

The missing multiplier

How to use public procurement
for more sustainable municipalities

POLICY BRIEF 2022:3



Nordregio

Introduction

The Nordic countries enjoy high standards of living, but they also stand out in global rankings as over-consumers of natural resources with major challenges to realising SDG 12 - Sustainable consumption and production. With several billions spent on public procurement each year in the Nordic countries, procurement is a powerful tool to leverage sustainability at a large scale. This is also reflected in a report from the Nordic Council of Ministers (2021) where public procurement is referred to as 'the missing multiplier', emphasizing that public procurement can impact all 17 SDGs while addressing 82 percent of the targets.

This policy brief is based on the final instalment of Nordregio's three Localising Agenda 2030 webinars held in March 2022. It aims to highlight the lessons learned from front-runner municipalities, as well as inspire local and national decision-makers to invest in and build capacity for sustainable procurement processes. In this webinar, the municipalities of Gladsaxe, Denmark, and Vantaa, Finland, shared how they have altered local procurement processes to align with sustainability goals. Together with panellists from the National Agency for Public Procurement in Sweden, the Confederation of Norwegian Enterprise (NHO) in Norway, and KEINO in Finland, the discussion addressed how other municipalities can use public procurement to strengthen sustainability practices and SDG mainstreaming across the Nordic Region.

What is sustainable public procurement?

Public procurement is the purchase of goods and services by public institutions. Purchases span across many sectors and activities such as food, construction, energy, transportation, electronic products, and waste management. Sustainable procurement practices refer to the process of public institutions to include sustainability perspectives across social, economic, and environmental dimensions when procuring goods and services ([KEINO, 2018](#)). Under SDG 12, Target 12.7 specifically addresses public procurement in its description: to "promote public procurement practices that are sustainable, in accordance with national policies and priorities." The Nordic countries have, and increasingly are, promoting the importance of public procurement in the context of green and sustainable development, moving from linear approaches to circular practices.

Annual expenditure (approximate) on public procurement in the Nordic Region^[1]:

- Sweden: EUR 77 billion
- Finland: EUR 35 billion
- Denmark: EUR 51 billion
- Norway: EUR 63 billion
- Iceland: EUR 332 million

1. Information on public procurement expenditure retrieved from Sweden ([Upphandlingsmyndigheten, 2020](#)); Finland ([Ministry of the Environment, 2018](#)), Denmark ([Ministry of Finance, 2020](#)), Norway ([Ministry of Local Government and Regional Development, 2021](#)) and Iceland provided by Central Public Procurement (Ríkiskaup) in Iceland on 1 March 2022. All figures have been converted from local currency to Euros.



Key Take-aways

Nordic municipalities report that the main challenges related to sustainable public procurement practices are a lack of time, resources, and context-specific practical tools for analyses. Municipalities can consider the following key points—highlighted by municipal representatives and panellists during the webinar—to develop and improve sustainable public procurement practices:

1. **Put procurement into a strategic framework.**

To effectively operationalise public procurement as a tool for SDG localisation, it is important to develop a strategy backed by political will and with committed leaders. As Vantaa shared, having robust systems starting with a main strategy and transitioning to the operational level while having enough staff, allocating sufficient funds, and maintaining ambition remains a work in progress. Similarly, placing procurement processes into a strategic framework, as a key instrument to achieve SDG targets has accelerated daily practice in Gladsaxe's tenders and contract policies.

2. **Set priorities for different sector areas to address.**

It is important to familiarise oneself with the municipality's scope and potential benefits of opting for the most sustainable choice in each sector. What follows is mapping the resources, such as competencies and budgets, which are available. For example, Vantaa has a Procurement Service Unit that works with a set of tools developed to identify sustainable products or services. Gladsaxe works with set targets, such as 80% of food served in schools should be organic. They also oblige contractors to increase social sustainability by for example employing vulnerable groups.

3. **Plan training, networking, and monitoring activities**

for the short and long term to reach local goals. Sustainable procurement practices require the inclusion of specified environmental criteria for products and services in the tendering process. Begin with consulting existing criteria and identifying certified products such as those with [Nordic Ecolabelling](#) and other sources suitable for the local and regional context.

4. **Start with low-hanging fruits and advance as you go along.**

Consider how sustainable requirements will affect the procurement process for the next round of goods and services, and how this will be implemented in line with legal obligations. This could, for example, include a goal for green transport by committing to only purchasing electric vehicles in the municipality. Once this has been established, choosing certified projects or products is a simple way to get started.

