

Sustainable public procurement

Finance Minister Coalition for Climate Action

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Sustainable and innovative public procurement in Finland

- The value of the Finnish public sector's procurements is approximately **EUR 35 billion annually** on average 16% of the country's GDP.
- Sustainable procurement involves the three key themes of sustainable development: *environmental, social and economic responsibility*.
- An estimated two-thirds of Finnish invitations to tender include general sustainability aspects and around 40 per cent include more detailed sustainability aspects. ¹

Procurement examples

Helsinki Region Transport (HSL): Low-emission vehicles in public transport

- Goal is to reduce local emissions and carbon emissions by over 90 % by 2025 from the 2010 levels.
- **The capital city's first fully electric buses hit the road 2017.**
- HSL exceptionally procured the buses itself, because it would have been unreasonable to place the technology risk on the operators.

Hansel: IT Electronics for the government in a more responsible manner

- **Environmental aspects:**
 - Energy efficiency
 - Harmful substances
 - Packing materials
- **A Code of Conduct, focusing on social responsibility:**
 - Contract suppliers must follow the code and ensure that the members of its subcontractor chain follow it, too.

City of Vantaa: Using employment conditions in competitive bidding for assisted living facilities for recovering addicts

- The goal was to ensure that the selected **service provider invests in social responsibility.**
- Commits to hiring at least one employee who is entitled to wage subsidies for each calendar year during the agreement period or, alternatively, an apprentice for each calendar year.

Sustainable and innovative public procurement in Finland

- Programme of Prime Minister Sipilä's Government (5/2015):
 - An objective is that the level of innovative procurement be 5 per cent of all public procurement.
- Government's analysis, assessment and research activities:
 - Public procurement of innovation – definition, opportunities and measurement (12/2017)
 - Innovative procedures in the procurement of bio-economy and clean solutions (10/2018)
- Action plan to boost innovative public procurement in the central government (12/2017)
- Several strategies and roadmaps both in national, regional and organizational level have identified public procurement as a tool to achieve sustainability goals e.g.:
 - Government report on the National Energy and Climate Strategy for 2030 (2016)
 - Government Report on Medium-term Climate Change Plan for 2030 – Towards Climate-Smart Day-to-Day Living (2017)

KEINO – Competence center for sustainable and innovative public procurement

- The need to **develop public procurement competence and scale-up good practices to achieve sustainable and innovative procurement** has led to the creation of a new **network-based organization** in Finland. (2018)
- KEINO **supports and helps Finnish public contracting authorities** with the development of sustainable and innovative procurement.
- KEINO is essentially a formation of **key stakeholders**, which are working towards the objectives set for public procurement across all governmental levels in Finland.
- The center is **funded** by **The Ministry of Economic Affairs and Employment (MEAE)**, and jointly **steered by** a conclave of **six ministries**.

KEINO consortium

- **Motiva** - State owned Sustainable Development Company
- **The Finnish Association of Local and Regional Authorities**
- **VTT** - Technical Research Centre of Finland
- **Business Finland** - the Finnish Funding Agency for Innovation
- **The Finnish Environment Institute (SYKE);**
- **Hansel Oy** - the government's central purchasing body
- **KL-Kuntahankinnat Oy**, the central purchasing body for local authorities; (to be combined with Hansel)
- **The Finnish Innovation Fund Sitra.**



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The main objectives for 2018-2021

1. Increase the number of innovative and sustainable procurements in Finland (5 % target for innovative procurement).
2. The strategic importance of public procurement will be recognised and more actively used as a management tool for generating impact.
3. Contracting entities openly disseminate information on their own experiences and learn from one another.

Recognised challenges

- Without **strategic goals and support** it is hard to perform sustainable and innovative procurements.
- Without **good procurement competence and time resources** it is hard to adopt new ways of doing: Both contracting authorities and suppliers.
- Without **knowing the impact that you want to achieve** with the procurement it is hard to achieve effective outcomes and outputs.

Measurement and impact in KEINO

The aim is to increase understanding of the role of procurement in reaching the strategic goals of public organizations.

- **National level measurement**

- 1st pilot survey on innovative and sustainable procurement carried out in Autumn 2018 (reporting in Feb 2019).

- **Strategic management (organization level)**

- Development of tools for assessment and monitoring of procurement for public organizations.

- **Procurement-specific impact assessment**

- Comprehensive case studies of the achieved impacts of various kinds of innovative procurements.



Learned so far and some key factors for success

- **It is vital that all the ministries reach for the same direction:** Public procurement has been identified as a strategic tool to meet different goals.
- **Working together we can achieve more:** We plan together what is the change and impact that needs to happen and how do we get there.
- **Experimental culture:** The competence centre itself is a new way of doing but we also encourage procurement units to find new ways to implement procurements.



Thank you!

For more information:

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