green monitoring of SFC, marking green products from other products and start monitoring CO₂-emission where possible.
- The criteria development process should include collaboration with a variety of stakeholders and experts to ensure that green criteria are relevant and efficient. *In all five countries, choosing and implementing green criteria into SFCs include collaboration between the central PP unit and relevant ministerial entities, suppliers, and experts/technical consultants in order to qualify the green criteria. Especially Denmark, Finland and Sweden have clearly defined systems for this process.*
- The organisation should aim at strategic green criteria with which the greenest products are selected (as opposed to the “worst” product deselected).
- Monitoring of the level of implementation of the green SFCs in actual procurement is necessary to constantly assess performance and allow for increased leadership and reward/enforcement approaches where relevant. *The five countries have varying degrees of monitoring and all wish to implement more thorough and detailed systems for monitoring of activities and results. In Norway, a system for monitoring procurement of eco-labelled products has recently been established, and in Denmark, Moderniseringsstyrelsen is currently developing and implementing electronic solutions toward analysing procurement data – primarily based on invoices – on behalf of the central administration.*
- Systems for supplier compliance control and enforcement are crucial for the overall confidence to green procurement – from the public and from the market.
- Good networking and information sharing is important to follow “best practices” and communicate results and make the green agenda visible in the public sphere. *All the Nordic countries take part in national, Nordic and EU level networks in order to stay up to date*

on developments within GPP. All central GPP units have websites that offer information and tools for procurers and the general public. In Norway, Difi is in charge of such work. In Finland, Hansel conducts network meetings at the ministerial level for regular updating and improvement of staff competency levels.

4.8 The maturity model unfolded

Based on the survey of the organisational SFC models in the Nordic countries the above sections present a maturity model folded out. The analysis shows how efforts within each of the organisational elements can support the gradual development of an effective model for Green SFCs in the Nordic countries. Each of the Nordic SFC models has respective advantages and it can be concluded that there are different ways of achieving environmental benefits through green SFCs.

The table below seeks to illustrate three levels of Green SFC model maturity – from the basic to the strategic.

A country with a passive SFC model does only to a limited extent seek to harvest green or other societal benefits from public procurement under the framework contracts.

A country with a strategic SFC model aims at harvesting environmental, economic and societal benefits from an active and future oriented green procurement practice.

Key organizational themes for greening of state framework contracts – a maturity model			
	Passive – Basic	Advanced	
Vision	Internal vision with some green aspirations; prioritisation of competition over green	Goals on expected share/value of contracts with environmental requirements	Ambitious goals on expected outcome of green SFCs; Aspirations for green strategic SFCs supporting national business development
Leadership	National GPP institution also (informally) responsible for green SFCs	Appointed national focal institution for green SFCs; Some articulation of the importance of green in SFCs and GPP; Interest in volume of procurement under green SFCs	Explicit green attention from government and key institution's management; Clear expressions of the importance of green; Application of a mix of instruments to ensure the green benefits; Use of outcome monitoring data for preparing follow up actions; Involvement of staff in target formulation and action plan development
Strategy	Soft goals indicating a direction but no clear targets or actions specified	Strategy with some output oriented targets and an action plan; Limited budget allocated for greening; Specific focus on market dialogue and participatory approaches; Identification of key product areas in terms of environment	Long term plan with cross category approach; Tangible outcome targets; Analysis of costs and benefits of green endeavours; Clear action plan; Specific budget lines for greening; Search for new approaches; International cooperation
Structure	Individual (not structured) efforts supporting greening of SFCs	Central level staff committed to support preparation and application of green SFCs;	Transparent distribution of “green” tasks and obligations; Proactive Focal Unit for green support and monitoring; Support to compliance check of suppliers
Staff	Little knowledge of capacity needs or efforts for expanding staff's green competences	Institutional capacity needs insight; Existence of green competences at framework contract level; Fragmented capacity building; Some involvement of external competences	Institutional capacity needs assessment with derived plans and realised capacity building; Green competences at the levels of framework contract development and practical procurement; Clear practices for involvement of external expertise
Systems	Basic green criteria in some SFCs; sporadic involvement of market actors	Basic green criteria in relevant SFCs; Systematic dissemination of guidelines/procedures and case examples for green procurement; Monitoring of volume of procurement through green SFCs; Procedures for market dialogue and stakeholder involvement	LCA and TCO based ambitious green criteria in strategically important SFCs; Procedures for compliance check of suppliers; Systematic monitoring of outcome of procurement through green SFCs; Broad internal and external communication
Culture	Some consideration of environmental aspects in working practices	Environmental consideration well anchored among staff and visible through leadership actions	“Second nature” incorporation of green agenda into everyday work practices and strategic planning; “Green agenda” as part of institutional identity as well as internal and external communication

GPP = Green Public Procurement, SFC = State Framework Contract, LCA = Life Cycle Assessment, TCO = Total Cost of Ownership.



5. Nordic SFC-models revisited

Based on the best practices identified and the maturity model developed in chapter four this chapter seeks to pinpoint key recommendations for each of the five Nordic countries in a quest for developing a more effective and environmentally beneficial practice with development and use of SFCs. A general finding is that all countries could benefit from a more formalised exchange of GPP and SFC experience – good practices and elements have been identified in each of the countries and systematic exchange could contribute to more effective national green GPP models.

5.1 Denmark

The Danish model for SFCs explicitly includes green intentions in the vision and overall strategy, but with a modestly ambitious application in practice. The project has shown that elements of a green vision do not alone ensure that SFC are used drivers for green innovation and green transition in the industry, nor does it provide sufficient incentives for procurement officers to strictly prioritize green criteria.

Vision and Leadership

- The vision could entail more precise green goals.
- Management level could increasingly articulate the vision and green intentions from the government strategy on intelligent procurement and the CSR Action Plan in statements, workshops, seminars etc. in order to ensure application of green considerations in practice.
- To get the most out of public spending it should be discussed whether SFC could be used more strategically to support green and innovative development of the national business sector.

Strategy

- Specific targets for green achievements would give more precise directions and enable meaningful monitoring and follow-up.

Structure

- In order to increase the use of green SFCs it could be considered to establish a small unit / dedicate central level staff resources to support the (potential) users of SFCs.

Systems and Capacity

- A monitoring system for both SFCs and GPP should be prepared. Monitoring should provide information for strategic assessments of organisational efforts and on specific SFCs.
- The improved options for green procurement under the EU procurement directive should be scrutinised and the use of green criteria strengthened.
- Newly developed tools have eased application of the TCO-approach in SFCs (as in GPP in general) and this could now be pursued.
- Enhanced communication with suppliers could provide suppliers with information on how the green requirements are developing, and how suppliers can enhance the framework contract performance. One example could be environmental reporting.
- A system for compliance control of green suppliers would benefit trust in the SFC model.
- An institutional green capacity needs assessment covering the complete procurement process should be carried out and capacity building supported, not least targeting procurement staff.

5.2 Finland

The government resolution has been a powerful tool for promoting green criteria at the leadership and strategy levels. The state procurement organization and the steering group have made it easy to communicate green criteria in procurement, because the steering structure already exists and a unit is established to support green procurement. GPP communication has been enhanced through the procurement network structure under each ministry, which ensures that GPP related information reaches procurement professionals, and systematic capacity building is taking place.

Thus, a lesson learned is the importance of clearly formulated and politically founded strategies and goals as well as clear organisational structures that facilitate communication and collaboration.

Vision and Leadership

- The vision could entail more precise green goals
- To get the most out of public spending it should be discussed whether SFC could be used more strategically to support green and innovative development of the national business sector.

Strategy

- Specific targets for green achievements would give more precise directions and enable meaningful monitoring and follow-up.

Systems and Capacity

- Hansel's environmental marking is an easy to use reporting tool, which could be distributed to cover all state contracts. The contents could be derived from the 2013 government resolution of principle and measure environmental effects (such as CO₂-emissions and use of virgin raw materials). The marking tool could consider covering all possible actions for environmentally friendly procurement, including calculation for life cycle costing and carbon footprint. The environmental label could be incorporated in the upcoming eTendering tool or attached to the existing HILMA advertising tool.
- The improved options for green procurement under the EU procurement directive should be scrutinised and the use of green criteria strengthened, including application of the TCO-approach in SFCs.
- Hansel could consider conducting compliance control to verify that winning suppliers actually can fulfil the green criteria.

In addition, the review of the Finnish organisation for SFCs and the talks with stakeholders have revealed a potential that Hansel could act as a forerunner for green SFCs in the Nordic region. The additional advanced measures may be considered:

- An easy-to-use information tool could support procurers in choosing environmentally more sound products – introducing e.g. third party eco-labelled products or environmental evaluation criteria in mini competition for such products that exceed the basic level. In some framework agreements this is already in use.

- Hansel collects a monthly report of invoiced value from suppliers. In addition to this, they could ask for environmental report including e.g. CO₂ emissions from the framework contract procurement; some suppliers are already able to provide this data.
- Enhanced communication with suppliers could provide suppliers with information on how the green requirements are developing, and how suppliers can enhance the framework contract performance. One example could be environmental reporting.

5.3 Iceland

GPP and green SFCs have received larger attention in Iceland in recent years. The importance of stakeholder involvement in matters of GPP and SFC has become more apparent with the significant increase in environmental criteria in tenders and in eco-label certifications among suppliers. Market dialogue is a key element in the greening of SFCs not least when the range of suppliers is relatively small.

Vision and Leadership

- Iceland has prepared a designated GPP policy and a concrete GPP strategy, but a stronger political prioritization is needed to bring the strategy into reality.
- Management level could increasingly articulate the vision and green intentions (in statements, workshops, seminars etc.) in order to ensure application of green considerations in practice.
- To get the most out of public spending it should be discussed whether SFC could be used more strategically to support green and innovative development of the national business sector.

Strategy

- As in Sweden it could be discussed to make the use of (green) SFCs mandatory for relevant organisations.

Structure

- In order to increase the use of green SFCs it could be considered to establish a small unit / dedicate central level staff resources to support the (potential) users of SFCs.

Systems and Capacity

- A monitoring system for SFCs and GPP should be prepared. Monitoring should provide information for strategic assessments of organisational efforts and of specific SFCs.
- A system for compliance control of green suppliers would increase trust in the SFC model.
- Application of the TCO-approach in SFCs (as in GPP in general) should be pursued.
- An institutional green capacity needs assessment covering the complete procurement process should be carried out and capacity building supported, not least targeting procurement staff.

5.4 Norway

National purchasing contracts are perceived as having considerable economic and environmental effects, but monitoring and impact assessment are limited. The most visible, indirect indication of environmental outcome is that suppliers increasingly adopt eco-labels, primarily as a result of purchasers demand.

Vision and Leadership

- The vision could entail more precise green goals.
- Stronger and more clear political and top administrative support for GPP and green SFCs is needed. Management level could increasingly articulate the vision and green intentions in statements, workshops, seminars etc.
- To get the most out of public spending it should be discussed whether SFC could be used more strategically to support green and innovative development of the national business sector.

Strategy

- A concrete national strategy for GPP, including specific measures for SFC, could be prepared, with specific targets for green achievements providing more precise directions and enable meaningful monitoring and follow-up.
- As in Sweden it could be discussed to make the use of (green) SFCs mandatory for relevant organisations.

Structure

- A unit for preparing SFCs should be established.
- In order to increase the use of green SFCs it could be considered to establish a small unit / dedicate central level staff resources to support the (potential) users of SFCs. The study suggests that there is a lot of useful expertise present in organisations such as HINAS and Uninett that could be shared to a larger extent.

Systems

- A monitoring system for both SFCs and GPP should be prepared. Monitoring should provide information for strategic assessments of organisational efforts and on specific SFCs.
- Application of the TCO-approach in SFCs (as in GPP in general) should be pursued.
- A system for compliance control of green suppliers would benefit trust in the SFC model.
- SFC should be operationalized through electronic catalogues and supported by systems for electronic procurement.
- An institutional green capacity needs assessment covering the complete procurement process should be carried out and capacity building supported, not least targeting procurement staff.

5.5 Sweden

Swedish procurers regard “green” as a quality sign, supporting the importance of green SFCs as opposed to “normal” SFCs.

Vision and Leadership

- The vision could entail more precise green targets and more ambitiously prioritise green criteria as a key buying point.
- To get the most out of public spending it should be discussed whether SFC could be used more strategically to support green and innovative development of the national business sector.

Structure

- In order to increase the use of green SFCs it could be considered to establish a small unit (or dedicated central level staff resources) to support the (potential) users of SFCs.

Systems and Capacity

- The improved options for green procurement under the recasted EU procurement directive should be scrutinised and the use of green criteria strengthened.
- A monitoring system for both SFCs and GPP should be prepared. Monitoring should provide information for strategic assessments of organisational efforts and on specific SFCs.
- A system for compliance control of green suppliers would increase trust in the SFC model.
- The NPS has considered application of the TCO-approach, but the method was found difficult to use in the procurement situation. New tools and knowledge may have opened up for renewed TCO considerations.
- An institutional green capacity needs assessment covering the complete procurement process should be carried out and capacity building supported, not least targeting procurement staff.



6. Conclusions, recommendations, perspectives

The public sector procures vast amounts of goods and services and application of green criteria in public procurement should result in significant environmental benefits. Moreover, Green Public Procurement (GPP) can have a positive impact on green innovation in the private sector hereby constituting an important driver of green transition.

An important part of government institutions' procurement of environmentally important products and services is taking place through sector-wide or state framework contracts. Increased centralisation and co-operation on procurement will gradually enhance the importance of state framework contracts in all Nordic countries.

The aim of the project Greening State Framework Contracts is to analyse how GPP has been realized in state framework contracts in the Nordic countries and to find ways for improvement. The project is based on an interaction between interviews and theoretical studies. Nordic key agencies in relation to state framework contracts and green procurement have been interviewed and the national organisational frameworks for GPP in all the Nordic countries have been analysed. A general model for effective green state framework contracts has been drawn up, and recommendations on country specific possibilities to achieve additional green benefits of procurement under state framework contracts have been formulated.

Based on the project findings and conclusions the following recommendations were drawn:

State Framework Contracts can be an important instrument for greening of state institutions and of the market – and should be dealt with accordingly. SFCs are primarily used as a tool for reducing the price and providing effective procurement – but there are considerable environmental perspectives in utilising the SFCs strategically for environmental purposes. Ambitious environmental demands from important buyer groups will contribute to directing the market towards green innovation, and the well developed and implemented green SFCs

will serve as an example for other types of public procurement. SFCs are, however, no panacea for successful GPP and should not be applied without a careful preparation and feasibility study of the products and services under consideration. SFCs may also, under certain circumstances, reduce the competitive position of smaller, regional suppliers, which may conflict with other national policy areas such as strengthening the position of SMEs.

The endeavours for achieving environmental benefits of SFCs should be based on national organisational analyses in a holistic organisational perspective. Identification of ambitious green criteria that the market can comply with is a challenging task in itself. However, a series of other organisational efforts are needed in terms of vision, structure, education and systems, and the key organisational elements are closely interrelated. There is no blueprint organisational Green SFC model that fits all countries. The overall national structure, the relative autonomy of the procuring institutions, and a series of other factors set the frame for establishing an effective Green SFC model and these are all organised differently in the different countries.

A maturity model for the national green SFC organisation can provide a framework for organisational development aiming at significant environmental and strategic benefits from SFCs. Based on the analysis of the organisational models in the five Nordic countries, the project has established a maturity model illustrating the steps in a gradually more sophisticated national SFC model.

The organisation assuming national leadership of state procurement (often Ministry of Finance) should recognise its pivotal role in achieving environmental benefits through public procurement. Ambitious policy statements on GPP from governmental level are not sufficient to achieve actual impact. Engaging visions must be followed by clear targets, compelling leadership, proper stakeholder management, and not least allocation of resources enabling procuring organisations to achieve the goals. These framework conditions will in most countries be provided by the Ministry of Finance, and the level of green ambition set by this central unit is thus of vast importance.

If the environmental aspect of public procurement is a key priority, the national SFC model must accept that Green and Cheap do not always go hand in hand. Applying Total Cost of Ownership (TCO) perspectives as opposed to the traditional procurement price approach will definitely open up for more green procurement. But in addition, all levels of the procurement organisation should accept that buying green may sometimes lead to time constraints, increased staff demands, and market

challenges. Although the green products/services procured may not be more expensive than conventional products, the process of preparing a tendering process, where green criteria are identified and defined and the market is consulted, may cost more resources.

Preparation of green SFCs should be followed up by promotion of the actual procurement through green SFCs. Large efforts have in the Nordic countries been invested in preparing feasible SFCs with green criteria, but the environmental benefits do not materialise until goods and services are actually procured through the SFCs. Promotion of the green SFCs should be undertaken – with leadership statements, structural support, training, and supporting systems. Also increased visibility of green products will support green SFCs. It is crucial to establish an early involvement and commitment from the proposed end users of the contract. If the intended end users do not consider the products and/or services in the contract as valuable and useful, the contract will simply not have an effect.

All the SFC models in the Nordic countries entail elements of “Best practice”. A more formalised cooperation on GPP and green SFCs at Nordic level would enable key actors to share and learn from best practices – both organisational and technical. Many good practices have been identified through the project “Greening State Framework Contracts”, both in terms of developing the organisation and – more technically – of integrating green minimum and selection criteria in the process of establishing SFCs. Even though the Nordic national models for green SFC differ, the good practices can serve to inspire efforts in the other countries.

Overall, the monitoring systems specifically related to green SFCs are weak, and also GPP monitoring could be improved. The first level of monitoring is at contract level giving evidence on the level of implementation of green requirements. The second level goes into more detail on the products and services and gives measurable information on the use of green products at central and user levels. There is a need to develop the monitoring approach further to reveal the green effects – and based on the data provided by systematic monitoring to plan and execute improvements of the national SCF models.

Market dialogue is crucial to ensure that the market can respond to increased green demands. A risk of GPP is that the market cannot meet the green criteria that are set in the tendering documents. It is of vast importance that the market is consulted in the development phase in order to ensure that i) there are a sufficient number of suppliers that can meet the criteria, meaning that competition is not hampered ii) the criteria are not set too low in a rapid developing market. The market dia-

logue should be ongoing and proactive, taking into consideration future requirements for forthcoming competitions. Challenging requirements are not met within months – rather in years.

Consult existing criteria and make new criteria documents public – but be sure to adapt existing material to national conditions. Vast amounts of resources are spent in defining green criteria for procurement. Many existing criteria are available online and can ensure a cost effective process of developing new, green SFCs. NGOs also play an important role in developing environmental standards that may be used in SFCs. It may be necessary to adapt international criteria to national conditions as well as update/adjust levels of ambition, as the market moves fast forward in terms of green innovation. Share developed criteria internationally and facilitate the development of the GPP knowledge base. Collect information of green criteria beyond the EU GPP criteria, and introduce green elements to procurement of services.