5. **Municipalities hold the power of the (public) purse.**

If there is a strong collective demand for sustainability within the public procurement process, suppliers will likely follow the need for sustainable production and delivery. Sustainable public procurement is, in practice, no more complicated than traditional procurement and does not necessarily have to cost more. When it comes to the price tag of sustainable purchases, Gladsaxe has found that there are opportunities to reduce costs if more stakeholders join. In the long run, sustainable investments, like those going towards energy efficiency in buildings, become less expensive and yield more gains.

6. **Collaborate with other public procurers.**

Both Gladsaxe and Vantaa work with regional and national networks and multi-stakeholder partners in their respective procurement processes. From their experience, it is important to work with neighbouring municipalities or to seek national public procurement networks to galvanise consumer power as well as to share resources, knowledge, and competencies.

7. **Share successes and good stories,**

both internally in the organisation to increase motivation among the staff, as well as to citizens who are interested in knowing about local efforts for sustainability. In Vantaa, responsible consumption is taught within the school subjects and through various campaigns as part of a broader curriculum to educate children and young people for a sustainable future.

8. **Bumps on the road to SDG 12 fulfilment remain.**

Current consumer behaviour or mode of production among manufacturers are yet to widely support circular practice such as electronic reuse. For example, while Gladsaxe has come a long way in institutionalising its procurement practices, the municipality is still working to reduce packaging waste from purchased products and to reduce e-waste, such as old laptops and other digital devices.

9. **Local action will lead to global transformation.**

Consider public procurement as a practical tool to simultaneously reach local, national, and global sustainability goals. Connect with as many SDGs as possible and identify how the municipality is, through public procurement, addressing some of these areas to mainstream sustainability implementation, monitoring and reporting.

Good Nordic practices

Why Gladsaxe and Vantaa?

For several years, these two municipalities have worked strategically with linking the SDGs and public procurement, and both have been highlighted as good examples of how public procurement is used as a practical tool to act on the sustainability goals in the Nordic Region. Gladsaxe and Vantaa also demonstrate the ability to use procurement in ways that are supporting the needs of their citizens and users, but also as a political tool to progressively act on climate issues, environmental mitigation, and costs and quality without compromising social sustainability in the way public goods and services are purchased.

Gladsaxe

- **Holistic consideration of SDGs.** Gladsaxe was one of the first municipalities in Denmark to consider the SDGs holistically in local operations. To make sustainable public procurement more concrete, Gladsaxe outlined its priorities in their local strategy (2018-2022) and procurement policy (2020). In these steering documents, procurement is considered a key instrument to achieve the municipality's goals and local SDG targets.
- **Connection between sustainability and public procurement via five strategic focus points.** Gladsaxe identifies five strategic focus points to specify what is meant by working with the SDGs in public procurement and to guide how the municipality purchases its goods and services (Figure 1). Through procurement, the municipality seeks to reach environmental, social, and economic sustainability, as well as to address innovation, cooperation, e-trade, and digitalisation. For each of these strategic points, specific targets have been identified to make action concrete. Targets for environmentally sustainable procurements, for instance, include at least 80% organically sourced food products in all schools in 2022, and by 2025, the 80% should apply to the entire municipality's food products.



Figure 1. Five strategic focus points in procurement policy, developed in 2019 (Gladsaxe Municipality)

- **Sustainable and circular construction and renovation.** Gladsaxe has focused on making construction practices more sustainable and increasingly circular. For example, one of the goals is to strive for Nordic Ecolabel certification for childcare centres, improving healthier indoor environments for both children and staff where the exposure to chemicals are minimised and the building is more energy efficient. Moreover, when demolishing old buildings, the materials are reused as much as possible. This was seen in a new kindergarten, where 60,000 tons of building material were reused.

- **Social sustainability enhancement through procurement.** To strengthen the social quality of its citizens, Gladsaxe places demands and criteria on suppliers for jobs or collaborations that support vulnerable groups to effectively enter and remain in the local labour market. This way, public procurement is also directly targeting social sustainability objectives.
- **Collaboration with other public procurers.** Gladsaxe municipality participates in the Danish national partnership for green public procurement called POGI (Partnerskab for Offentlige Grønne Indkøb). Together, the members of this partnership, including Gladsaxe, set sustainability criteria and specifications so that suppliers receive a collective request for goods and services. This unified approach helps synergise the push for local and regional sustainability targets and mobilise consumer power to influence markets and production, while efficiently exchanging knowledge and experiences.

Vantaa

- **Roadmap to “resource wisdom.”** In Vantaa, public procurement has long been recognised as more than just a bidding process. With more than half of the city’s budget spent on procurement, Vantaa’s strategic priorities include reaching carbon neutrality, circular economy, innovation, and human and labour rights in procurement processes.
- **Evaluation of sustainability in procurement.** Vantaa has developed a model for evaluating sustainability aspects in public procurements. The evaluation is performed by the Procurement Service Unit, a team of procurement professionals, lawyers, and accountability experts who assess the requirements for and risks of each tender. For example, the team can require the supplier to use resources more efficiently, impose restrictions on the use of hazardous chemicals, and enforce labour rights, in addition to arranging a market dialogue or increasing the monitoring of contract implementation.
- **Use of a sustainability check-list form.** This web-based tool identifies possible purchases and tenders processed through a certain ‘lane’ to the decision-makers in Vantaa. If the idea is supported, it proceeds as a project and then goes to the Procurement Service Unit for evaluation.
- **Engagement with citizens in procurement decisions through participatory activities.** Local surveys have shown that citizens hold high expectations when it comes to the city’s procurement targets and sustainable product information. Vantaa uses another web-based tool to enable citizens to suggest ideas of possible public purchases.
- **It takes resources to reduce resources.** Like many cities, Vantaa faces the challenge of a lack of financial and human resources. While there is no shortage of motivation for change, action and implementation still need long-term policy mainstreaming for sustainable public procurement. For some projects, key technical aspects such as life-cycle assessments are needed.
- **Collaboration is key.** Sharing experiences and practices with other stakeholders—including Finnish and European cities as well as regional partners, local partners, and supply chain actors—has been key to Vantaa’s progress. Such collaboration has produced quantified results such as carbon footprint tags and sustained motivation to continue the positive work.

Further reading and resources

- [Gladsaxe Procurement Strategy](#): Adopted in April 2020, the procurement strategy builds on the municipality's strategic plan for 2018-2022 to promote sustainable growth and welfare.
- [Procurements in Vantaa](#): This website provides information about how sustainability aspects are included in the City of Vantaa's procurement practices.
- [Sustainable Public Procurement and the Sustainable Development Goals](#) (2021): This report aims to draw attention to the added value that sustainable public procurement can contribute towards the SDGs globally based on Nordic practices.
- [Zero emission delivery of goods](#) (2021): The report presents approaches for collaboration between large Nordic cities in the form of a public buyer's network.
- [Nordic Guidelines – Green Public Procurement](#) (2017): The report proposes 12 recommendations for more active sharing of knowledge and experience with green public procurement.
- [KEINO](#): KEINO is a network-based competence centre founded in 2018 to increase sustainable and innovative public procurement in Finland. The website gathers good examples and presents network opportunities.
- [Forum for bæredygtige indkøb](#): This Danish network was established in 2010 by the Ministry of Environment with the purpose of enhancing sustainable procurement among both public and private actors. Their official website gathers and communicates best practice cases, knowledge, and tools.
- [The National Agency for Public Procurement](#) in Sweden provides information to guide the public sector with sustainability in the procurement process.
- The Icelandic government's policy on Green Public Procurement (GPP) became effective in 2009. A [web-based toolkit](#) has been among the initiatives that disseminate relevant information to stakeholders.
- [Kriterieveviseren](#): An online guide to develop relevant requirements or criteria for sustainable procurements by the Norwegian Agency for Public and Financial Management.
- [Leverandørutviklingsprogrammet \(LUP\)](#) is a Norwegian partnership established in 2010 by the Confederation of Norwegian Enterprise (NHO) and the Norwegian Association of Local and Regional Authorities (KS). The purpose is to accelerate innovations and development of new solutions through the strategic use of innovative public procurement while contributing to new market opportunities for companies. The website communicates best practice cases, knowledge, and tools.
- [Sustainable public procurement checklist in Åland](#): This is a local tool to integrate sustainability into public procurement while taking into account Åland and EU legislation.
- [UNEP SPP Approach](#): A methodology and roadmap for policymakers and practitioners to design and implement Sustainable Public Procurement (SPP) policies and action plans.

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About this Policy brief

This policy brief is part of the Nordic Council of Ministers' Localising Agenda 2030 in the Nordics initiative. It builds on a series of webinars produced by Nordregio since 2020 to foster dialogue and strengthen knowledge exchange among municipal and regional representatives, research institutions, and civil society networks working with the SDGs.

The three-part webinar series focused on the topics of steering and local leadership for SDG integration, developments of Voluntary Local Reviews (VLRs) and indicator systems, and how to use public procurement to multiply sustainability efforts.

For more Agenda 2030 inspiration, visit: <https://nordregio.org/agenda2030local/>

See the webinar recording for Policy Brief #3: <https://nordregio.org/events/the-missing-multiplier/>

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