References

Lists of interviewees

Table 1: Denmark

Organisation	Title	Name
Confederation of Danish Industry	Environmental Policy Consultant	Tina Sternest
Danish Business Authority	Chief Consultant	Ellen Marie Friis Johansen
Danish Competition Authority	Head of Division	Kim Sparlund
Danish Energy Agency	Head of Section	Mads Lindevall Kristiansen
Danish Environmental Protection Agency	Head of Section	Søren Mørk Andersen
Danish Food Agency	Procurement Specialist	Bent Buch
Danish Nature Agency	Procurement Specialist	Rasmus Ploug
Holmris	Sales Director	Michael Kronholm
Multiline A/S	Sales manager	Thomas Pliniusen
Papyrus	Head of Sales	Jens Thurøe
Scanoffice	Market manager	Jan Bertelsen
School Management	Head of Sales	Henrik Arvidsson
SKI (State and Municipality Procurement Agency)	Chief consultant, CSR	Rikke Dreyer
State Procurement Agency	Head of Division	Rikke Ginnerup
State Procurement Agency	Environmental Consultant	Karoline Hellem

Table 2: Finland

Organisation	Title	Name
Hansel	Legal Counsel	Liisa Lehtomäki
Ministry of Finance	Consulting Officer	Hannu Koivurinta
Ministry of Environment	Ministerial Adviser	Taina Nikula
Ministry of Employment and Economy	Senior Adviser	Markus Ukkola
Ministry of Interior	Productivity Officer	Pekka Taipale
Ministry of Employment and Economy	Government Councillor	Kari Mäkinen
Ministry of Education and Culture	Senior Advisor, Legal Affairs	Juho-Antti Jantunen
Ministry of Finance	Financial Manager	Jukka Nummikoski
Ministry of Defence	Governmental Councillor, Materiel Unit	Jouko Tuloisela
Ministry of Defence	Senior Specialist, Community and Environment Unit	Matias Warsta
Finnish Transport Agency	Director General	Rami Metsäpelto
Finnish Transport Agency	Manager, Security and Environment	Asko Hovi
Motiva Oy	Group Leader	Isa-Maria Bergman
Veljekset Laakkonen Oy	Diplomatic Sales Manager	Janne Haavisto
Europcar / Interrent Oy	Sales Director	Timo Keskinen
Staples Oy	Key Account Director	Lauri Hietanen
Kinnarps Oy	Sales Manager	Simon Bergholm
Martela Oy	Sustainability expert	Anne-Maria Peitsalo
Fujitsu Finland Oy	Product Business Manager	Uki Heng
Fujitsu Finland Oy	Director, Product Services	Jukka Mäntylä
Canon Oy	Sustainability Expert	Päivi Kahelin
Canon Oy	Development Director	Jaakko Muilu
Fazer Food Services	Key Account Manager	Jarmo Rasimäki
SOL Palvelut Oy	Sales Negotiator	Mira Wallenius
Konpap ry	Managing Director	Veli-Matti Kankaanpää

Table 3: Iceland

Organisation	Title	Name
Environmental Agency of Iceland	Team Manager, Consumer Team	Elva Rakel Jónsdóttir
GudjonoÓ	Owner	Ólafur Stolzenwald
Rekstrarvörur	Senior Marketing & Service Manager	Kristbjörn Jónsson
Ríkiskaup	Project Manager	Birna Gudrun Magnadóttir
VINN	Consultant	Hulda Steinarimsdóttir

Table 4: Norway

Organisation	Title	Name
Forsvarets Logistikk Organisasjon	Technical Consultant	Eilin Ekstrøm
DIFI	Director, Public Procurement	Dag Strøsnes
HINAS	Managing Director	Harald Johnsen
HINAS	Development Director	John-Christian Lervik
NTNU	Purchaser	Tove Strømman
Standard Norge	Project Manager	Hege Thorkildsen
Stiftelsen Svanemerket	Marketing advisor for B2B	Tormod Lien
Sør Trøndelag Fylkes Kommune (STFK)	Purchasing Manager	Tove Jebens
UNINETT	Purchaser	Lars Skogan

Table 5: Sweden

Organisation	Title	Name
Atea AB	Managing director	Andreas Rydell
Kammarkollegiet, Statens Inköpscentral	Division for procurement of goods and services	Annika Bondesson
Kammarkollegiet, Statens Inköpscentral	Division for IT procurement	Hans Sundström
Kinnarps AB	Quality and environment manager	Tomas Ekström
Naturvårdsverket	Procurer	Anna Samuelsson
Network of Swedish public procurers (SOI)	Member	Roger Himmelsköld
University of Stockholm	Procurer	Ulla Forsberg

Literature

Publications

- Danish Government, 2013, Strategi for intelligent offentligt indkøb. October 2013.
- Danish Ministry of Environment, 1995, Cirkulære om miljø- og energihensyn ved statslige indkøb; CIR no. 26 as of 07/02/95.
- Danish Ministry of Finance, 2012, Cirkulære om indkøb i staten; CIR no. 9112 as of 20/03/2012.
- Danish Ministry of Finance, 2012, Fordeling af opgaver på indkøbsområdet.
- Finnish Ministry of Defence, 2012, Environmental report 2010–2012.
- Hansel, 2013, Hansel Annual Report 2013.
- Finnish Ministry of Defence, 2010, Corporate Responsibility Program 2010.
- Naturvårdsverket, 2009, Miljökrav i statliga ramavtal – påverkan och potential. Report 5951; April 2009.
- Nordic Council of Ministers (NCM), 2009, Innovative Green Public Procurement of Construction, IT and Transport Services in Nordic countries.
- Nordic Council of Ministers (NCM), 2011, Norden – ledande i grön tillväxt. Rapport från de nordiska statsministrarnas arbetsgrupp för grön tillväxt.
- Nordic Council of Ministers (NCM), 2012, Mainstreaming GPP in the Nordic countries – a scoping study.
- Reck, Robert F. and Brian G. Long, 1988, Purchasing: A Competitive Weapon, *Journal of Purchasing and Materials Management*, Fall 1988; 24, 3; ProQuest pg. 2–8.
- Norwegian Ministry of Environment, Ministry of Government Administration and Reform and Ministry of Children, Equality and Social Inclusion, 2007, Miljø- og samfunnsansvar i offentlige anskaffelser. Handlingsplan 2007–2010; Publication code T-1467 B.
- Norwegian Ministry of Trade, Industry and Fisheries, 2012, Forskrift om offentlige anskaffelser. As of 01/07/12.
- Norwegian Ministry of Trade, Industry and Fisheries, 2012, Lov om offentlige anskaffelser; As of 01/07/12.
- Senate Properties, 2013, Corporate Social Responsibility Report 2013.
- Vistvæn Innkaup 2013, Green Public Procurement and Green Government, Government Policy 2013 to 2016; April 9th 2013.

Web

Avropa, <http://www.avropa.se>

Avropa, Avropsberättigade organisationer – vem får avropa? http://www.avropa.se/Om-inkopscentralen/Avropsberattigade_organisationer/

Hansel, www.hansel.fi

Naturvardsverket, Green Public Procurement A tool for achieving national environmental quality objectives, <http://www.naturvardsverket.se/Documents/publikationer6400/978-91-620-6600-0.pdf?pid=10069>

Procurement Lawyers, The use of framework agreements in public procurement, <http://www.procurementlawyers.org/pdf/PLA%20paper%20on%20Frameworks%20PDF%20Mar%2012.pdf>

Ríkiskaup, <http://www.Rikiskaup.is/english/nr/324>

Statens Indkøb, The three principles for the state procurement programme, www.statensindkob.dk

Statens Indkøb, Om Statens Indkøb, <http://www.statensindkob.dk/ServiceMenu/Om-Statens-Indkob>

Swedish Government, Miljöanpassad offentlig upphandling, <http://www.regeringen.se/sb/d/8902/a/78709>

VINN, <http://vinn.is/english>

Vistvæn Innkaup, Vistvæn innkaup og grænn ríkisrekstur, http://www.tiki-toki.com/timeline/entry/155103/Vistvn-innkaup-og-grnn-rkisrekstur/#vars!date=2003-03-26_20:52:15!



Sammendrag på dansk

Grønne offentlige indkøb (GPP) er et vigtigt redskab til grøn omstilling. Dels kan miljøkravene fra det offentlige føre til en reduceret miljøpåvirkning fra både forbrug og produktion, dels kan GPP have en afledt positiv effekt på grøn innovation i den private sektor.

Statslige rammekontrakter dækker indkøb af store og stigende mængder varer og tjenesteydelser med betydelig miljøpåvirkning. Indkøb af store mængder giver indflydelse på markedet, og rammekontrakter med ambitiøse miljøkrav kan være en drivkraft for grøn innovation og samtidig føre til reduceret miljøpåvirkning og nye job og eksportmuligheder.

Rapporten *Greening state framework contracts – Approaches in the Nordic countries* undersøger opnåede resultater og uopfyldte GPP potentialer i de statslige rammekontrakter i de fem nordiske lande. Formålet er at:

- Beskrive hvordan GPP er blevet realiseret i statslige rammekontrakter i de fem nordiske lande.
- Foreslå landspecifikke måder at forbedre situationen.
- Udvikle en generel model for effektive måder at realisere mere effektive, miljøvenlige rammekontrakter.

I hvilket omfang grønne krav er indarbejdet i de statslige rammekontrakter afhænger af det samlede organisatoriske set up – i rapporten udtrykt i en analytisk model, der favner syv organisatoriske elementer:

1. Mission, vision og værdier.
2. Strategi.
3. Ledelse og styring.
4. Personale.
5. Kultur.
6. Struktur.
7. Systemer.

Undersøgelserne af de fem lande har vist, at landene deler en overordnet vision om mere miljøvenlige rammekontrakter, men de enkelte veje valgt til at nærme sig denne vision varierer – og ligeså gør de seks andre organisatoriske elementer.

Baseret på landeundersøgelser og de udviklede modeller præsenterer rapporten en række centrale anbefalinger, der sigter på at støtte en mere effektiv og miljømæssigt gavnlig praksis med udvikling og brug af statslige rammekontrakter i hvert af de fem lande:

- En rammekontrakt kan være et vigtigt redskab til mere bæredygtige statslige institutioner og marked – og bør benyttes til det formål.
- Brug rammekontrakterne strategisk til at understøtte grøn produktion og innovation.
- Statslige rammekontrakter med krav til miljøforhold er ikke et universalmiddel for vellykket nationale grønne offentlige indkøb og bør anvendes på baggrund af omhyggelig forberedelse og forundersøgelse af produkter og tjenester.
- Basér bestræbelser for grønne rammekontrakter på nationale analyser af behov og marked i et helhedsorienteret, organisatorisk perspektiv.
- Vellykkede grønne indkøb kræver organisationsudvikling i indkøbsorganisationen. Overvej maturity-modellen som ramme for organisationsudvikling.
- Accepter, at "miljøvenlig" og "billig" ikke *altid* går hånd i hånd. Anvend Total Cost of Ownership (TCO) perspektiver i modsætning til den traditionelle indkøbspris-tilgang.
- Sørg for, at indarbejdelse af miljøkriterier i statslige rammekontrakter følges op af faktiske indkøb hos brugerne af kontrakten.
- Lær af god praksis i andre lande.
- Implementer monitoreringssystemer specifikt vedrørende miljøkrav i rammekontrakter.
- Gennemfør markedsdialog for at sikre, at leverandører kan overholde øgede grønne krav.
- Anvend miljøkriterier fra andre lande, hvis der ikke eksisterer nationale kriterier inden for det relevante produkt- eller serviceområde – men tilpas dem de nationale forhold.



Annexes

Country study – Denmark

Overall mapping of national structure of state framework contracts

In Denmark, state level procurement is carried through as one of three processes:

- *As part of joint state procurement:* Procurement for the entire state administration; mandatory framework contracts for the state institutions. When no mandatory state framework agreements are available, procurement often happens via agreements under SKI (National Procurement Ltd. – Denmark).
- *As procurement at ministerial or inter-ministerial level:* Coordinated procurement for several institutions within a ministry; usually by the procurement department or through coordination among two or several ministries.
- *As procurement at institution level,* where each institution carries through its own purchasing.

The “joint state procurement” is the state framework contracts. They are managed by Moderniseringsstyrelsen through the Central Procurement Programme. The main aim of developing the framework contracts is to achieve economies of scale, thereby ensuring efficient and low-cost purchasing, as well as to improve the environmental performance and enhance sustainability within local and state government entities.

The Danish approach to the development and implementation of state framework contracts is based on several key documents that form the overall framework conditions:

The Danish Government’s “Strategy for Intelligent Public Procurement” from 2013 is a set of guidelines for public procurement. The guidelines are optional for the state institutions to use and find inspiration from. The strategy states that:

“It is essential that procurement is efficient in order to ensure that the public sector achieves as much value for money as possible. There is also a great potential in utilising the public sector demand as a driver for innovation and sustainability in both public and private sector.”¹⁶

The strategy lists three goals, one of which is sustainability, and seven principles that public procurement should aim to fulfil. Among the seven principles it is stated that public procurement should support green transition by including environmental and energy requirements in public tenders, whenever relevant and possible under the given market conditions. This also applies to the state framework contracts.

The state framework contracts are subject to the regulations found in the Circular on State Procurement,¹⁷ which supports the implementation of the State Procurement Programme. The Strategy for Intelligent Public Procurement elaborates on the circular regarding procurement in the public sector in general.

The actual State Procurement Programme (initiated in 2006) is supported by three main measures:

- Ensure effective, common state framework contracts
- Increased management focus on procurement
- The establishment of the framework for future central procurement strategy.

Moreover, the state procurement is based on the following three principles:

- *Standardization:* The procurement is standardized towards fewer product types in order to increase volume and thereby ensuring favourable prices.
- *Coordination:* The purchase of goods is awarded to fewer suppliers, thereby achieving lower prices due to bulk purchasing.
- *Commitment:* The Central Government is committed to use the framework contracts, thereby securing good prices as a result of the supplier's guaranteed sales.

The Central Procurement Programme involves and commits the entire Central Government. The state institutions are not allowed to purchase

¹⁶ Strategi for intelligent offentlig indkøb, Danish Government, October 2013 [author's translation].

¹⁷ Cirkulære om indkøb i staten, CIR nr 9112 af 20/03/2012.

products from other suppliers if the product area is covered by the binding framework contracts.¹⁸

When developing new state framework agreements, the guidelines found in the Strategy for Intelligent Public Procurement can be used to incorporate green criteria into contracts. The use of green criteria in public procurement must, however, be legitimized through legislation, and the authority must act objectively and economically responsible when deciding how to include environmental criteria so as to ensure competition on the market. Both the European procurement directive and the Danish Environmental Protection Law can guide the selection and implementation of green criteria relating to the subject of the framework agreement.

The Danish Government has joined the European Commission's objective of 50 pct. GPP in 10 selected areas – construction, food and catering, transport, electricity, IT equipment, paper and printing, furniture, cleaning, gardening articles and gardener services. However, this objective is extremely hard to measure in practice.

Main organisation(s)

In Denmark, two main organisations develop and put to tender the public framework contracts at the national and state levels: SKI (National Procurement Ltd. – Denmark) and Moderniseringsstyrelsen (State Procurement Programme). Several other organisations develop framework contracts for use at the municipal and regional level.

Moderniseringsstyrelsen develops and puts to tender the state framework contracts. It is also Moderniseringsstyrelsen that awards the state framework contracts at the end of the tendering process. Before establishing a framework contract in a new area, an analysis is made regarding the feasibility for coordinated procurement across ministries. These areas are typically standardized goods and services, e.g. computers, office supplies, cleaning services, hotel accommodation etc.

Currently, Moderniseringsstyrelsen is carrying through seven tenders in the 9th phase of the State Procurement Programme.¹⁹ When the process is concluded, the State Procurement Programme will cover approx. 30 purchasing areas.

SKI develops framework contracts for the public sector, focusing mainly on the municipalities. SKI is jointly owned by the municipalities

¹⁸ www.statensindkøb.dk: The three principles for the state procurement programme.

¹⁹ May 2014.

and the state (through the Ministry of Finance). As a non-profit, SKI is financed through a set percentage-based fee paid by the suppliers of the contracts.

SKI develops two types of contracts: Binding contracts and voluntary contracts. Public institutions who join the binding contracts are – as the title suggests – obliged to use the suppliers from this contract and are then guaranteed certain levels of prices and quality (including certain environmental standards). The voluntary contracts are seen as an offer for the public institutions.

Since Moderniseringsstyrelsen's state framework contracts are mandatory and the SKI contracts are optional, ministerial/state institution procurers can only use framework contracts by SKI when no state framework contract exists in the specific product area.

Figure A1: Institutional framework for SFCs in Denmark



Vision, mission, values and culture

The vision and mission of Moderniseringsstyrelsen is tied to the goals and intents of the governmental strategies and plans within the area of public procurement.

Moderniseringsstyrelsen is responsible for implementing the State Procurement Programme in regards to a number of regulatory frameworks and guidelines within the green procurement area, such as the Strategy for Intelligent Public Procurement and the Action Plan for CSR 2012–2015. These regulatory frameworks and guidelines provide an indication of the mission of Moderniseringsstyrelsen within the environmental area. According to the Circular on environmental and energy considerations in government purchases, nr. 26 of 7/2/1995, the state institutions shall make environmentally conscious purchases by including environmental considerations in the procurement of products and services on an equal footing with other concerns, such as price, quality, delivery terms, etc.²⁰

In the area of CSR, Moderniseringsstyrelsen systematically and consistently includes social responsibility criteria in the state framework contracts. Moderniseringsstyrelsen's CSR approach is based on internationally recognized principles, such as UN Global Compact; UN Guiding Principles on Business and Human Rights; OECD Guidelines for Multinational Enterprises; Recommendations for responsible business conduct in a global context; OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas; and The Mediation and Complaints-Handling Institution for Responsible Business Conduct.

Interviews with Moderniseringsstyrelsen indicate, that balancing different considerations and interests when developing and implementing green criteria is a challenge. Interviews show that the prevailing main mission of Moderniseringsstyrelsen is to ensure efficient procurement with good quality and low prices and to support a sound, competitive market. It is an imbedded value in the organization that environmental criteria are to be prioritised, but not to a level where they risk hampering a competitive market situation or result in significantly higher prices. Furthermore, Moderniseringsstyrelsen aims at creating standardization and only covers procurement of standard products that are demanded more widely across all state institutions. It is therefore essen-

²⁰ Cirkulære nr. 26 af 7/2 1995 (Cirkulære om miljø- og energihensyn ved statslige indkøb).

tial that the standard products of suppliers are able to meet the environmental criteria if these criteria are to be implemented in the tender.

Thus, the aim for Moderniseringsstyrelsen is not to drive green transition in the industries, but to support it. Interviews with stakeholders confirm this.

Leadership in the organisational set-up

The leadership in Moderniseringsstyrelsen is highly bound to the fulfilment of the official, legal and strategic framework that is set for public procurement. Interviews show that the course of Moderniseringsstyrelsen is especially set by the Strategy for Intelligent Public Procurement and the Circular on State Procurement.

At the management level, focus is on ensuring efficient procurement, good quality, low prices, and supporting a sound, competitive market, while at the same time ensuring environmental and CSR considerations. The Strategy for Intelligent Public Procurement implies that GPP is an important driver of a green transition.

Strategy, scope and achievement of goals

Moderniseringsstyrelsen has a key role in the implementation of the Government Strategy for Intelligent Public Procurement. The goals of the strategy are to achieve:

- *Efficiency*: with low prices, low total cost, low transaction costs and operational solutions.
- *Innovation and Quality*: based on innovation and market maturation, including through the development of new solutions that can support growth and job creation.
- *Sustainability*: through environmental and energy related requirements and the development of green solutions and by taking corporate social responsibility and social responsibility, including through social clauses and labour clauses.²¹

²¹ Strategi for intelligent offentlig indkøb, Danish Government, October 2013 [author's translation].

There is not a published strategy for Moderniseringsstyrelsen. The organisation publishes the procurement plan, which states what purchasing areas will be put to tender in the year(s) to come. Moderniseringsstyrelsen has an internal strategy and working programme, and according to interviews the work on developing green criteria is mentioned explicitly in the programme.

Moderniseringsstyrelsen is obliged to follow circulars and guiding principles, and environmental criteria can only be omitted if this can be justified by objective criteria (such as price and quality). In the area of GPP, interviews show that the strategy of Moderniseringsstyrelsen is to let green criteria be included in a tender either as quality requirements or as minimum requirements. If the criteria are included as minimum requirements, it is considered whether all the potential suppliers can meet the criteria so it does not hamper the competition. Nevertheless, green criteria are only included as quality requirements, whereas the award criteria are based on the most economically advantageous tender.

For the public sector as a whole, Denmark has – as mentioned – joined the EU 50 pct. target. It is not known whether this target is reached, as no proper monitoring system for GPP in Denmark is in place yet.

Staffing

The competencies of the staff of Moderniseringsstyrelsen are mainly related to legal, administrative, and technical aspects of procurement. One employee is responsible for co-ordinating the development and implementation of green criteria in the framework agreements. This is done in close cooperation with a number of external stakeholders and experts as described in the sections below. Interviews show that this is considered sufficient.

Organisational structure

Procurement staff is considerably positive towards implementing and evaluating green criteria in the contracts.

Moderniseringsstyrelsen is a part of the Modernisation Agency under the Ministry of Finance. It was established in 2006 and is comprised of two sections:

- *State Procurement – policy, procurement and law:*
 - Policy Tasks related to the procurement, tendering and competitive tendering.
 - Carrying through tenders and re-tendering of the state framework contracts.
 - Attorney General Scheme.
 - Tasks related to the ownership of SKI.
 - Legal Support to the Ministry in tendering.
- *State Procurement – compliance and contract management:*
 - Contract management of state framework contracts.
 - Ensuring compliance.
 - Procurement reporting.
 - Data quality in purchasing.²²

External structures

The procurement departments of other ministries play an important role in order to implement and utilize the state framework contracts.

They are responsible for:

- The actual purchasing through the contracts.
- Internal communication to the institutions of the existence of the framework contracts and the related commitments.
- Cooperation with Moderniseringsstyrelsen and participation in KIS Forum (point of contact between Moderniseringsstyrelsen and the state institution procurement sections).
- Quarterly approval of procurement data from ministerial financial/accounting systems and monitoring of compliance.
- Contribution to the preparation of Moderniseringsstyrelsens procurement plan.²³

Moderniseringsstyrelsen has a formalised collaboration with the ministerial procurement departments through the KIS Forum (Koncern-indkøbere i staten).

²² <http://www.statensindkob.dk/ServiceMenu/Om-Statens-Indkob>

²³ Fordeling af opgaver på indkøbsområdet, Økonomistyrelsen.

Cooperation

When preparing new tendering documents, Moderniseringsstyrelsen cooperates with a number of external stakeholders. The process is described in section 3.8.

It is essential for the implementation of the state procurement programme that all relevant competencies within the field of procurement are involved in the processes. Both in the preparation and implementation of the state framework contracts, Moderniseringsstyrelsen cooperates with members of KIS who contribute with their detailed, hands-on knowledge of procurement and also ensures the anchoring of the contracts at the ministerial level.

It is also important to note that external expert groups, who represent the users of the products and services, are crucial to the process. The expert group members change from product group to product group and the members are chosen on behalf of their specific knowledge and expertise. Their task is to establish standards, requirements and criteria for the specific product, and they also ensure that the end users' needs and wishes are taken into account.

Systems and procedures

The use of systems of relevance to greening framework contracts is mainly the use of reporting systems, the use of external standards and the development of guidelines for end users.

Registration of procurement data

Moderniseringsstyrelsen has limited access to systems and detailed data about GPP. Moderniseringsstyrelsen is at the moment developing and implementing electronic solutions toward gathering and analysing procurement data – primarily invoices – on behalf the central administration.

The potential benefits from analysing the invoices remain undocumented. However, the GPP-agenda could be promoted and supported by the increased and detailed knowledge about the specific goods and services that the government procures. The analysis of a total base of invoices to the government holds potential in this regard. Suppliers' environmental information on the invoices is the key to obtain this potential.

According to the framework agreements, the suppliers are currently obliged to provide information about environmental and energy issues, including eco-labels. In the future, this knowledge can potentially be used in combination with the data on institutions' purchases to monitor on green procurement.

Labelling criteria and standards

In the process of developing green criteria, the EU GPP standards are used as a starting point. A web-tool has been developed for procurers and provides an easy-to-use approach to including the GPP criteria in tendering documents: <http://csr-indkob.dk>

Criteria under labelling schemes, such as the Swan and the Flower, are systematically used as long as they are considered relevant and can be met by the market. This is especially the case if the criteria are used as minimum requirements.

The process of setting the green criteria in the tendering documents is a standard procedure in Moderniseringsstyrelsen.

The first step is a dialogue with the Procurement Department of the Ministry of Environment and the Energy Agency.²⁴ These entities work to qualify the relevance of the environmental requirement and ensure that all relevant environmental and energy considerations are taken into account. The Procurement Department initiates dialogue with the Environmental Protection Agency when preparing a proposal for green criteria for Moderniseringsstyrelsen. In cooperation, the two agencies under the Ministry of Environment can combine knowledge of procurement legislation and -processes with technical knowledge of environmental impact, the environmental performance of products, as well as knowledge on EU GPP criteria and Swan/Flower labelling criteria. Moreover, they ensure that relevant aspects from environmental action plans and strategies are taken into account. Currently, this would for example be the Government's Resource Strategy. The Energy Agency provides input on relevant energy standards when this is relevant for a product group.

If SKI has a framework contract within the area in question, their green criteria are also considered in the further deliberations.

Secondly, Moderniseringsstyrelsen enters into dialogue with suppliers on the market through a market dialogue. The purpose is to ensure that criteria and specifications are compliant with market expectations and potential. The dialogue is carried through in accordance with recital 8 of the preamble of the EU procurement directive.

Relevant themes of the dialogue are amongst others: Are there any specific standards, the suppliers meet? And does a large share of the market meet these standards? If this is the case, relevant criteria developed from this standard can be set as minimum requirements. An exam-

²⁴ Miljøministeriets Udbudsrådgivning (MUR).

ple of this is from the framework contract on printing paper. In that case, the majority of the market meets the Swan and/or EU Flower criteria.

In other cases, the market dialogue proves that the requirements based on EU GPP standards may be too high for the majority of the market to meet. An example of this was seen in relation to PVC in cables. In such cases, Moderniseringsstyrelsen chose not to require cables without PVC in order to avoid limiting the competition.

Next step is dialogue with a technical consultant within a relevant field. The technical consultant provides quality assurance and ensures that product specific knowledge is taken into account.

Moderniseringsstyrelsen strives to use TCO in their tenders and has done so in some cases on energy efficiency. For example a TCO-calculation was used in the tender of printers and multifunction devices. To continue and expand this work, Moderniseringsstyrelsen has identified a need for applicable TCO-tools within additional areas.

Network and information sharing

KIS Forum

As mentioned, Moderniseringsstyrelsen has a formalised collaboration with the ministerial procurement departments through the KIS Forum. A procurer from each ministerial procurement department joins the forum to exchange experience and knowledge. “Hands on”-experience with procuring from the actual state framework contracts is shared by the state institution procurers to the ministerial KIS responsible procurer and on to Moderniseringsstyrelsen. It is especially important to gain experience on both supplier performance and the applicability of the framework contracts.

Development of specific, green criteria

As mentioned in section 3.8, relevant stakeholders and experts are included in the development of green criteria. Central stakeholders are the Procurement Department of the Ministry of Environment, the Environmental Protection Agency, the Energy Agency, technical experts, KIS, and suppliers.

From the view of the suppliers

The interviewed suppliers all express satisfaction with the state framework contracts and the related green criteria. Especially in the cases where the criteria reflect the environmental labels, it is considered easy to fulfil the demands and it is praised that the criteria are recognisable.

The state framework contracts are not considered as drivers for green innovation. It is, however, mentioned by suppliers that GPP is a significant reason to obtain/maintain an environmental label.

Some suppliers mention that the green criteria could be stricter, whereas other suppliers have commented that some of the green criteria in previous tenders were too strict.

It is mentioned in interviews that the procurers could spend more resources on controlling that the suppliers comply with the demands. In general, Moderniseringsstyrelsen does not control compliance. However, in some contracts Moderniseringsstyrelsen control for compliance at the award of contract by examining a random sample of suppliers' fulfillment of the contract's requirements, including environmental requirements. As a rule, Moderniseringsstyrelsen only controls for compliance if there is a substantial suspicion that the supplier does not comply with the requirements.

National monitoring programme or systems

There is no national monitoring programme or system in place for GPP.

Moderniseringsstyrelsen estimates, that they have implemented the EU GPP criteria in the vast majority of the state framework contracts.

Currently, the Environmental Protection Agency is seeking to develop a monitoring system, but this is in the start up phase. A baseline will be established in 2015.

According to the Government Strategy of Intelligent Public Procurement, the government will analyse the measurement methods in order to develop a more valid status of GPP in Denmark in relation to the selected product areas. An aim is to clarify whether the EU 50 pct. goal has been achieved.

Identified effects

It is evident that the major effects of state framework contract are the lower prices and more efficient procurement processes that are achieved. The environmental effects have not been measured. It does, however, seem evident that the state framework contracts have a positive effect on the amount of eco-labelled products, which is gradually increasing.

Identified barriers

The aim of securing competition and low prices seems to be a barrier for setting strict, environmental criteria. The understanding of Moderniseringsstyrelsen is not that GPP shall be a driver for green innovation but rather that GPP can support the development of environmental improvements already initiated by the suppliers.

TCO is a feasible way to strive for better environmental solutions while still focusing on efficient and cheap purchasing. Barriers for implementing TCO have been the lack of usable tools and (in some product groups) lack of energy standards. In the beginning of 2015, however, The Danish EPA launched a TCO toolkit to be used by Moderniseringsstyrelsen and SKI in the procurement processes. These tools are developed in accordance with the 2013 Strategy for Intelligent Public Procurement, which states that TCO should be considered in the evaluation of energy consuming products, such as IT.

Conclusions

In the framework conditions for GPP in Denmark, there are many intentions of increasing the amount of green public procurement as well as of supporting innovative procurement forms and letting the procurers set strict, environmental criteria. The Government's Strategy on intelligent public procurement states that there is a great potential in using the public sector demand as a driver for innovation and sustainability in both public and private sector and that that public procurement can support green transition by including environmental and energy requirements in public tenders. Central legislative and guiding documents emphasize that state framework contracts should contribute to the development and sale of products with less environmental impact through deliberate inclusion of environmental aspects in procurement and that all state organisations should consider environmental concerns equally with other concerns. Moreover, both the European procurement directive and the Danish Environmental Protection Law enable the pro-

curers to include the green criteria and allow the environmental requirements to stand equal with other concerns.

Moderniseringsstyrelsen includes a variety of relevant stakeholders in the development of the green criteria, and in many cases the criteria are based on the EU GPP criteria as well as known standards from energy efficiency and recognized environmental labelling systems. This ensures that a certain level of environmental criteria is implemented in the state framework contracts.

However, the aim of Moderniseringsstyrelsen – the responsible organisation for developing state framework contracts in Denmark – is that it must ensure effective, common state framework contracts, standardized towards fewer product types in order to increase volume and thereby ensuring favourable prices. This may not necessarily be in conflict with GPP, but it is clear that it takes an effort to balance the different considerations when developing green criteria: interviews show that the prevailing, main mission of Moderniseringsstyrelsen is to ensure efficient procurement with good quality and low prices and to support a sound, competitive market. It is an imbedded value that environmental criteria are to be prioritised, but not to a level where they risk to hamper a competitive market situation or increase the prices substantially. The issue is not that low prices come before environmental concerns, but that the green criteria may reduce the number of suppliers that can participate in the tender. Interviews with stakeholders imply that Moderniseringsstyrelsen is focused on whether green criteria will hamper a high level of competition among the potential suppliers. It is emphasized by Moderniseringsstyrelsen that it must be possible for the market to meet the criteria with standard products, as Moderniseringsstyrelsen only covers the procurement of standard products that are demanded more widely across the state institutions. The green transition in the industries will thus not be driven by Moderniseringsstyrelsen, but Moderniseringsstyrelsen will support it through its GPP efforts.

There is no monitoring system in place for GPP in Denmark.

Country study – Finland

Overall mapping of national structure of state framework contracts

In Finland, there is a state procurement strategy,²⁵ which describes the overall strategy for state procurement in Finland.

The procurement unit can satisfy the needs the materials or services from following channels:

- Own procurement from the market (from the market).
- Using central procurement framework agreements (from the market).
- Own production of the services (service within the government).
- Using services from the State Treasury (service within the government).
- Using service centers (service within the government).
- Using in-house units (service from in-house units).
- Using properties from Senate Properties (service within the government).

Procurement from external bodies are the two first points.

Ministry of Finance is in charge of the governance of the state procurement. They govern the central procurement unit Hansel and Senate Properties. Ministry of Employment and Economy is in charge of the legal governance of the state procurement. They also maintain the HILMA-tool for publishing the tender calls of public procurers on the Internet. The State Treasury is responsible for some dedicated parts of IT-development for procurement processes, such as ordering and travel management systems.

The Ministry of Finance decides with a statute which categories are jointly procured and which central procurement unit will perform the tendering. It is compulsory for all state units to use these framework contracts.

²⁵ State procurement strategy / Publication of the Ministry of Finance 35/2009.

State government has a central procurement unit called Hansel Ltd. Its responsibility is to make framework agreements for goods and services that are common in the state. Hansel currently administrates 70 framework contracts and over 350 suppliers.

Within the state government there is a centralized unit for ownership of non-military premises, the Senate Properties. They procure a wide range of services and goods for the building and maintenance of premises.

State procurement covers less than 15 pct. of public procurement in Finland. Municipalities are the main procurers corresponding to 60 pct. of the public procurement volume. Joint authorities like hospital districts and secondary education are other major procurers.

The municipalities have their own procurement unit dealing mainly for such products and services, which can be bought at the national level. Hospital districts pool their procurement under the university hospitals. At the local level there is a tendency to form regional procurement units.

A new Public Procurement Directive was approved by the European Parliament in February 2014. The new directive emphasizes the importance of electronic procurement solutions. The Finnish Act on Public Contracts is undergoing a reform based on the directive, and Hansel is closely involved in preparing the reform.

Main organisation(s)

Hansel Ltd is the central procurement unit for the state. The purpose of the organization is to reduce public expenditure by increasing productivity in central government procurement.

The tasks and roles of the central procurement are defined in the Act of Public Contracts, the Act on a limited liability company called Hansel Oy and in the State Procurement Strategy. The Public Procurement Act specifies that Hansel's objective is to promote open competition and to organise tendering processes in a way that fosters efficient market operations.

Figure A2: Institutional framework for SFCs in Finland



Hansel's customers are:

- Central government agencies and bodies.
- Unincorporated government enterprises.
- Off-budget funds.
- Universities.
- The Finnish Parliament, and units operating under the mandate and supervision of and associated to Parliament.

Hansel's services are also used by certain bodies governed by public law and controlled by the Finnish government, and The European Chemicals Agency can access the services as well.

The framework contracts provided by Hansel follow one of three procedures:

- A single supplier model, where all products and services are supplied by a single supplier.
- Indicative ranking, where the supplier is selected through a calculation model. Customers enter their procurement conditions to the model, which then provides them with the most suitable supplier.
- Light tendering, where an internal competitive tendering process is carried out among the framework contract suppliers. Customers send out a written invitation for tenders, compare the tenders and select the best offer that meets the selection and comparison criteria.²⁶

Hansel has approximately 70 framework contracts. The framework contracts cover EUR 695 million, covering 15 pct. of the state procurement volume. Central procurement implemented under framework agreements generates considerable savings for the Finnish Government through both procurement process costs and pricing. Besides framework agreements, Hansel offers its customers consulting on the tender process and other legal services related to procurement.

The procurement volume of the greatest procurers (2012) in the state is calculated in the status of state government and framework contract volume in Hansel's annual report 2012, see table below:²⁷

²⁶ <http://annualreport2013.hansel.fi/?id=7>

²⁷ The status report on state procurement 2013.

Table A1: State procurement

State procurement 2012	Total M€	Framework M€	Framework %
Ministry of Defence	1,232	109.7	9%
Ministry of Traffic and Communication	820	53.6	7%
Ministry of Internal Affairs	480	74	15%
Ministry of Employment and Economy	446	76.3	17%
Ministry of Finance	390	80.5	21%
Ministry of Justice	270	41.2	15%
Ministry for Foreign Affairs	180	10.7	6%
Ministry of Education and Culture	176	101.6	58%
Ministry of Agriculture and Forestry	151	26.4	17%
Ministry of Social and Healthcare	129	39.7	31%
Parliament	53	11.8	22%
Ministry of Environment	44	6.6	15%
Prime Ministers Office ²⁸	21	46.9	223%
President of the Republic	6	1.8	30%
Others		6.1	
	4,398	686.9	

The Prime Minister's Office includes also three government owned enterprises: Leijona Catering, State Security Networks and Finnish State Railways.

Hansel's operations are mainly funded by service fees, based on realised procurement and collected from suppliers. Currently, the maximum service fee that can be charged is 1.5 per cent of the contract value, while the average service fee in 2013 was 1.19 per cent (1.21 in 2012).²⁹

Hansel's environmental management system follows WWF Green Office guidelines and has been certified according to this.

Vision, mission and values

An environmental vision was first stated in the government resolution in April 2009 for sustainable choices in public procurement. This government resolution was revised in 2013, incorporating the use of cleantech solutions. The resolution has also an ambition for innovation and growth of cleantech companies as an economic impact.

²⁸ These figures contain also part of the purchasing volume of VR Group Oy, providing railway and other logistics services, when it uses Hansel framework contracts for indirect purchasing categories.

²⁹ Hansel annual report 2013.

The state procurement strategy (32/2009) mentions sustainable criteria in chapter 5.5. based on the government resolution 2009. The strategy is to consider including sustainability criteria in 70 pct. of the state procurement in 2010 and 100 pct. in 2015. The new resolution 2013 requires 100 pct.

The main target areas of the government resolution 2009 are:

1. Procurement and use of electricity.
2. Construction.
3. Products using energy.
4. Travelling.
5. Food.
6. Services (more out of innovation potential).
7. Waste administration.

Different ministries have applied the government resolution from 2009 in various ways. Some ministries and institutions take environmental issues with great emphasis, e.g. Ministry of Defence, Senate Properties. Both have environmental systems.^{30, 31} Ministry of Internal Affairs has been proactive in development of procurement processes, but the environmental issues are not mentioned in the Ministry's strategy, although in procurement guidelines.

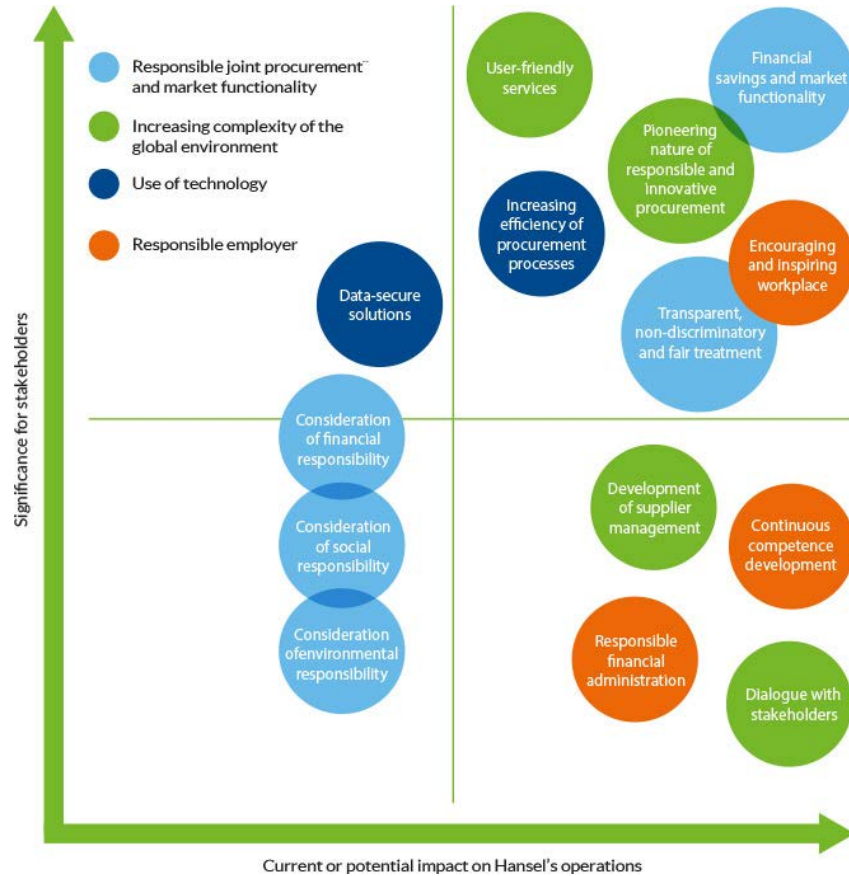
Hansel's annual report 2013 summarises the missions and visions in a significance matrix. There are four issues analysed:

1. Responsible joint procurement and market functionality.
2. Increasing the complexity of the global environment.
3. Use of technology.
4. Responsible employer.

³⁰ Ministry of Defence, Environmental report 2010–2012.

³¹ Senate Properties, Corporate Social Responsibility Report 2013.

Figure A3: Hansel's materiality matrix, 2013



The significance for stakeholders and current and future impact on Hansel's operations was analysed in the matrix above. The responsibility issues are equally important, in the figure they are placed on top of each other for graphical reasons.

In the report concerning the status of state government 2013,³² environmental aspects were mentioned with objectives and concrete actions in the unit procurement strategy in 12 out of 47 responding units. The majority of units only state objectives. In 9 units, environmental aspects were not commented.

³² The status report on state procurement 2013.

Leadership in the organisational set-up

The government resolution is a powerful tool for leading environmental issues in the state government. Most of the ministries have made their own strategies where the environmental aspects have been incorporated. In some ministries, the issues have been applied in procurement guidelines and thus not visible in leadership.

Leadership in procurement makes environmental issues visible. These matters are emphasized in Motivias GPP conferences and are also discussed at procurement network meetings. The latter gathers all procurement employees under one ministry.

Corporate Social Responsibility in procurement has become increasingly important in recent years. Hansel's CSR efforts are managed as part of the company's ordinary management system.³³

A central role is played by the Corporate Responsibility team, which convenes regularly and consists of experts from various functions within the organisation. The team has eight members.³⁴ None of them is a full time employed by responsibility issues.

The team develops, rolls out and provides information on CSR-related matters. Team members participate regularly in events and training on aspects of corporate responsibility, organised by various stakeholders.³⁵

Strategy, scope and achievement of goals

The basis for environmental strategies is the government resolutions from 2009 and 2013. Environmental strategy has been part of the strategy of Hansel since 2006 already before the government resolutions. This was initiated by the Board of Directors.

Hansel's strategic objective is to assume a stronger role in developing government procurement and to be a pioneer in responsible and innovative public procurement. CSR aspects are extensively accounted for in Hansel's strategy. Hansel promotes responsibility particularly through framework agreements, by setting certain CSR-related requirements for tenders.

³³ Hansel Annual Report 2013.

³⁴ Hansel Annual Report 2013.

³⁵ Hansel Annual Report 2013.

With regard to Hansel's own operations, the main aspects of CSR are reducing environmental impacts, proper financial administration, efficient use of resources, ensuring the occupational well-being of personnel, and improving customer and supplier satisfaction.³⁶ Hansel is a certified Green Office-partner.

The strategies of the different ministries are mostly based on the government resolution from 2009, since strategies are not updated annually. As an example, the Ministry of Defence has focused the environmental issues to civil procurement and whenever possible also for military procurement.³⁷

All interviewees were confident that the goals concerning environmental aspects can be reached. Impressions from the interviews were that the interviewees appraised the question based on the government resolution from 2009. As the interviewees were representatives of the largest framework users, the situation can be different in smaller units, as referred in the status of state procurement 2013.³⁸

Staffing

Hansel employs 70 people (2013). The interviewees state that the personnel are positively motivated for environmental issues. Hansel personnel are also regarded as very competent by the ministries.

Regarding the use of state framework contracts in state organisations, interviews both in Hansel and ministries stated that there is still room for improvement with the greatest concern being the capability of part time procurers in the state organisations.

External services are mainly used from the governmental advisory unit Motiva and the Finnish Environment Institute SYKE. Private suppliers are mainly used for preparation of reports preceding legislation preparation, mainly by the Ministry of Employment and Economy but also by other ministries.

³⁶ Hansel Annual Report 2013.

³⁷ Ministry of Defence, Corporate Responsibility Program, 2010.

³⁸ The status report on state procurement 2013.

Organisational structure

The procurement in the state is governed by the Ministry of Finance. There is a steering group for procurement that looks at the procurement within the state as a whole and acts as a steering group for Hansel. The steering group has members from all ministries and from a legal steering body in the Ministry of Employment and Economy.

There are two advisory services available, one covering public procurement in general, hosted by the union of municipalities and since 2013 another one for promoting energy efficiency and environmental choices (Motiva). Most of the interviewees were satisfied with the level of advisory services available. Training is available from state administration educational unit HAUS, both for procurement in general and for green public procurement.

Hansel also organizes procurement network meetings for each ministry. These network meetings gather most of the procurement professionals from a ministry. Interviews show that this is regarded as one of the powerful information source for green public procurement besides the Motiva conferences.

Systems and procedures

Tendering process

The tendering process is executed according to the figure below.³⁹

Figure A4: Tendering process



³⁹ Hansel Annual Report 2013.

Hansel's internal GPP guideline

Hansel uses an internal guideline for green public procurement, developed for internal use based on EU GPP toolkit and other sources like the ecolabels Nordic Swan and EU Flower.⁴⁰

The guideline lists following environmental goals:

- Diminishing energy consumption or increasing energy efficiency.
- Diminishing chemicalisation of the environment or diminishing the use of adverse substances.
- Diminishing greenhouse emissions (CO₂).
- Diminishing waste.
- Diminishing the use of nonrenewable natural resources and sensible use of renewable natural resources.
- Preservation of biodiversity.
- Promotion of environmentally friendly innovations.
- Promotion of sustainable life style.

For every framework tender, Hansel uses a customer workgroup clarifying needs and wishes related to the product or service. Technical dialogue is used with suppliers and sometimes with trade associations. Within the dialogue general procurement matters and environmental issues are discussed. The procurement is made as either open or restricted procedures, as the products are mainly standard off-the-shelf products.

Hansel has an auditing tool to certify whether the framework contract can achieve Hansel's own environmental marking. Every framework contract must have an audit. In some cases the contract reaches only the basic level, and does then not qualify for the environmental marking. In order to receive Hansel's environmental marking, the framework request for proposal must have an environmental aspect taken into account in at least two of the following issues:

1. Requirement analysis.
2. Compulsory requirements for goods or services.
3. Qualification of the supplier.
4. Evaluation criteria.
5. Contract clauses.

⁴⁰ ec.europa.eu/environment/gpp/eu_gpp_criteria

The first issue, requirement analysis, raises the use of environmental alternative, such as using train instead of a flight or performing the meeting as a videoconference instead of travelling.

The main emphasis is on issues 2–5. In order to be accounted for the environmental label, the winning suppliers must get evaluation score, otherwise issue 4 is neglected. Hansel uses the requirements of the Swan label, EU GPP toolkit and Motiva guidelines when setting the requirements.

The compulsory requirements are detailed for each product or service group. The energy efficiency requirements are set for lamps, televisions and for household machinery. For catering machinery the same set of requirements can be set, but there is no energy labelling for that machinery. The office equipment must have energy star labelling. For vehicles there is maximum 120 g/km CO₂-emissions. Additional requirements can be for NOX ja particle emissions.

For materials eco-label requirements are often applied. They also specify what kind of adverse substances shall not be in the product or must be lower than the threshold value.

There can also be requirements for production method eg. organic food or resources from sustainable sources (FSC-labelled wood, MSC-labelled fish).

The supplier requirements (issue 3) can be used when the requirements are meaningful for the procurement object, serving as means to diminish CO₂-emission in deliveries or chemical recovery when washing the cars.

Evaluation criteria (issue 4) include topics as: “long expected lifecycle of the equipment” (36 months versus 48 months as a requirement or warranty), “environmentally sound delivery”, “life-cycle costing”, or “energy efficiency exceeding the minimum requirements”.

Environmental criteria in contract clauses (issue 5) often require recycling of the products after use, use of recyclable packaging or use of recycled material in packaging.

The green criteria were analysed in Hansel’s sustainability report 2012. The most often used green requirements are the first four ones. The criteria were:

- Suppliers environmental system or processes as a description.
- Recycling.
- Energy consumption.
- Energy or material alternatives.

- Packaging.
- Less use.
- Longer lifecycle.
- Electronic services.
- Environmental reporting.
- Transport efficiency.
- Use of adverse substances (also partly in suppliers environmental systems).
- Environmental aspects in mini competition.
- Guidance for users.
- Eco labels.

Using state framework agreements

Hansel's customer pages contain detailed information on green aspects of products and suppliers and on the environmental requirements and criteria that were used for specific product/service groups.

When the framework contract is made, the environmental performance is communicated through Hansel's customer service pages. Requirements on environmental performance of products are to some extent used in mini competitions e.g. for IT-equipment and vehicles. In travelling services, the suppliers are encouraged to guide the travellers with environmental choices. For office supplies there is no third party label showing which products that are environmentally friendly.

Figure A5: Hansel's environmental label

Framework agreements with Hansel's environmental label

Environmental aspects are taken into consideration in:

- 1 The definition of the procurement need
- 2 The procurement requirement specifications
- 3 The applicability requirements
- 4 As a criterion for comparison
- 5 The agreement terms

ICT Procurement

Data communications					
Video conferencing services 2010	1	2	3		5
Mobile phones 2012-2014			3		5
ICT equipment					
End-to-end printing environment services	1	2	3	4	5

Hansels CSR report

Hansel's annual report shows every framework contract which has earned the environmental marking and how the environmental requirements have been taken into consideration, see figure below.⁴¹ The marking can be granted after the competition, if the suppliers have met the criteria. In 2013-report the tem "label" is still used.⁴²

Reporting for the ministries

In ministries they use the Hansel reporting and guidance. Some ministries have their own guidelines. Some ministries and institutes have their own procurement systems (Military Forces, Finnish Traffic Agency, Ministry of Internal Affairs). Some are waiting for the eTendering system, where green criteria could be incorporated quite easily. The ordering system could in principle be used, but the volume of orders through that is likely to be small.

The improvement potential proved to be in environmental reporting. Hansel's present report covers procurement volume under eco-marked framework contracts. The other improvement asked for was the environmental reporting for those contracts made under ministries and institutions.

Thirdly, an improvement aspect regarded by the government units was an easy to use calculation tool for life cycle costing.

Culture, values and priorities

The green culture is positive within the whole state. Environmental criteria are gradually being used in the state organization and the criteria are being improved. Some ministries are committed to WWF:s Green Office program, which enhances also green public procurement.

Hansel is committed since 2000 for the environmental issues. The Corporate Sustainability Report shows the commitment on the management level.

Network and information sharing

Hansel is networking actively internationally with its European sister organisations.

Hansel follows the discussions on public procurement being held in the European Union and is a member of the cooperation group of the key

⁴¹ Hansel Annual Report 2013.

⁴² In the 2013 report the term "label" was used.

central procurement units of the European states. In addition to Hansel members include the following central procurement units: SKI from Denmark, Kammarkollegiet from Sweden, BBG from Austria, Consip from Italy and ANCP from Portugal.⁴³

Internally in Finland, they have contacts with Ministry of Environment and Ministry of Employment and Economy in steering issues. Naturally Hansel cooperates with all ministries in the role of central procurement unit. Seemingly, one of the best networks are the procurement network meetings under each ministry and the Motiva GPP conference.

Ministry of Environment is involved in a Nordic group, the EU expert groups, and the UN programme. The Ministry of Employment and Economy cooperates at Nordic and EU-level. According to interviews, the largest network is in the Ministry of Defence, who networked on Nordic level with NORDEFECO, at EU-level with European Defence Agency and with NATO. In all these ministries the cooperation included all topics of their operation, not only green public procurement.

Other factors relevant for the success of the system

Ministry of Finance has established a state procurement steering group. In early 2000, each ministry could either use Hansel or procure themselves. Under the new Hansel's role as state procurement unit, the coverage of framework contracts has increased significantly, due to the fact that a number of the contracts are compulsory to use. This governing structure also enables promoting green public procurement.

From the view of the suppliers

The framework contract suppliers fulfil the green criteria. One IT-supplier expresses that companies choose whether they will operate in the B2C, B2B or governmental market and if they choose either of the two latter, green aspects are a must. If the company chooses to operate in the consumer market these matters are not so important.

Most of the suppliers express that the green criteria could be more demanding. Their wish is that the environmental performance could yield more points either in framework contract competition or mini competition. One of the suppliers reports that their products are chosen in mini competition by environmental criteria. Some of the suppliers

⁴³ Hansel Annual Report 2013.

mention that they have possibilities for environmental reporting, e.g. carbon footprint of purchased products for each customer.

A suggestion came from several suppliers that the customer should verify that all the suppliers fulfil those criteria, which they have ticked in the tender documents. Some suppliers also welcomed life cycle costing.

All suppliers are “environmentally friendly”, but they express that green criteria do not affect their success. As a whole, many suppliers emphasize that Hansel framework contracts are their largest deals and have a great effect on economy.

The interviewed trade association expressed that the green criteria in framework contract competition encouraged them to make an ethical code of conduct to help their members to fulfil sustainability criteria.

National monitoring programme or systems

Hansel is monitoring their framework contracts with their environmental marking. Monitoring framework agreement value is needed for the calculation of Hansel's provision.

Ministries' figures are calculated by Hansel. Ministries do not have such monitoring system for their own procurement contracts.

The legal unit in Ministry of Employment and Economy is suggesting that the advertisement system HILMA could have tick boxes whether the tender is environmentally friendly in the request for proposal-phase. This could be an easy way to have a robust reporting on environmental issues.

Identified effects

Green criteria are used in EUR 518 million or 75% of the total value of Hansel's EUR 695 million framework contract value. The percentage has gradually improved. The definition of green is Hansel's green framework contract label, which requires two aspects. The remaining 25% are mainly personnel services, where the aspects have been evaluated but do not reach the level of Hansel's green label.

Environmental effects, such as CO₂-emissions or share of environmentally labelled products have not been measured.

Suppliers claim that their environmental efforts are not utilized in their full potential. Green operation is the supplier's own choice when they sell to businesses. On the other hand green framework contracts have made such effects for office suppliers' federation that they made sustainability guidelines for their members. Another effect is a clear green improvement in office furniture from the former contract to the present.

Identified barriers

Green issue in different forms is one differentiation method for suppliers. Public procurement legally must be non-discriminating. In order to make economic procurement there must be reasonable level of competition. That makes inertia for using the greenest products. Life cycle costing would diminish the problem, when the price and the costs during the use are calculated together. Life cycle assessment could also make a progress calculating individual emissions together.

Conclusions

Hansel has improved their share of green contracts gradually. To improve evaluation, they should make the second version of the eco marking as proposed in 4.18.1.

Within the state procurement, the focus should be on developing all state contracts to green contracts and reporting those in a similar manner. The Hansel label type auditing as part of the measurement system could improve the situation.

Hansel's framework contracts are among the largest contracts for the suppliers. They make a great economic effect and with that background it is possible to require fulfilment of green criteria.

Country study – Iceland

Overall mapping of national structure of state framework contracts

In Iceland, state framework contracts fall into 14 main categories (e.g. IT, stationary and services, such as accounting) with a total of 943 individual contracts. Although the law on public procurement states that all of Iceland's approx. 200 government institutions have to use state framework contracts for procurement whenever such contracts are in place, these laws are perceived as guidelines, and there is relatively little devotion to such contracts. Thus, not all government institutions utilize the state framework contracts to the full extent.

Iceland began its GPP related efforts 10–15 years later than the other Scandinavian countries and the greening of state framework contracts is relatively new on the agenda. In the early 2000s, small first steps were taken towards GPP, such as a brochure on green procurement in 2000 and a policy on public procurement from 2002, including environmental considerations along with price and quality in the procurement process. The Green Public Procurement Programme, VINN, was established in 2003 to support collaboration on green procurement in government, but initially no policies came from this initiative. In 2009, the Icelandic government adopted a Green Public Procurement Policy, and in 2013 this policy was updated and expanded to include Green Government. Subsequently, it was decided to implement GPP and GG in all government ministries and institutions. One goal of the policy is to implement environmental criteria into all state tenders and framework contracts. The current policy is to be updated in 2016.

Whereas some environmental criteria have been used in state tenders and framework contracts as early as 2008, the actual work implementing environmental criteria in all tenders and framework contracts officially began in 2011. A state framework contract runs for 2–4 years, and thus environmental criteria have yet to be implemented into all contracts.

It is estimated that public procurement amounts to roughly ISK 300 billion (DKK 14.5 billion) annually, half of which occurs in the central government and half in local governmental institutions.⁴⁴

⁴⁴ <http://www.tiki-toki.com/timeline/entry/155103/Vistvn-innkaup-og-grnn-rkisrekstur/>
#vars!date=2003-03-26_20:52:15!

Main organisation(s)

Two main actors are involved in the greening of state framework contracts in Iceland.

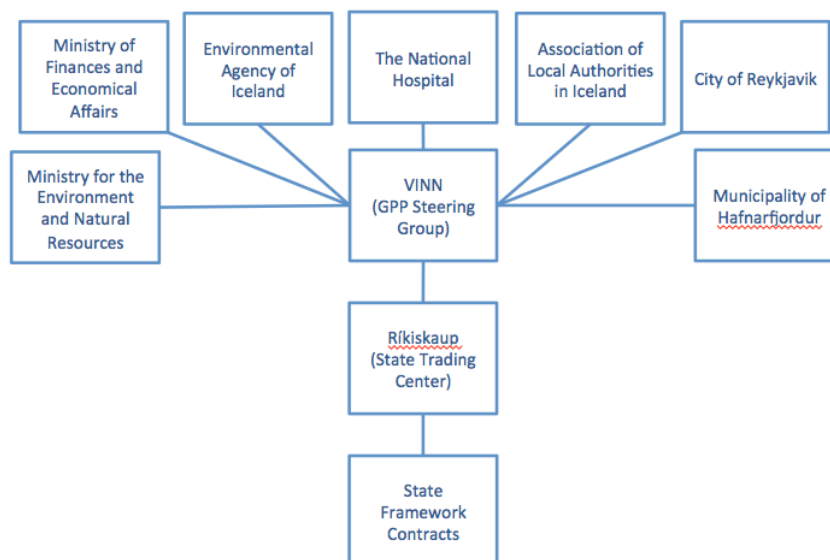
VINN (Green Public Procurement Programme) is in charge of developing environmental criteria for implementation into state framework contracts. *VINN* has developed the “*VINN* Environmental Criteria”, based on a translation and adaption of the EU GPP criteria and Swedish criteria from MSR (Miljöstyvningsradet). The *VINN* programme is governed by a Steering Group, chaired by a director from the Ministry for the Environment and Natural Resources. The Steering Group has representatives from *Ríkiskaup*, the Association of Local Authorities in Iceland, the city of Reykjavik, the municipality of Hafnarfjörður, the Ministry of Finance and Economic Affairs, the Environment Agency of Iceland and Landspítalinn (the National hospital of Iceland). The *VINN* website provides an online tool-kit for procurers and suppliers to find help and inspiration.⁴⁵

Ríkiskaup (State Trading Centre), operating under the auspices of the Ministry of Finance, is the entity in charge of establishing state framework contracts in Iceland, as well as implementing environmental criteria into tenders and framework contracts. *Ríkiskaup* handles procurement of goods and services in domestic and foreign markets for state institutions and state corporations. The Centre examines joint needs for goods and services and co-ordinates procurement through framework contracts. The Centre also provides commercial assistance and instructions concerning individual procurement as needed. The Centre gives consultation, handles selling and purchasing of state property and collects information about the procurement needs of the state institutions and state corporations.⁴⁶

⁴⁵ <http://vinn.is/english>

⁴⁶ <http://www.Rikiskaup.is/english/nr/324>

Figure A6: Institutional framework for SFCs in Iceland



Vision, mission and values

According to The Policy on Green Public Procurement and Green Government from 2013, the policy “... constitutes an attempt to reduce public procurement's environmental impact, to help public organizations green their operations, and to promote sustainable consumption. The Policy is meant to promote greater competitiveness for Icelandic businesses, which offer green options in order to meet public requirements, thereby growing more competitive in light of the ever-increasing demands for greener options.”⁴⁷

The vision for the GPP and GG related work from 2013 till 2016 is as follows:

“The Government sets clear requirements for green priorities in purchasing, driving innovation and a green economy. Results are measured and publicized. The general public and suppliers are aware of requirements and results. Institutions have easy access to efficient tools, such as environmental criteria, in all major categories of goods and services, and key staff has received good education and training in green public procurement. Green pri-

⁴⁷ Vistvæn Innkaup 2013, Green Public Procurement and Green Government, Government Policy 2013 to 2016. Adopted by the Government of Iceland, 9 April 2013, pp. 5.

orities are a normal, taken-for-granted part of the procurement process, whether in general procurement or in tendering.

In government, there are interesting and ambitious role models for running green operations, where an environmental policy is followed and results are monitored through green accounting.”⁴⁸

Leadership in the organisational set-up

With the adoption of the GPP policy in 2009, the Icelandic government put out a clear signal that GPP is now on the agenda in Iceland. Also, the fact that Ríkiskaup (the entity in charge of establishing state framework contracts in Iceland) and the Ministry for the Environment and Natural Resources are central players in the development of GPP, gives the efforts significant political weight. It is argued by some of the informants, however, that the leadership in both Ríkiskaup and the Ministry could be more visible and allocate more resources towards the GPP efforts, since Iceland is still significantly “behind” the other Scandinavian countries when it comes to the “greening” of government.

Strategy, scope and achievement of goals

The Icelandic GPP policy is a concrete strategy, with specific goals to secure fulfilment of the vision. The goals are as follows:

- Those managing the preparation of calls for tender should possess knowledge of green public procurement and the skill to apply tools made for the purpose, such as environmental criteria and life-cycle cost calculations.
- Institutional directors and buyers should know and use the general tools of green public procurement, such as checklists.
- Suppliers to the government should be informed in good time of any green public procurement requirements. The government and suppliers should be partners in a successful collaboration to develop green public procurement with innovative solutions.
- Governmental framework contracts should at a minimum meet the minimum requirements posed by the core criteria among the environmental criteria for those product and service categories where such criteria have been formulated.

⁴⁸ Vistvæn Innkaup 2013, Green Public Procurement and Green Government, Government Policy 2013 to 2016. Adopted by the Government of Iceland, 9 April 2013, pp. 5.

- The proportion of green tenders, i.e. tenders with environmental criteria, tenders taking note of life-cycle costs, or tenders otherwise suited to reducing environmental impacts, should be 50% by year 2016.
- A proposal should be developed for an arrangement to refund part of the purchase price of eco-labelled products to governmental institutions (*has been omitted*).
- Institutional workers and management should possess knowledge of running a green operation and the skill to apply tools for minimizing environmental impact through simple and efficient methods, which are largely common and generally applicable to all institutions.
- Institutions should use green accounting or sustainability indicators to evaluate environmental performance; information should be gathered and shared.⁴⁹

An Action Plan, to be updated annually, has been developed to guide the efforts towards the above-mentioned goals. The Action Plan lists specific actions to be made in order to reach each goal, as well as identifies a responsible entity and a timeline. During 2014, the goals will be assessed, and subsequently quantitative goals will be set for each goal for the remainder of the Policy's period of validity.

Staffing

Staff that are competent in the development, implementation and evaluation of environmental criteria is key to the success of greening efforts. In Ríkiskaup as well as in the governmental institutions, this is an identified challenge, in that much of the procurement staff does not feel competent in using some of the environmental criteria. Although the 10–12 individuals working with tenders and framework contracts in Ríkiskaup have been informed of the greening efforts and agree to the importance of such work, there is a certain confusion as to how one utilize the criteria. The current environmental criteria were adapted from the EU GPP criteria, and although some changes have been made in order to make the criteria applicable to an Icelandic context, more work in this regard is still needed. It is likely that a market analysis and a further revision process will aid in the implementation of the criteria. Currently, this is-

49 Vistvæn Innkaup 2013, Green Public Procurement and Green Government, Government Policy 2013 to 2016. Adopted by the Government of Iceland, 9 April 2013, pp. 6.

sue is addressed by having outside consultants hired to help with the implementation and evaluation process.

As for other national procurement entities, Ríkiskaup faces some difficulties in balancing different considerations and interests when developing green criteria. The main focus is on ensuring efficient procurement with low prices and to support a sound, competitive market. Ríkiskaup has a clear goal to prioritise environmental criteria in tenders, but only as long as they do not hamper a competitive market situation. If an environmental criterion cannot be met by the suppliers' standard products, the environmental criteria will not be implemented in the tender.

According to Ríkiskaup, the environmental criteria are currently fairly simple and easy to employ. However, this will need to change gradually, as the hope is for the criteria to have an increasingly significant environmental effect.

Systems and procedures

No concrete systems are in place to facilitate the incorporation of environmental criteria into state framework contracts. However, the implementation of environmental criteria has been written into the work process documents of Ríkiskaup. When new tenders and framework contracts are made, Ríkiskaup checks for the availability of appropriate environmental criteria and investigates how any such criteria can be adjusted to fit the Icelandic context as well as the specific context of the tender/contract. The environmental criteria in Iceland are adapted from the EU GPP criteria and MSR. Currently, 18 environmental criteria are available in Iceland.

Suppliers are informed some time before a tender or framework contract is released. The notice includes a description of the overall requirements as well as which environmental criteria are to be included. This process allows for the suppliers to develop their offers as well as enter into dialogue with Ríkiskaup and VINN regarding the specific requirements. This process is beneficial for the suppliers as well as for Ríkiskaup. In 2009, when Ríkiskaup called for tender on printing supplies, they had a meeting with all the printing suppliers informing them of the new environmental criteria for printing, the Swan eco-label. At the meeting, Ríkiskaup learned that most suppliers were thrilled by the idea of environmental criteria in tenders and contracts, largely because they already met most of the criteria and saw this as a chance to gain significant competitive advantages. Ríkiskaup would like to have such market dialogue before each state framework contract is developed.

The process of developing and implementing environmental criteria into state framework contracts is still underway. So far, some ground-work has been laid to facilitate this implementation process. A special working group, began the implementation process in 2010 by visiting governmental institutions to evaluate the needs and competences of the individual institutions. In 2011, VINN began doing workshops with all of the governmental institutions. By 2013, the majority of institutional staff had been given the chance to attend such workshops. The workshops consisted of an introduction to the concept and importance of GPP, easy tools for GPP and GG (only green accounting), as well as discussion about the linkages between GPP and general environmental awareness in the institutions. The workshops were considered to be successful in that all of the public procurement staff was involved and a dialogue between the various stakeholders was initiated.

Whereas both governmental institutions and municipalities were involved in the process, no suppliers were included in these initial steps.

Culture, values and priorities

Due to the relatively recent adoption of a GPP and GG policy, the values and priorities necessary behind greening efforts are not yet a fully incorporated part of the culture in Ríkiskaup as well as in the governmental institutions. All staff has been informed about the “greening” process and about how to use the environmental criteria, e.g. through workshops, but according to Ríkiskaup and the Environmental Agency of Iceland, much work could still be done in this regard. Thus, incorporating GPP and environmental considerations into the culture of both Ríkiskaup and the governmental institutions is a work in progress.

Besides the regular challenges of changing work processes and structures, certain cultural aspects are viewed by the Environmental Agency of Iceland as standing in the way of a quick and effective transition towards GPP and the greening of state framework contracts. Possibly influenced by Iceland’s small population base, many of the smaller government institutions have personal relationships with local suppliers. Especially in the countryside it is considered appropriate to purchase goods and services from the local suppliers rather than suppliers from Reykjavik or overseas. Purchasing goods and services from “outside” suppliers is seen as “disloyal” and undermining the local economy and culture. Because of this, many of the smaller government institutions find it difficult to base their purchasing on measurements of quality and environmental friendliness alone, without considering

the local perspective. Likewise, many government institutions find it difficult to approach the local suppliers regarding the possibilities for greening their goods and services.

Network and information sharing

On a national level, the VINN website and Facebook page provides information and tools for procurers and suppliers to use in the “greening” process. Also, the steering group has outsourced a go-to-person for procurers with specific questions regarding GPP.

According to the Environmental Agency of Iceland, it would be beneficial to establish a helpdesk, designated for procurement staff to access information and help on specific matters that cannot be addressed through the VINN website.

On an international level, Ríkiskaup is a member of an informal group of European Central Purchasing Bodies (CPBs). Other participating nations include Austria, Italy, Spain, France, Denmark, Sweden, Finland among others. Meetings are held on a regular basis to follow up on the implementation of EU directives, legislation, discussion on Key Performance Indicators, State Framework Agreements and other issues pertaining to GPP.

From the view of the suppliers

In most sectors, suppliers are positive towards environmental criteria in state framework contracts and tenders and feel motivated to enhance their environmental performance. Some suppliers call for more environmental criteria in their sector. One supplier, however, mentions the importance of ensuring that the majority of national suppliers are able to live up to the environmental criteria as well as ensuring that such criteria do not disturb fair competition.

A supplier on printing supplies has experienced significant benefits from meeting the environmental criteria in tenders, which currently mainly consists of having the Swan eco-label. Although the process towards certification with the Swan eco-label was difficult and time consuming, the supplier saw immediate economic and environmental benefits from the efforts. Besides the competitive advantage, the Swan eco-label also contributed to significant changes in the production and company systems, leading to savings and reduced energy use and waste accumulation.

In other sectors, the market has not been ready to embrace the environmental criteria put forth by Ríkiskaup. When calling for tender on

new vehicles for the ministers, the EU criteria for vehicles were used without modification to the Icelandic context. It turned out that 90% of the suppliers in Iceland were unable to meet these criteria. Subsequently the criteria were modified so that roughly 70% remained. A similar thing happened when environmental criteria were implemented into a state framework contract on stationaries. The use of chemicals in pens and highlighters make this industry especially hard to “green”. After an unsuccessful tendering process, it was realized that this sector too will need more time to be able to live up to high environmental standards.

Generally, one supplier argues, environmental criteria work best in sectors where such efforts have been on going for some years. Printing supplies and cleaning products are some of the sectors in Iceland that are in the forefront regarding environmental considerations. Likewise, price is an important consideration when wanting to enhance the production of “green” products. The same supplier has experienced not being able to compete with their “green” product due to the significant price difference between this product and competing “non-green” products.

One supplier points out that living up to the criteria on environmental issues and quality sometimes is not enough to win a state framework contract, and that an efficient incentive to make suppliers become more environmentally friendly would be to make this process easier, so that there is a clear connection between living up to the standards and winning contracts. Currently, the supplier argues, there are a lot of political considerations behind who wins the framework contracts. However, since the rules pertaining to the use of state framework contracts in Iceland are perceived as guidelines, this supplier is still able to win contracts with governmental institutions outside the framework contracts on a project-to-project basis.

Suppliers propose special “green” tax breaks as incentives for companies to further reduce their environmental impact. Generally, it is argued, the future of environmental criteria and “green” products and services in Iceland depends on the government. According to the suppliers, the government need not hesitate with regards to this “greening” process. The market will mature along with the increasing demand for “green” products and services.

National monitoring programme or systems

There is no national programme or system in place in Iceland concerning the monitoring of environmental criteria in state framework contracts. However, all government institutions are required to submit annual reports on “green accounting”. The “green accounting” includes use of electricity, water, cleaning products, paper, CO₂ (travel) and amounts of waste, as well as sets goals for how to minimize the environmental impact. Green procurement is included as a specific element in the “green accounting”, and institutions collect information on the percentage of eco-labelled paper, printing services, cleaning agents, cleaning services and others.

In the long term, it is the goal to establish a monitoring system that will allow for an evaluation of the use and impact of the environmental criteria. Within Ríkiskaup, however, it is felt that they should not be in charge of such monitoring. Rather, they suggest that it be a task of the Ministry for the Environment and Natural Resources.

The Environmental Agency of Iceland also sees a future monitoring system as a necessity. Approx. 70 pct. of governmental institutions use the same IT system. An efficient and effective way of monitoring the environmental criteria in state framework contracts would be to include such elements into this system. The inclusion of such elements, however, might require a restructuring of the IT system, since it is currently fairly simple.

Identified effects

Some environmental effects have been identified at this stage, but only relating to the “green accounting”. Direct effects of green criteria in tenders have not yet been identified due to the lack of a national monitoring system.

Significant effects on the Icelandic market have been identified both by governmental institutions and by the suppliers themselves. The most significant effects being lower prices and more efficient procurement processes. It already seems evident that GPP criteria in state framework contracts have a positive effect on the amount of eco labelled products. Some sectors, such as printing and cleaning products, have seen a significant increase in companies certified with the Swan eco-label. This seems to be linked to the increase in environmental criteria found in tenders and framework contracts. For instance, in the framework contracts for printing goods, the Swan eco-label has gradually been transformed from a “nice-to-have” into a concrete criterion. This has resulted in an increase in the number of printing goods suppliers with the Swan

eco-label from one supplier in 2000 to 6 suppliers in 2014. Similarly, the integration of green criteria in cleaning service tenders from Reykjavik Municipality in 2009 has helped increase the number of cleaning service suppliers with the Swan eco-label from one to 8 suppliers in 2014.

Identified barriers

Three significant barriers for the greening of state framework contracts in Iceland have been identified:

- Lack of a holistic and continuous procurement process with clearly defined responsibilities. This results in difficulties integrating the policy in all institutions, monitoring, as well as improving the PP and GPP processes.
- Lack of motivation among procurement staff.
- Lack of long-term funding.

Lack of long-term funding: Although funding has been secured for the coming two years (the duration of the GPP policy), the relative short-term perspective of this funding makes it difficult to implement significant changes into PP procedures. The lack of secured long-term funding also influences the motivation of procurement staff, since it appears uncertain whether GPP related efforts will be able to continue in the future. It is currently the goal to fund efforts such as aiding the suppliers in meeting the environmental criteria and the establishment of a monitoring system during the next two years.

According to one informant, funding which was originally earmarked for GPP was cut significantly with the election of a new government in 2013. This has meant a reduction in GPP related efforts and made people working with GPP uncertain about the future of their work. This bleak view, however, was not shared by some of the other informants, who felt confident that the two-year budget would provide sufficient funding and time to implement significant improvements.

Regardless of ones take on this specific incident, it is clear that further GPP related efforts and improvements will require additional and long-term funding.

Lack of an "Icelandic Model" for GPP: Naturally, Iceland is looking overseas for inspiration on how to develop GPP in Iceland. The 18 environmental criteria currently implemented into state framework contracts have been adapted from the EU GPP criteria and MSR. Likewise, inspiration has been found in the experiences of other Nordic countries,

such as Sweden and Denmark. However, the Icelandic context is significantly different than the context of the other Nordic countries as well as the EU. With a population base of roughly 325,000 and a rather isolated geographical position, the Icelandic market is small and dynamic. This means that environmental criteria will have to be adapted to fit the capacity of the market. On the other hand, it also means that the market is likely to respond quickly if new priorities and criteria are established at the political level. A barrier for greening of state framework contracts is the lack of suppliers that live up to the environmental criteria. Also, the cultural issues mentioned above further underlines the need for a GPP approach that is sensitive to the Icelandic context.

Although it is largely beneficial to be inspired by the efforts and approaches of other countries, some informants argue that Iceland need to gain its own experiences in this field and establish an Icelandic model for GPP that is sure to take into account to unique economic, political and social conditions of Iceland.

Lack of motivation/competences among procurement staff: Although 16 criteria have been adapted and implemented and most stakeholders have been informed of the importance of environmental criteria in tenders and contracts, only a limited amount of environmental criteria are being used in praxis. According to Ríkiskaup and VINN, this could be caused by a simultaneous lack of motivation and competences among procurement staff, both within Ríkiskaup and in the governmental institutions. Thus, measures towards increased knowledge and competences of the procurement staff should be taken.

There has been a mismatch between the expectations of Ríkiskaup and the governmental institutions. On one hand, the staff at Ríkiskaup has felt uncertain of how to include environmental criteria in tenders and contracts, because they perceived it as being up to the individual institution to make decisions about environmental requirements. On the other hand, the procurement staff at the governmental institutions has expected Ríkiskaup to take charge and include the necessary environmental criteria into tenders and contracts. Thus, sometimes this has resulted in a complete lack of environmental criteria in the tenders and contracts. This, however, has largely been addressed through the formal incorporation of environmental criteria into the work processes at Ríkiskaup.

Still, as described earlier, the procurement staff does not feel fully competent in utilizing the criteria and in some cases they also feel uncomfortable setting high environmental criteria if they know that some local suppliers might be unable to meet these requirements. This issue should be addressed through educational efforts as well as enhanced dialogue between procurers and suppliers. This process is of high importance in order to ensure ownership of the GPP project among the staff.

Conclusions

With the policy on Green Public Procurement and Green Government from 2009, the Icelandic government set the stage for GPP and the greening of state framework contracts in Iceland, sending a clear signal that Iceland is aiming at reducing its environmental impact through its public sector.

Whereas important first steps have been taken towards GPP and the greening of state framework contracts, Iceland is still significantly behind other Nordic and Northern European countries in this regard. Considerable challenges exist, slowing down this greening process and preventing efficient and effective efforts.

Some aspects of the Icelandic context provide possibilities for GPP, such as a dynamic market and good connections between procurers and suppliers. Also, the richness of natural and renewable resources in Iceland creates a context in which much environmental work is already being done. However, other aspects pose challenges to the further development of GPP related efforts, such as the small size of the market and the need for significant revisions of adopted criteria and procedures to fit the unique Icelandic context.

Motivating and educating staff as well as securing sufficient funding and placing GPP high on the list of political prioritizations are some of the key recommendations for further enhancement of GPP in Iceland.

Country study – Norway

Overall mapping of national structure of state framework contracts

Norway does not have a specific organisational unit or arrangement for establishing national framework contracts, which are truly “national”, i.e. across sectors and departments. Instead, there are several governmental units that establish framework contracts for large, specific sectors such as higher education, healthcare, tax administration and the police. It is expected however, that a national centre for state framework contracts will be established in the near future.

Framework contracts are defined in § 4.2 of the Norwegian regulations for public procurement.⁵⁰ The main purpose of framework contracts, which may include several buyers or suppliers, is to settle the conditions under which future contracts will be assigned. They have a specified time period, and focus on price and amounts expected to be purchased. § 6 of the Norwegian law on public procurement⁵¹ states, that life cycle costs and environmental consequences *must* be considered when planning the procurement. This section applies to all public procurements in Norway, irrespective of the particular procedure chosen, and including framework contracts.

In the coming years, important changes are to be expected in the public procurement practice in Norway, as well as in other countries adopting the EU public procurement regulations. The EU has recently issued new directives for public procurement, which will also be applied in Norway. It is not immediately clear how these may impact national frame agreements and, given that it takes time before the new directives become active, none of the respondents referred to them yet. Follow-up research is necessary to describe and analyse the impact on the practice of green state frame agreements. The increased focus on environmental and social criteria in the new directives, as well as incentives for purchasers to increasingly use small and medium sized suppliers are particularly interesting to investigate in that respect.

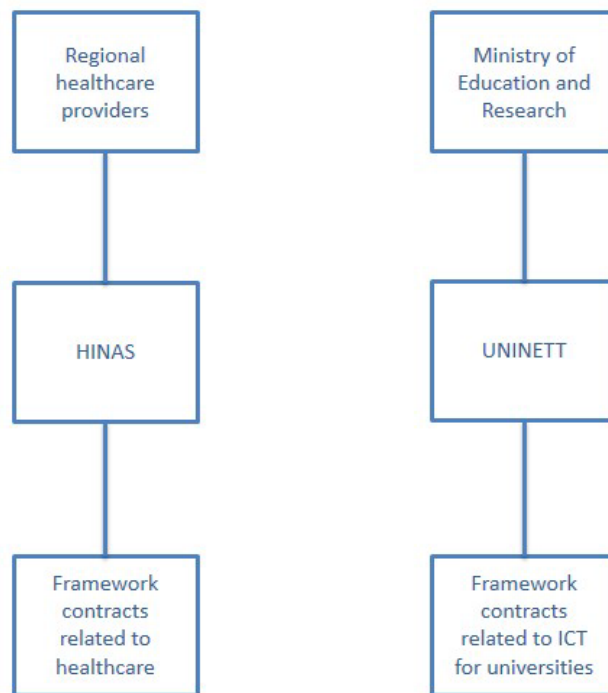
⁵⁰ Forskrift om offentlige anskaffelser (Regulations for public procurement), Norwegian Ministry of Trade, Industry and Fisheries. Active since 01.07.2012.

⁵¹ Lov om offentlige anskaffelser (Law on public procurement), Norwegian Ministry of Trade, Industry and Fisheries. Active since 01.07.2001.

Main organisation(s)

In the absence of a national center for state framework contracts, a number of specific governmental organizations below ministry level are currently responsible for establishing sector specific framework contracts. Examples of two such organizations are HINAS and Uninett.

Figure A7: Institutional framework for SFCs in Norway



The Agency for Public Management and eGovernment (DIFI) plays a central role in the development of public procurement in Norway in general, and is also an important facilitator in the process towards a more centralised organization of public procurement and the establishment of national framework contracts. DIFI is positioned under the Ministry of Local Government and Modernisation.

DIFI has been part of an inter-departmental working group consisting of FIN, SD, KD, HOD, Difi, NHD, AD led by FAD, in which several other ministries participated and which has considered the possibility and need for a national centre for state framework contracts. Other ministries participating in this group were: Ministry of Trade and Industry, Ministry of Finance and the Ministry of Fisheries and Coastal Affairs.

HINAS is an organisation owned by the four regional healthcare authorities in Norway, and one of the main tasks is to establish framework contracts for all specialist health care organisations (hospitals) in Norway. The current framework contracts (more than 200 in number) cover a wide range of products and services, including various types of medical equipment, temporary labour services, hotel services, transport services and ambulances.

Uninett is an organisation owned by the Ministry of Education and Research and – among other things – it establishes framework contracts within the area of ICT for all Norwegian universities and university colleges (approximately 100 potential users). The framework contracts cover hardware, software, routing products and various services.

In addition to HINAS and Uninett, there are similar types of organisations establishing national contracts within specific sectors, such as the police, the tax administration and the Norwegian armed forces.

While not directly responsible for establishing (sectoral) state framework contracts, a few other stakeholders may be considered relevant in relation to the functioning of such contracts and to the possible creation of a national center for state framework contracts.

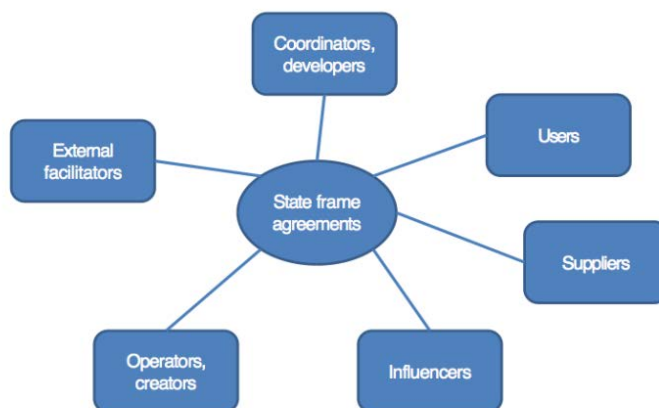
A first example of such a stakeholder is the organisation in Norway responsible for licensing the Nordic Eco label The Swan (“Svanemerket”). This organisation is responsible for accrediting suppliers and their products based on a careful evaluation of their environmental performance. If a supplier fulfils the criteria, the Swan label is granted for a period of three or five years. After these three or five years, the supplier has to apply again. When selecting suppliers, purchasers may refer to the criteria underlying the Swan-label. This can simplify and speed up the supplier selection process considerably, as the purchaser does not need to define the criteria themselves and can rely on accredited suppliers to have fulfilled the criteria. In this way, organisations such as “Svanemerket” could have a facilitating role in establishing effective and green state framework contracts.

Other relevant stakeholders may be organisations representing suppliers and local governments. According to DIFI, the Norwegian federation of enterprises (NHO) is positive about the notion of state framework contracts, because of the expected advantages in terms of cost savings and increased efficiency in the public sector. At the same time, they acknowledge the need to conduct a thorough supplier market survey in order to assess the possible consequences for the suppliers. For example, at a local government level, there may be concerns that establishing state framework contracts can have negative consequences for small

and medium sized suppliers (as expressed by the procurement manager of the Sør Trøndelag Fylkes Kommune (STFK)).⁵²

A tentative model of relevant stakeholders in relation to state framework contracts is shown the figure below.

Figure A8: Fundamental overview of SFC stakeholders



Relevant stakeholders in relation to state framework contracts in Norway.

DIFI fulfils a coordinating and developing role towards establishing a national centre for state framework contracts. Organisations such as the “Svanemarket” foundation could be said to fulfil a facilitating role by assisting in the definition and evaluation of environmental criteria. Uninett and HINAS are examples of organisational units actually establishing the contracts. The group of influencers may consist of various ministries, each pursuing the particular interests they are responsible for as well as representative bodies of suppliers and local governments. Last but not least, obviously, the users of the contracts and the suppliers are important stakeholders, which will be addressed in more detail in section 6.6.

Vision, mission, culture and values

Based on the interview with DIFI, important objectives mentioned in relation to the establishment of a national centre for state framework contracts are the following:

⁵² Within the scope of this report it was not possible to further investigate the official positions of the bodies representing suppliers and local governments, but this should be part of any further research.

- Cost savings through better prices (buyer power argument).
- Saving time as decentralized purchasers do not have to establish local contracts.
- Enabling sharing of knowledge and resources (let all purchasers benefit from the knowledge and experience of the expert).
- Making it easier to achieve objectives in relation to Green and Social Public Procurement by including green and social criteria in the tender process.
- Using it as a tool to boost the use of electronic procurement solutions, by requiring the users and suppliers to use these solutions.

In general, state framework contracts seem to be considered as a relevant and important part of the overall vision of public procurement in Norway, at least from DIFI's point of view. The environmental (green) dimension is one of several reasons for its importance. Cost and timesavings are of course also a main reason.

The above picture also seems to apply for the operators interviewed in this project. Environment is not explicitly mentioned in HINAS's mission statement, but the vision of HINAS is "Better procurement, more health" can be linked to environmental and social objectives. HINAS' largest user, Helse Sør-Øst (HSØ), has formulated the following policy on procurement and the environment:

1. HSØ shall have a leading role in environmentally friendly purchasing.
2. When planning and preparing a purchase, the Life Cycle Costs of the product under consideration and the environmental consequences of producing and disposing of the product.

The focus on environmental issues in HINAS gained in strength in the period 2007–2010 when the government issued a national action plan for environmental and social responsibility in public procurement.⁵³ This plan outlined several intended measures for strengthening the government's position as a powerful and responsible buyer demanding products and services that are produced and delivered following high ethical and environmental standards. Key elements of the plan includ-

⁵³ Miljø- og samfunnsansvar i offentlige anskaffelser. Handlingsplan 2007–2010 (Environmental- and social responsibility in public procurement. Actionplan 2007–2010). Publication code T-1467 B. Published by the (then) ministry of the Environment, ministry of Government Administration and Reform and the ministry of Children, Equality and Social Inclusion.

ed the development of a specific green purchasing policy for public procurement, stimulating governmental buying organizations to adopt environmental management systems and investing in training and education of purchasing staff. The internal commitment to and awareness of green issues was further strengthened as a result of HINAS applying for and achieving ISO 14001 certification. At Uninett, the purchaser's view is that the environmental dimension is integrated in all activities they carry out ("we *are* an environmental measure"), but that is probably more implicit than explicit. Uninett's core values are social responsibility, enthusiasm for technology and openness.

The interviews with the two users interviewed for the project, NTNU and STFK, both suggest that GPP is – at least loosely – related to these organisations' overall vision and mission. Both have various environmental focus programs, for example STFK's energy reduction program, but these are not specifically "procurement" programs. The procurers also feel that it is their responsibility and duty to incorporate environmental aspects when purchasing. Still, there are examples of more direct links between overall vision and specific purchasing related measures. At NTNU, for example, top management has decided that environmental criteria should have a weight of at least 15 pct. in all tender processes at NTNU. All in all, the procurers seem to be driven by personal motivation, and a sense of professional responsibility and duty, as much as the vision of the organisations they are working for.

Leadership in the organisational set-up

Since there is no single organisation responsible for state framework contracts in Norway, the topic of leadership is considered in a broader sense, based on the interviews with DIFI, HINAS, Uninett, NTNU and STFK.

From DIFI's point of view, the role of leadership in promoting GPP is crucial. Management needs to set targets, build capacity and make sure that plans for GPP are developed, both as a part of an overall strategy, and more specifically in procurement strategies. Effective GPP strategies take time to develop, as one needs to find a balance between what is realistic and what is considered ambitious and "bold".

At HINAS, much of internal environmental awareness is perceived to be related to the ISO 14001 qualification process. As a result of being 14001 certified, it becomes a natural part of all processes to consider environmental consequences. At the biweekly management meetings, Health Safety and Environment (HSE) is a fixed point on the agenda, but this seems to be a wider issue than GPP. GPP is not a topic top manage-

ment takes up in annual performance meetings with the individual employees. HINAS describes the current status as follows: “There is not yet a “green spirit” but we are getting there”. Creating such a green spirit is a long and slow process for both the individual employees and the organisation as a whole. At Uninett the issue of leadership was not seen as particularly relevant in the context of GPP.

The two procurers interviewed at NTNU and STFK sketch a somewhat similar picture. Top management, and in the case of STFK also the political leadership, are concerned with the general idea of environmental protection and the importance of procurement in that respect. At the same time, direct contact between top management and purchasers seem to be limited, and the purchasers appear to take much of the initiative themselves.

Strategy, scope and the achievement of goals

Strategy is considered at different levels. First, we consider strategy at the *national level*: is there a national strategy for state framework contracts? Then we consider the *strategic grounding of green procurement* as an issue in the organisations’ individual strategies. Next, we try to formulate important aspects of *strategies for designing and using* such contracts.

As stated earlier on, Norway has started a process to determine whether a national centre for framework contracts is feasible. DIFI considers it likely that such a centre will be established, and they appear to be developing strategies in that direction. Given their cross-ministerial reach, it seems natural that they provide an overall, neutral foundation for such a national strategy.

As mentioned earlier, the inclusion of GPP in the overall strategies of HINAS, Uninett, NTNU and STFK seems to vary, and, at best, does not seem to be very pronounced.

Based on the interviews with DIFI and the organisations that actually develop national contracts, HINAS and Uninett, we observe a number of important aspects in relation to effective strategies for state framework contracts:

- State framework contracts are not necessarily a solution to *any* GPP related problem, and any national strategy should therefore contain a flexible approach, which supports the use of such contracts where appropriate, but not advocate it “blindly”.
- The introduction of state framework contracts can be related to *more than one* goal (cost reduction, time savings, achieving

environmental goals, increasing the use of electronic procurement, stimulating innovation) and can *have different consequences for the supplier markets* as well (it may lead to less competition by keeping out smaller, local suppliers and it may increase competition by attracting larger international suppliers to the national market).

- Even if a state framework contract seems feasible and appropriate, there are different aspects to consider for different categories of items and services. The environmental aspects will differ from category to category and based on the structure of the supplier market, different approaches may be considered, e.g. splitting up into a few regional areas or not and using single or multiple sourcing.
- National contracts may also differ in terms of how specific they are. For example, HINAS develops contracts with specific suppliers, whereas Uninett develops a contract with a subset of qualified suppliers from which local user organisations can source through so-called “mini-competitive bidding rounds”.

Overall, it appears that reductions in prices paid, and transaction costs, are the most visible results achieved. In particular HINAS has published rather detailed analyses of the economic gains achieved through their contracts. HINAS also reports improved quality as a result for some contracts. In addition, Svanemarket also observes a growing number of suppliers that qualify for their eco-labels, which in turn will lead to a simplification of the evaluation in many contracts. The procurers interviewed for this project also indicated that, at least in certain markets, most suppliers have developed their “environmental competence” to a certain, basic level.

Staffing and organisational structure

National framework contracts made by organisations such as HINAS and Uninett, are currently distributed according to *sectors*. For example, there is a national contract for hotel services for employees working in the healthcare sector and there is another one for employees working in the higher education sector.

Where Uninett has a range of primary tasks, HINAS as an organisation is more focused on procurement as a key activity. HINAS’ employees can be divided into four groups:

- Project managers responsible for establishing new contracts.
- Officers responsible for following up and monitoring specific contracts.

- Legal advisors.
- Analysts.

In the future, HINAS expects to move more towards a matrix organisation where the above-mentioned categories of employees work together in relation to specific categories of purchased goods and services.

Both HINAS and Uninett work closely together with their respective user communities, i.e. healthcare organisations and higher education organisations respectively. A typical way of organising the development of a new contract is through a *project- or user group*. Such a project group consists of representatives from procurement, users of the future contract and other relevant members with specific knowledge, for example in the area of environmental issues. The project/user group may also source knowledge externally, for example the Svanemarket foundation has assisted HINAS in several contracts. Uninett organizes an annual conference for its users (members). Uninett's members also contact the purchaser directly in case of problems in relation to a contract.

All purchasers we interviewed, at HINAS, Uninett, NTNU and STFK emphasise the crucial role of establishing a dialogue with suppliers. It is important to understand the structure of the supplier market, become aware of the general level of capability of the suppliers and scouting new ideas or solutions. Having such supplier market intelligence is also important for adjusting the type and level of environmental criteria. Possible organisational arrangements for supplier dialogue may be:

- Supplier days.
- One to one meetings, for example as part of the annual follow-up of an contract.
- Sending out Requests for Information (RFI).

When it comes to the question if public procurers are sufficiently competent in matters of GPP, DIFI's general impression is that this varies quite a lot in Norway. Their impression is that it usually relates to the size of the municipality. Larger municipalities with a procurement staff of 8–9 usually perform well. DIFI attempts to enhance the capabilities of purchasers in Norway, by facilitating conferences, trainings and workshops, as well as through their website.

There is a general impression is among HINAS, Uninett, NTNU, and STFK, that developing knowledge about the environmental aspects of a purchase is a time consuming and difficult process. Whilst the general

idea of “greening” procurement is easily accepted by most, the question, when it comes to a particular purchase, is always: “how?”

At HINAS, which purchases a wide range of products and services, this easily creates a sense of uncertainty among the procurers: “what should we focus on? What are the relevant criteria? How should we assess the environmental performance of the suppliers?”, etc. The answers may be different from project to project. The time and resources to acquire this knowledge through courses and education are also limited. Therefore, typical strategies to obtain the required knowledge include:

- Searching the internet for particular information and environmental criteria, for example provided by DIFI or EU or finding checklists developed by other purchasers.
- Involving external experts, for example from the Svanemarket foundation, who have specialist knowledge and expertise, in relation to the environmental impact of various categories of products and services, and using Svanemarket’s established ecological criteria.
- Hiring external consultants.

HINAS indicates that involving external expertise, for example from “Svanemarket”, works extremely well in some cases, and less well in other projects. From the point of view of environmental experts, it may sometimes be difficult to see how the environmental aspects are a part of the total evaluation of the suppliers’ proposals.

At Uninett, the purchaser explains that the staff tries to work as efficiently as possible, but in a sense must stick to the tasks they have, i.e. they see to it that the required environmental criteria are used. But they do not see it as their responsibility to actively change the products or suppliers beyond that. Most products purchased by Uninett come from very large international companies, and in this context, Uninett is a relatively small customer. Thus, Uninett must rely on others to assess what relevant environmental criteria should be for a given product. It is then Uninett’s task to apply these criteria.

Systems and procedures

The findings from interviews, on these points, are rather similar across the different organisations.

Using systems such as ISO 14001 is clearly seen as important. In particular HINAS states that the process of becoming qualified for this system has been very useful in terms of becoming better at integrating en-

vironmental aspects in their operations and decisions. Norwegian hospitals have started processes towards ISO 14001 certification and HINAS sees this as an important step towards more effective collaboration.

In general, the use of standards, e.g. Eco-labels and EU-criteria, is mentioned as an important success factor for effective GPP, in particular by Uninett and Svanermerket. Uninett explains that using clear criteria, that are understood and accepted by suppliers, clearly contributes to the success of a contract. Uninett would also like to see a further standardisation of products and services used by the public sector. This will reduce the possibility of different interpretations, of what makes one product “greener” than another.

HINAS also underlines the importance of clear procedures and “how to ...” guidelines. Together with the four regional health-authorities they have recently developed a guideline for how to include environmental aspects in the different stages of the purchasing process.

Finally, all interviewees indicate that there is a lack of proper information systems for monitoring and managing (green) public procurement. For procurers, it is difficult to assess in detail how contracts are being used, and what the environmental effects are. This is an important issue for future development.

Network, information sharing and other success factors

Being part of a network clearly seems to be a helpful when establishing effective framework contracts. All procurers mention the use of DIFI's websites for finding and exchanging concrete tools, checklists and criteria.

Uninett organizes a large annual conference for all its members, which also clearly functions as an arena for networking and mutual learning.

Purchasers from NTNU are active in a national initiative called “Initiative for ethical trade” which brings together both purchasers and suppliers in a context related to social responsibility.

The “Svanermerket foundation” has established the so-called “Purchaser's club” for (public) purchasers. Through membership of this network, the members are able to use the expertise and criteria provided by the “Svanermerket foundation”. The network has 40 participating enterprises, and among these 2 municipalities (Ålesund, Fredrikstad) and 10 state level agencies, with a purchasing power of more than NOK 35 billion.

HINAS is active in an international network of similar organizations, called the European Health Public Procurement Alliance (EHPPA).

From the point of view of the suppliers

For this paper, two Norwegian suppliers to the public sector were interviewed: Atea Norway AS and Staples AS.

The key findings for each supplier are summarised below.

Atea is a supplier of ICT related products and services. In the interview, Atea's current contract with the Norwegian defence was used as a main example. The following products and services are delivered:

- ICT equipment.
- Installation services.
- Maintenance services.

Delivery takes place to circa 200 locations throughout Norway. The main environmental criteria applied in the tender process for this contract, were related to demonstrating that the supplier would be able to take back an old pc, for each new pc delivered. This has implications for being able to remove all old data on the machines, and to be able to distribute them through established resale channels. In addition, various ISO criteria were used, referring to the presence of appropriate quality systems with the supplier, including HSE (Health, Safety, and Environment) issues. Finally, the Norwegian defence is also eager to minimise, or at least reduce, the energy used to operate and cool large data centres.

Atea's views and experiences with large national framework contracts can be summarised as follows:

- Large contracts can be problematic for smaller suppliers, especially in terms of being able to deliver at a large scale. On the other hand, Atea will typically use smaller, local subcontractors, which in that way, indirectly may benefit from large contracts.
- Atea does not think splitting up large contracts into smaller packages is a good idea, at least not from a point of view of cost effectiveness.
- Atea acknowledges the economic advantages of the current, large contracts but thinks that far larger advantages could be obtained by more (drastically) standardizing the typically fragmented structure of ICT systems in the Norwegian public sector. Sectors such as defence, tax administration, labour and welfare administration typically have several hundred offices spread throughout the country and a rather fragmented, complex structure for running and maintaining basic processing, storage and transport of data. Atea suggests that huge savings could be

achieved, both economically and in terms of energy usage, by a drastically simplifying and centralising public ICT systems. Realising this, however, requires strong political pressure.

- The current purchasing process is too focused on keeping the current, complex, and fragmented foundation intact. This also leads to a strong pressure on price in the purchasing process. Public purchasers should to a larger extent apply TCO (Total Cost of Ownership), as typically for ICT products, price only constitutes circa 30% of total costs during the lifetime of the product.

The next supplier, Staples, share many of the viewpoints of Atea. Staples is a large supplier of office stationary and facility products, such as cleaning supplies. The public sector is an important customer segment for them. In general, Staples' experience is that purchasers from the private sector segment are more effective in "green purchasing", in particular by creating a simple but clear tender process with clear and standardised environmental criteria. It also seems as if top managers in private procurement companies are more effective proponents of a green strategy than their counter parts in the public sector. Some of the specific viewpoints and experiences of Staples are the following:

- Public purchasers seem to focus too much on green product related criteria and in that sense disregard the environmental aspects related to delivery, transport and logistics.
- Furthermore, public purchasers spend too little attention to what happens after the supplier has been selected. In the contracting phase, after the selection, there are important possibilities to improve environmental performance (by introducing green requirements), and these are rarely exploited.
- Tender processes for large, national contracts are not fundamentally different than tender processes for smaller contracts. Still, suppliers use considerable resources on preparing the bids and if a tender processes is handled poorly by the purchaser, this causes considerable frustration and may affect the bidding strategy of suppliers.
- Staples also believe that large, national contracts are unfavourable for smaller suppliers. Some suppliers may also decide to not participate in the bidding for such large contracts, but instead try to get some of the business that "trickle down" from them. Typically, the winning bid is based on maintaining low prices for a range of items, but this often means that the prices for other items are raised

somewhat, and these products will appear more expensive in relation to suppliers outside the contract.

- The competences among public purchasers clearly vary. Staples is concerned about a seemingly growing number of public purchasers that move away from using standard green criteria, for example developed by “Svanemerket”, and instead apply criteria that are less known and less clear to suppliers, hence, taking more time and resources to address. Staples suspect that this is partly related to a lack of GPP competences.
- The application of TCO (Total Cost of Ownership) does not seem common in the tender processes that Staples are involved in.

Both suppliers acknowledge that GPP in general has an effect: suppliers cannot afford to ignore the green criteria. At the same time, they indicate that at the moment, the green criteria are not perceived as particularly demanding or difficult to attain. Large, national contracts are of special economic importance, but also imply large fluctuations in turnover, and will in general be unfavourable for smaller suppliers. Both suppliers experience variations in GPP competence among public purchasers and feel that greater “green effects” could be achieved.

National monitoring programmes

DIFI does not have a specific system or programme for monitoring the use and effects of larger, national purchasing contracts. The only indirect indication it has, is measuring the increase or decrease in the use of the various green “DIFI” criteria that DIFI has developed and published on their websites. This, however, is a rather cumbersome process. DIFI expects that measuring and monitoring will become easier when a national centre for framework contracts is in place.

HINAS and Uninett also have limited possibilities for measuring or monitoring the use and effects of their contracts. HINAS performs analyses of CO₂ related effects based on supplier information. In the future, HINAS wishes to develop additional methods for assessing the effects of their contracts, both quantitative and qualitative.

Identified effects

Based on the interviews carried out, we propose the following table with the suggested effects of national, Green Public Procurement contracts:

Figure A9: Key organizational themes for greening of state framework contracts – a maturity model

	Passive - Basic	Advanced	Strategic
Vision	Internal vision with some green aspirations; prioritisation of competition over green	Goals on expected share/value of contracts with environmental requirements	Ambitious goals on expected outcome of green SFCs; Aspirations for green strategic SFCs supporting national business development
Leadership	National GPP institution also (informally) responsible for green SFCs	Appointed national focal institution for green SFCs; Some articulation of the importance of green in SFCs and GPP; Interest in volume of procurement under green SFCs	Explicit green attention from government and key institution's management; Clear expressions of the importance of green; Application of a mix of instruments to ensure the green benefits; Use of outcome monitoring data for preparing follow up actions; Involvement of staff in target formulation and action plan development
Strategy	Soft goals indicating a direction but no clear targets or actions specified	Strategy with some output oriented targets and an action plan; Limited budget allocated for greening; Specific focus on market dialogue and participatory approaches; Identification of key product areas in terms of environment	Long term plan with cross category approach; Tangible outcome targets; Analysis of costs and benefits of green endeavours; Clear action plan; Specific budget lines for greening; Search for new approaches; International cooperation
Structure	Individual (not structured) efforts supporting greening of SFCs	Central level staff committed to support preparation and application of green SFCs;	Transparent distribution of 'green' tasks and obligations; Proactive Focal Unit for green support and monitoring; Support to compliance check of suppliers
Staff	Little knowledge of capacity needs or efforts for expanding staff's green competences	Institutional capacity needs insight; Existence of green competences at framework contract level; Fragmented capacity building; Some involvement of external competences	Institutional capacity needs assessment with derived plans and realised capacity building; Green competences at the levels of framework contract development and practical procurement; Clear practices for involvement of external expertise
Systems	Basic green criteria in some SFCs; sporadic involvement of market actors	Basic green criteria in relevant SFCs; Systematic dissemination of guidelines/procedures and case examples for green procurement; Monitoring of volume of procurement through green SFCs; Procedures for market dialogue and stakeholder involvement	LCA and TCO based ambitious green criteria in strategically important SFCs; Procedures for compliance check of suppliers; Systematic monitoring of outcome of procurement through green SFCs; Broad internal and external communication
Culture	Some consideration of environmental aspects in working practices	Environmental consideration well anchored among staff and visible through leadership actions	"Second nature" incorporation of green agenda into everyday work practices and strategic planning; "Green agenda" as part of institutional identity as well as internal and external communication

Note: GPP = Green Public Procurement, SFC = State Framework Contract, LCA = Life Cycle Assessment, TCO = Total Cost of Ownership.

Identified barriers

The only clear barrier to the establishment of large, national contracts seems to be the belief that, at least in certain markets, such contracts can have an undesirable effect on the competitive situation and that smaller, local suppliers will suffer. However, the various interviewees disagree somewhat to the extent to which this problem is realistic. For STFK, it is also more of a principle matter: it is considered important to maintain local supplier markets.

Rather than barriers, the interviews resulted in the following list of what seem to be important critical success factors for national, green purchasing contracts:

- Conduct a market survey; is a national contract a good idea in the first place? What will happen to the competitive situation? Will local purchasing units accept it?
- Make sure that you understand what the users want and do not want (in terms of functionality and quality) and make sure their local management supports it. Use a user group.
- Make sure that environmental issues actually are of particular relevance in the qualification and selection phase. In some cases it is more effective to focus on green issues in the contracting phase.
- Make sure you understand how the supplier market will respond to the green criteria and requirements. Are they clear? Are they realistic? How will you prioritise green criteria?
- Carefully consider possible differences in opinions among the intended users of the contract about how ambitious the green criteria should be.

Conclusions

Large, sector wide purchasing contracts have been around in Norway for at least a decade. In recent years, the more general focus on GPP has also strengthened the focus on environmental aspects in these types of contracts.

It is expected that a national centre for state framework contracts will be established in Norway in the near future. This is likely to lead to an extended use of these contracts, and an improved overview of, and insight into their effects.

Country study – Sweden

Overall mapping of national structure of state framework contracts

In Sweden, all procurement and management of framework contracts within the state procurement is – since 2011 – assembled in Kammarkollegiet and its new department of state procurement – *Statens inköpscentral* (hereafter referred to as: The National Procurement Services – NPS). Up to then, ten different central government authorities were responsible for supplying coordinated framework contracts for other central government authorities. Personnel and tasks from these ten authorities were assembled in the organisation, the National Procurement Services.

The tasks of the NPS are to supply coordinated framework contracts to other central government authorities for goods and services of general use and to supply coordinated framework contracts to regional and local governments within the area of IT and telecommunication. The NPS manages over 1,000 different contracts that answer common needs of the state authorities, primarily within the following areas:

- Administrative services.
- Office supplies.
- Travel and accommodation.
- Vehicles and fuel.
- IT and telecommunication.

Upon conclusion of contracts, the framework contracts are placed in a website – <http://www.avropa.se>. There are about 1,100 state framework contracts with about 700 suppliers in more than 60 product areas with approximately 90 sub-areas. Using the website, agencies can check if the goods or services they need are available via a state framework contract.⁵⁴

⁵⁴ Kammarkollegiet, 2013.

Swedish regulation of State Framework Contracts

Public procurement is governed by the Swedish Public Procurement Act (2007:1091 – LOU), which is largely based on the EU Directive 2004/18/EC concerning public procurement.⁵⁵ The Swedish Competition Authority exercises the supervision of public procurement. A separate law with slightly more flexible rules applies to procurement within the utilities sectors – Act on Procurement within the Water, Energy, Transport and Postal Services Sectors 2007:1092 – LUF).

Under LOU, a “framework contract” means a contract concluded between one or more contracting authorities and one or more suppliers, the purpose of which is to establish the terms for a later award of contracts during a given period. The term of the framework contract must be for no more than four years (including options and renewal clauses) unless there are special reasons.

According to the regulations LOU and LUF, environmental considerations should apply. Hereunder technical specifications and the possibility to use specifications from eco-labelling, information on environmental protection, measures for environmental protection/environmental management, evaluation criteria and special criteria on how a contract must be performed. The measures are based on EC procurement directive, related to the Concordia-goal C-513/99 where the EC court defines important principles for the setting of environmental standards. A public procurer can take environmental standards into account, if:

- There is a connection to the objective of the contract.
- They are explicitly listed.
- They are consistent with the fundamental EC law, in particular the principle on non-discrimination.
- It does not give the authority unrestricted freedom of choice.⁵⁶

Authorities under the government shall comply with the Ordinance on Coordination of Government Purchasing (1998:796). This Ordinance gives NPS an assignment to procure framework contracts or other joint contracts to cover products and services that authorities procure frequently, on a large scale or that are of a high value.

⁵⁵ Swedish Competition Authority, May 2012.

⁵⁶ http://www.konkurrensverket.se/t/Process___2119.aspx

Authorities should use these contracts if they do not consider that another form of contract would be better. This means that the authorities can award a contract (make call-offs) directly from a supplier included in one of these framework contracts based on given rules for awarding. Local government authorities, county councils and public undertakings are in certain cases connected to government framework contracts and many have their own systems for coordinating purchasing. For many contracting authorities, internal decisions make it mandatory to use such contracts.

GPP policy in Sweden

The Government's Action Plan for GPP (Skr. 2006/07:54) originates in the EU Strategy for the Integrated Product Policy (IPP) from 2003. The IPP strategy aims to reduce the environmental impact of goods and services throughout their lifecycle – from cradle to grave. The idea is that competitiveness can be strengthened while ensuring sustainable production and consumption. The strategy involves a change in environmental policy measures on product areas that lacked this holistic perspective previously. The IPP strategy is based on five principles: the life-cycle perspective, collaboration with the market, actor collaboration, continuous improvement and a combination of steering instruments⁵⁷.

Main organisation(s)

The Swedish Competition Authority

The Swedish Competition Authority actively promotes efficient public procurement. The authority supervises the Public Procurement Act, the Act on procurement in the water, energy, transport and postal services and the law on procurement in the area of defence and security. Their task is also since summer 2014 to supply general information and general support concerning public procurement.

The Swedish Environmental Protection Agency (EPA)

The Swedish EPA is the national agency for environmental protection and nature conservation. Its key tasks are to present proposals for environmental policy and legislation to the Swedish government and ensure that environmental policy decisions are implemented.

⁵⁷ <http://www.regeringen.se/sb/d/8902/a/78709>

The Swedish EPA has the responsibility to monitor and evaluate the greening of public procurement by means of qualitative and quantitative studies.

The Swedish EPA has the responsibility for the regulation (2009:907) on environmental management for government agencies. The Regulation sets the requirement that government agencies should have environmental requirements in their procurements, where relevant. The Swedish EPA reviews each year whether the 190 government agencies covered by the Regulation sets environmental requirements in their contracts and for what value.

The Swedish EPA has been commissioned by the Ministry of Environment to be the focal point for the UN ten-year framework of programmes (10 YFP) to promote sustainable consumption and production. This means that the Environmental Protection Agency's UN representative is responsible for inspiring action on GPP throughout the Swedish society.

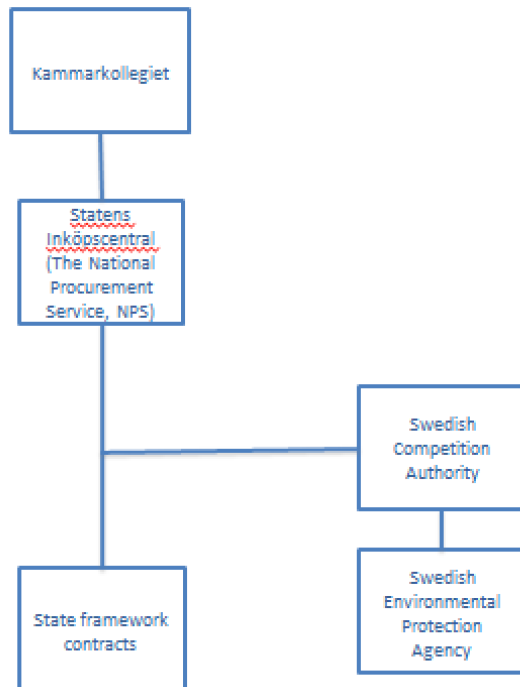
Upphandlingsmyndigheten

In autumn 2015, the operational responsibility for implementing the National Action Plan will be transferred to the new central government authority Upphandlingsmyndigheten, which will become a key actor for development within the area of GPP.

Kammarkollegiet

Kammarkollegiet is a central government authority with a wide range of tasks related to administrative, legal and financial matters. NPS is regulated by 8 a § of Regulation 2007:824 stating that Kammarkollegiet, "will be responsible for the coordination of government procurement and framework contracts on goods and services intended for other government agencies." In addition, Kammarkollegiet is responsible for the entire procurement of framework contracts for the civil service in the field of information technology.

Figure A10: Institutional framework for SFCs in Sweden



The National Procurement Service (NPS)

NPS is a division within Kammarkollegiet. Today NPS has 55 employees and is working as an independent organisation within Kammarkollegiet. NPS is described in Chapter 2, 9 a § 1 p in law 2007:1091 on public procurement, i.e. a contracting authority that concludes framework contracts on supplies or services intended for other contracting authorities

Accordingly the tasks of the NPS are:

- To supply coordinated framework contracts to other central government authorities for goods and services of general use.
- To supply coordinated framework contracts to local and regional government authorities within the areas of IT and telecommunication.

Apart from the NPS, there are two central government authorities that are responsible for coordinated framework contracts within their specific area of responsibility; the National Debt Office and the National Financial Management Authority. Accordingly, NPS does not manage frame-

work contracts in the area of payments services and personnel- and financial management systems including system support for e-requests.⁵⁸

The total turnover of the procurement activities of the NPS is approximately EUR 1 billion annually (SEK 11 billion annually) (Kammarkollegiet, 2013). This corresponds to approximately 5 pct. of the total annual purchases made by central government authorities in Sweden or approximately 2 pct. of the total annual purchases made by central, regional and local authorities in Sweden.

Contract Management

Within NPS there is a group – Contract Management – that is appointed to take care of the result of the procurement, follow up on the procurement results, as well as to ensure compliance.

Whenever a framework contract is developed, the Contract Management group is responsible to follow up on the contract. The group can make revisions if a lack of compliance is seen.

Avropa.se

Kammarkollegiet manages a website www.avropa.se. It is not mandatory for government institutions to use Kammarkollegiet's framework contracts according to regulation 1998:796 on state procurement coordination,⁵⁹ but they should do so if other means of procurement is providing additional benefits. If government institutions do not use the SFCs, they must notify NPS and explain why they choose another form of procurement. Other government contracting authorities, i.e. agencies under parliament and government controlled bodies, may use the contracts from Kammarkollegiet if they provide the authority to sign a framework contract on their behalf.

Municipalities can also place power of attorney of signing contracts with Kammarkollegiet, but may only place orders from the state IT framework contracts.⁶⁰

Vision, mission and values

Green public procurement has been identified as an important instrument to reduce environmental impacts in Sweden. By applying green criteria in procurement, the supply of products and services can be in-

⁵⁸ Kammarkollegiet, 2014.

⁵⁹ http://www.avropa.se/Om-inkopscentralen/Avropsberattigade_organisationer/

⁶⁰ http://www.avropa.se/Om-inkopscentralen/Avropsberattigade_organisationer/

fluenced towards reduced environmental impacts and enhance a transition towards a sustainable society.

The Government's vision (2006) of what is to be pursued and achieved in the long term is: "Authorities in the state, regions and municipalities must as widely as possible take environmental considerations in public procurement under the Public Procurement Act and Community law. This should not imply an increase in the administrative burden for businesses or make it difficult for companies, especially small companies, to participate. Public purchasers and providers should have access to tools, training and other support in taking environmental considerations in public procurement."⁶¹

Green focus in the National Procurement Services

The green vision is well implemented within the NPS and it is politically prioritized from the management. According to interviews, the employees find the "green" focus an obvious choice within the organisation. The leadership in NPS is engaged in the green agenda, and this focus is also specified in their business plan.

16 environmental quality objectives

Green criteria in state framework contracts are strategically prioritized in order to meet the 16 general environmental objectives adopted by the Swedish parliament in 1999, of which 15 are environmental quality objectives. The objectives and the related targets indicate the quality of the environment by 2020. The purpose of the environmental quality objectives is to secure a long term sustainable development.⁶²

Currently, NPS is working on a specific project with *transformative services*.⁶³ The scope of the project is to support institutions to meet the 16 environmental criteria that are nationally prioritised. The Public Procurement Committee (PPC) and SP Technical Research Institute (SP) both have on-going work where the role of public procurement supporting transformative solutions is a priority. Through joint work, NPS, PPC, and SP have an opportunity to explore how public procurement can encourage transformative solutions that can save energy and natural resources as well as time and money for governmental agencies.

⁶¹ Author's translation.

⁶² <http://www.naturvardsverket.se/Documents/publikationer6400/978-91-620-6600-0.pdf?pid=10069>

⁶³ Transformative solutions are defined as solutions that contribute to at least 80% reduction in the use of natural resources and/or GHG emissions compared to conventional services or products. See <http://www.pamlin.net/new/wp-content/uploads/Transformative-procurement-pilot-EN-2012.pdf>

Leadership in the organisational set-up

The overall leadership is placed in NPS within Kammarkollegiet. NPS have employees entirely designated to promote the green agenda and implementation of green criteria in the state framework contracts.

Strategy, scope and achievement of goals

According to the Ordinance on coordinated centralised procurement, the main objective of NPS is to generate savings for the taxpayers. Savings can be achieved by reducing public authorities transaction costs in procurement and by creating economically more favourable agreements.

Regarding environmental objectives, the NPS must support institutions in meeting the 16 national environmental objectives.

Some important priorities of the NPS

- The quality of the procurement is to be ensured by clear, well defined and well documented methods of working procedures and roles.
- Framework contract areas are to be specified and clearly defined. Where new or changed framework contract areas arise, special efforts are to be made to familiarise users with the new/changed contract.
- The procurements are to be designed in such a way that small businesses are able to tender on equal terms with large companies.
- Relevant and effective environmental considerations should apply in frameworks contracts when the nature of the contract justifies it.

Staffing

According to interviews, the employees of the NPS are competent and motivated to apply green criteria in the state framework contracts. NPS has worked with green criteria for years and have therefore gained vast knowledge within GPP.⁶⁴ Whenever they do not have the expertise in-house, they make use of external consultants and experts.

The average age of the employees is relatively low at NPS and they believe that this matters for the employees' interest in the environmental agenda. Furthermore, there are explicit, external expectations for NPS to work with environmental criteria.

⁶⁴ Kammarkollegiet, 2014.

Currently NPS has 55 employees. One employee is entirely dedicated to promoting implementation of green criteria.

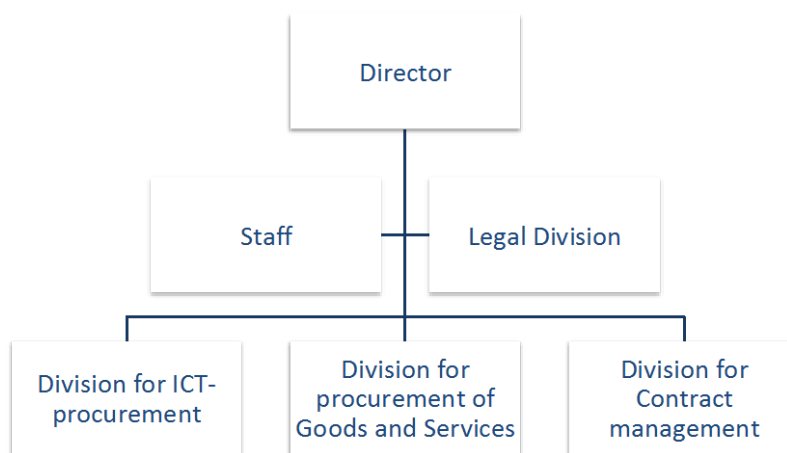
Organisational structure

The formation of *Statens inköpscentral* is a result of the government's decision in 2010 to centralize state framework procurement activities. The operations of state procurement contracts at *Riksgälden* and *Ekonomistyrningsverket* are excluded from the government's decision.

The National Procurement Services is organized as follows:

- Department of IT procurement.
- Division for the procurement of goods and services.
- Division of framework contract management.
- Division for procurement and contract law (Legal Division).
- The stab function of finance, systems support and administration (Staff).

Figure A11: Organization of NPS



Systems and procedures

Development of a state framework contract

When a framework contract is developed, a feasibility pre-study is always carried out. The study must contain a market analysis and an analysis of needs. The work is performed as a project with:

- A project group.
- A steering committee (where measures are decided).
- A reference group.

The procedure has a duration of approximately 1.5 years including all studies. It depends on the complexity of the contract whether it is needed to use external consultants/experts. For the majority of the contracts, NPS has the needed competences inhouse to set the green criteria.⁶⁵

When NPS applies green criteria in a state framework contract, they often consult and use when relevant the environmental criteria developed by the Swedish Competition Authority for GPP in Sweden. Previously, NPS developed all the criteria themselves; today they seek for existing criteria and modify these. The role of SEMCo is equivalent of an expert authority to which purchasers can contact for advice on how to include environmental requirements in their tender documents. The green criteria of the Swedish Competition Authority are based on EU GPP criteria.

In the development of a state framework contract, NPS includes the relevant trade organisations and involve the majority of the businesses through dialogue in order to understand the standards they can meet and in order to balance the level of the criteria.

Accordingly, NPS uses the pre-study to define the right criteria. In this process, it is sought to focus the environmental criteria where the effect is largest and to ensure that the amount of criteria is held low. It is preferred to have few, efficient criteria. When analysis is made, the NPS seek to balance the criteria in the directive and to open up for the possibility for the procuring institutions to apply further green criteria if they wish.

The work of balancing the criteria in order for the market to be able to meet the criteria is nuanced through the option for the procuring authority to apply further eligible green criteria on top of the mandatory green criteria. In this *reopened competition* (described below), the procurers are provided with a criteria catalogue, from which the procurers

⁶⁵ Kammarkollegiet, 2014.

can choose further eligible criteria. The criteria catalogue is developed for each specific framework contract.

NPS works continuously with the development of green criteria. However, the focus depends and varies with the political focus.

The use of state framework contracts

Contracts based on a framework agreement with a single supplier are awarded in accordance to the terms of the framework contract. For framework contracts concluded with several suppliers, the contract is awarded based on the contract either by applying the terms of the framework contract (e.g. ranking) or if all conditions are not specified in the framework contract, via renewed competition.

Application of terms (ranking)

A contract based on a framework contract with several suppliers, where all the conditions have been laid down, shall be awarded in accordance to a predetermined ranking or other instructions contained in the framework contract, unless there are special reasons to do otherwise.

Reopening competition

In a reopened competition, further criteria, also green criteria, can be applied. The criteria catalogue for each framework contract can be used as support to set green criteria.

When using reopening of competition, the contracting authority shall:

- Consult those suppliers that can implement the contract in writing (restricted to those suppliers that are signed to the contract).
- Give the suppliers a sufficient period of time to submit a written tender for each individual contract.
- Not be informed of the content of the written tenders received before the expiry of the response time (subject to confidentiality in relation to tenders contained in Chapter 19, Section 3 of the Public Access to Information and Secrecy Act (2009:400)).
- Award individual contract to the tenderer that has submitted the best tender on the basis of the award criteria for the reopening of competition stated in the contract documents to the framework contract.

Terms contained in the framework contract cannot be renegotiated during the reopening of competition and nor can the requirements stated in the contract be amended or substituted. It is consequently not permitted to make material amendments to the terms. However, if necessary, the terms stipulated in the framework contract may be clarified and supplemented. This involves supplementing or refining the terms contained in the framework contract in order to embrace special circumstances with a view to being able to perform an individual contract.⁶⁶

Monitoring the state framework contracts

When a state framework contract is developed, Contract Management is appointed to take care of the results of the procurement, follow up on the result and to ensure compliance. This group performs revisions both according to plan and if there is lack of compliance.

Culture, values and priorities

According to interviews, environmental considerations are a natural part of the work in the NPS and are both a value and a priority among management and the employees, but also among the users and suppliers of the state framework contracts.

Network and information sharing

NPS organizes workshops and seminars to inform procurers regarding their framework contracts. Furthermore, they inform the procurers on their website www.avropa.se and via the website of the Swedish Competition Authority. NPS can also be contacted regarding questions on the specific contracts.

NPS cooperates with the Danish SKI and to some extent with the Finnish Hansel. They learn from each other whenever major contracts are made. NPS cooperates with the Swedish Competition Authority regarding the green criteria.

The NPS is also involved in the international Baltic GPP group together with the Swedish environmental protection agency.

⁶⁶ http://www.kkv.se/t/Page_6780.aspx

Other factors relevant for the success of the system

The joining of the different authorities within the NPS has been very important in order to build up the right competences and to gather the competences in one organization.

From the view of the suppliers

The suppliers are in general positive towards environmental considerations and green criteria in the state framework contracts, and they do not find it difficult to meet the green criteria.

The suppliers discuss environmental work with their clients to a larger extend than a couple of years ago and many of the suppliers have a green profile to meet the requirements of their clients. This, however, differs significantly from supplier to supplier and client to client.

Today, the green criteria are based on existing information to a further extend than previously, which is found positive by the interviewed suppliers. As an example, state framework contracts previously did not include information from "Möbelfakta" (facts on furniture) or criteria from SEMCo that had already developed environmental and social criteria for furniture. Now, it is more common to make use of this information.

National monitoring programme or systems

The contract management division assesses the level of compliance. However there is no specific system for this.

State authorities must report to the Swedish EPA on their GHG emissions.

Identified effects

Specific effects have not been measured.

Identified barriers

Decision-makers lack of knowledge

The main obstacle identified is the lack of knowledge of the responsible decision-makers (users of state framework contracts) on the environmental impact of their call-offs from the framework agreements. Compelling information to end users about the importance of green criteria and environmental concerns were cited as one of the biggest challenges. Many of the authorities lack the right skills and some institutions will

only procure the best price and not on other quality aspects such as green criteria.

The existing EU directive gives opportunity for making this prioritisation, and it is the expressed hope of NPS that this issue will be stronger in the revised directive.

It is not possible to control the procurers and their final selection under the state framework contracts. Even if green criteria are set in the framework, the procurers might procure a product from the contracted supplier(s) with a less environmental performance.

Verification of criteria being followed

There is an issue related to the verification of whether criteria are being met in reality. The method that is used today to document that certain criteria are met, is to show a material safety data sheet (MSDS) that illustrates that a product does not contain hazardous substances exceeding the limits, as example. A problem with this method, appointed by a supplier, is when certain substances are not allowed in the product – then the substances are not part of the MSDS, as it does not show what the product does not contain. The paper only illustrates if certain substances are under the limits, but present in the product.

Conclusions

GPP is realised in the state framework contracts in Sweden. Environmental considerations in public procurement are politically prioritized and the state framework contracts are used strategically to support the state authorities in meeting the 16 environmental quality objectives adopted by the Swedish parliament.

GPP is a part of the institutional vision and it is compelling and motivating for staff and stakeholders. Applying green criteria in state framework contracts is an integrated part of the procedure when the NPS develops framework contracts.

The staff is motivated and competent in matters of GPP and if the needed competences are not present, the NPS make use of external experts. GPP is an implemented value and an accepted prioritization both internally and externally.

The main barrier has been identified as lack of knowledge and the lack of the right competences at responsible decision-makers of the end use authorities to select environment friendly solutions under the SFC.

The NPS does follow up on some of the contracts and make sure the criteria are being followed. However the criteria are not being monitored as such, and the results and effects are not known, nor being communicated.

The market does not have problems meeting the green criteria. Some suppliers demand even stricter green criteria.

Methodology

This study called for the use of valid methodologies within organisational analyses and GPP assessments. The analyses were accomplished through thorough desk studies of the relevant documents, focused data collection among key stakeholders and experts (including interviews and a workshop), as well as involvement of key stakeholders in the development and validation of the identified model. The project entailed the following main activities:

Development of analytical framework

An analytical framework was prepared to ensure a consistent and uniform approach for the national surveys. A similar approach was used in several previous GPP projects, including the study of Green Innovative Procurement (NMR, 2008), the study of Soft Regulatory Instruments (NMR, 2010), the study of national GPP structures (NMR 2012), and in the tender concerning Mainstreaming of Sustainability into the Nordic Councils of Ministers (2013). The methodology has proven very useful, both in terms of structuring the data collection process and providing a frame for the analyses of results.

The approach of the project has been that the extent to which green requirements are incorporated in framework contracts depends on the complete organisational model behind. When mapping the country specific approaches it has therefore been important to gain insight into all the organisational elements that determine the nature of the state framework contracts. The analytical framework used includes seven organizational elements, each of which were assessed through document review and interviews with key stakeholders:

Vision: Is GPP a part of the institutional vision, mission and values; is the “green vision” compelling and motivating for staff and stakeholders.

Leadership: Does the political and institutional leadership clearly express the vision, mission and values related to GPP in daily operation? Is

leadership communication with staff sufficient; are sufficient resources allocated to the area; are people motivated; is implementation of green requirements monitored and discussed?

Strategy: Is the strategy for implementation of GPP in framework contracts clear, are strategic choices and rejections based on thorough analyses and rationales, is the strategy operational, is achievement of goals and targets probable?

Staff: Is the staff motivated and competent in matters of GPP? Are the needed qualifications present in the organisation?

Structure: Is there a clear and sound division of tasks between units and people? Have other structures been considered?

Systems: Does the organisation have proper procedures and systems for development and evaluation of GPP criteria? Is a monitoring system in place, are results systematically communicated? Are all implemented procedures and systems useful for the purpose, are more/other/better/less systems needed?

Culture: Is GPP an implemented value and an accepted prioritization; how are environmental requirements perceived in the organisation?

The organisational analyses were supplemented by assessments of relevant framework conditions as well as the identified effects of the greening of framework contracts. The analytical framework covered relevant aspects of the acknowledged effects of GPP in state framework contracts, including:

- What are the environmental effects of the green SFCs?
- Environmental.
- Economic.
- Social (e.g. job creation).
- Innovation.
- How has this been measured?
- To what extent have the achievements been due to the criteria of the contracts?
- What would have happened in a “Business-as-Usual scenario”?
- Does the tender have absolute green requirements (e.g. electric car)?
- How are environmental criteria set?
- Does the commercial contract have steering and reporting responsibilities concerning green aspects (e.g. fuel consumption of purchased transports)?
- Can the market meet the criteria?

- Do the green state framework contracts impact on competition?
- Do they enhance/reduce innovation?
- What is the effect on the development of alternative procurement methods such as procurement of function?
- Is the awarding of green state frame contracts based on “Total Cost of Ownership” (when relevant)?
- How are the procurers informed on the environmental performance of the product?

A draft analytical framework was distributed to the steering group for approval before the national surveys were launched.

Country studies

Each country study was structured by the analytical framework, which provided themes and study questions. The process of gathering data for the study was initiated by a stakeholder analysis. This helped ensure that all relevant organisations and experts were included.

In order to gain insight into core issues such as the green strategies and policies of the state contract organisations, in depth interviews with key representatives of the organisations were carried out. Moreover, interviews were carried out with – among others – ministries and agencies, eco-labelling secretariats, and industrial associations. The type of interviewees varied and were chosen based on national organization and policies of state procurement. An average of 10 interviews were conducted in each country.

In order to perceive the companies’ experiences with GPP in state frame contracts, relevant suppliers were interviewed in each country; approximately 5 for each country study. Also, the viewpoints of the industrial associations were important for this theme.

All interviews were based on semi-structured interview guides, prepared by the national consultant based upon a joint platform prepared by the consortium in cooperation. The analytical framework set the course.

The organisational analyses addressed strengths and weaknesses, which were utilised in the subsequent development of a Nordic model for greening state framework contracts.

It was ensured that the country studies made use of the existing country specific data and information in the “Mainstreaming GPP”-report and the “GPP structures in the Nordic countries”-report and other studies. All existing knowledge was incorporated as relevant.

The overarching principle of the national study reports for the organisational elements follows the OECD DAC evaluation methodology: Findings; Conclusions; Recommendations; and Lessons learned – for each country individually. A model for each country’s existing set-up is drawn up in order to establish basis for comparison and overviews of strengths and weaknesses. From each country, examples of good, green framework contracts are presented and later reflected against the general model.

The basis questionnaire guiding the semi-structured interviews included the following questions:

General questions

- Is your organisation involved in developing and implementing environmental criteria into state framework contracts?
- Is it a strategic prioritization to include environmental criteria into state framework contracts?
- (If yes): For how long has this been a prioritization?
- What are the overall responses to this prioritization – internal and external?
- From where does this “green policy” stem – from your own organisation or from a higher political level?
- How are the green criteria set?
- Are stakeholders involved in the process? Which?
- Do contracts include requirements regarding steering and reporting responsibilities concerning green aspects? (e.g. fuel consumption of purchased transports, energy auditing and consumption in hotels)
- Are there any common characteristics among the “green” state framework contracts?
- Are any of the contracts based on TCO? (total cost of ownership) or LCC (life cycle costs)?
- How are procurers informed about the environmental performance of products? Could this be improved?
- In your belief, how will the use of green criteria develop in the future? (Frequency and type of criteria)
- Can you provide examples of well functioning state framework contracts with significant green criteria? Why is this/are these particularly well functioning?

- Can you provide examples of less well functioning state framework contracts with significant green criteria? Why is this/are these not well functioning?
- (How) do the green criteria affect the success of the framework contracts? Please describe. (Satisfied users, barriers for suppliers in meeting criteria, etc.)
- Can the market meet the criteria; what kind of feedback have you got in the technical dialogue and by other ways from companies, and does the number of green suppliers expand gradually?
- What is the effect of “green” criteria on the development of alternative procurement methods such as procurement of function? Have you considered searching for services instead of products, or describing the functional goal instead of buying products and services with detailed specifications (e.g. maintenance service)?
- Do you use other procurement methods than open or restricted call for tenders, like competitive dialogue? If yes, are environmental criteria important in competitive dialogue?
- Are the new terms familiar to you: “innovative procurement”, “public procurement of innovation PPI”, “pre-commercial procurement” or “cleantech-procurement”? Have you discussed and considered them in you organisation?
- Do you have co-operation with state environmental administration, procurement help desks and other actors that promote GPP in you country? What about internationally, e.g. similar organisations in Nordic countries, or other networks?

Monitoring GPP in state framework contracts

- Is there a system in place for monitoring the use of “green” criteria in state framework contracts?
- What is monitored? Environmental effects/ number of contracts/ number of “green” criteria etc.
- How can a well functioning monitoring programme be developed? (Which indicators, method, frequency etc.)

Visions of the organisation

- Is GPP/environmental improvements part of the mission, vision and values of the organisation?
 - (If no): How are environmental priorities communicated if not through a vision statement?
 - (If yes): Are the “green” mission, vision and values well-implemented? How/why not?

Culture

- Is it your experience, that “green” is an implemented value and an accepted prioritization among all employees in the organisation?
- How are environmental goals and environmental criteria perceived in the organisation?

The role of organisational leadership

- Is it your impression, that the political and institutional leadership of the organisation express the green mission, vision and values related to green SFCs? How? How could it be improved?
- Are the environmental aspects of a state framework contract prioritized when resources are allocated within your organisation?
- Does the management level succeed in motivating the employees in matters of prioritizing “green” criteria in procurement?
- Is the implementation of “green” requirements monitored and discussed?

Staff

- Is it your experience, that the staff is motivated in matters of GPP?
- Is it your experience, that the staff is competent in the matters of GPP?
- Do you make use of external expertise in environmental matters, and if you do, for what kind of questions and tasks?

Strategies

- Is the organisation’s strategy for implementation of green criteria in SFCs clear? (How could it be improved?)
- Has the strategy been made operational? (How could this be improved?)

Organisational structure

- Please describe the structure behind the development of “green” criteria in your organisation.
- Is there a clear and sound division of tasks between units and people, aiming at effective greening of procurement?
- Have other structures been considered, for example use of external consultants?

Systems

- Does the organisation have proper procedures and systems for development and evaluation of green criteria for SFCs?
- Are achieved results communicated and is it done systematically?
- Do you have sufficient systems available? Education, information sources, other tools?
- Are all implemented procedures and systems useful for the purpose of greening procurement?
- Are more/other/better/less systems needed?

A general model of green state framework contracts

Based on the analyses, and especially the Lessons learned sections, a general model for green state framework contracts has been developed.

The model addresses different themes, including:

- Co-operation between Nordic organisations making the state framework contracts, generally and especially regarding environmental aspects.
- Strategies and policies of the organisations (that prepare state framework contracts) and links to national green public procurement action plans.
- Organisational arrangements.
- Links to environmental management system.
- Education of personnel.
- Co-operation with green help-desks and other national public organisations.
- International co-operation.
- Procedures to find out the relevant environmental aspects and criteria for the various products, services and works.

- Technical dialogue and other dialogue with the market.
- Procurement methodologies in use.
- Awarding the contracts, role of environmental criteria.
- Follow-up of the contracts and green products/services.
- Possible links and approaches to innovative procurement.
- Measurement of green contracts and green procurement.
- Concrete examples of the implemented GPP best practices in framework agreements.
- Conclusions of the best practices in GPP, i.e. what to be taken into account in the state.
- Framework contracts to make the “green purchasing” successful.

Country specific recommendations

The country study reports under 3.3 describe the state framework contract model of each country illustrating the greening of the procurement.

Based on the complete survey and the identification of good organisational solutions, reflected in the generic Nordic model prepared in section 3.4, a national, recommended model for each country was developed. The country specific recommendations were structured according to the analytical model used in the survey and for the generic Nordic model.



norden

Nordic Council of Ministers

Ved Stranden 18
DK-1061 Copenhagen K
www.norden.org

Greening state framework contracts – Approaches in the Nordic countries

The purpose of this study was to clear out how Green Public Procurement has been realized in state framework contracts in the Nordic countries, to propose country-specific ways to improve the situation, and to draw a general model of efficient ways to realize green state framework contracts. The study was carried through in 2014 and 2015 by Bjørn Bauer and Rikke Fischer-Bogason (PlanMiljø, Denmark), Luitzen de Boer and Sigurd Vildåsen (Norwegian University of Science and Technology), and Timo Ki-vistö (Kivistö Consulting, Finland). The study was supervised by the Working Group of Nordic Council of Ministers for Sustainable Consumption and Production (i.e. HKP-group).

In addition to this Full Report, the project has also resulted in a short Summary Report and a power point presentation (slides), including the key findings and conclusions.



THE NORDIC REGION
– leading in green growth

TemaNord 2016:506
ISBN 978-92-893-4463-0 (PRINT)
ISBN 978-92-893-4464-7 (PDF)
ISBN 978-92-893-4465-4 (EPUB)
ISSN 0908-6692



9 789289 344630