## Sustainable public procurement

Finance Minister Coalition for Climate Action 21.2.2019, Helsinki Elina Ojala, Motiva/KEINO



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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.<sup>1</sup>



<sup>1</sup> SYKE: <u>Sustainable public procurement – Current</u> <u>status and the way forward (2017)</u>

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### **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)
  - <u>Government Report on Medium-term Climate Change Plan for 2030 Towards Climate-Smart Day-</u> <u>to-Day Living</u> (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.

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### **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

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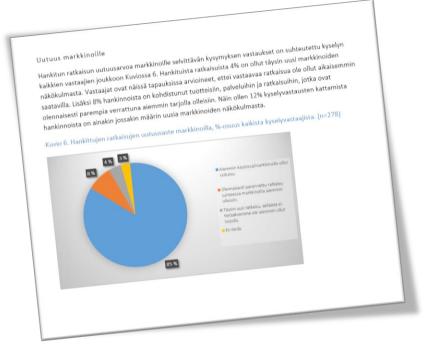
 1<sup>st</sup> pilot survey on innovative and sustainable procurement carried out in Autumn 2018 (reporting in Feb 2019).

#### 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.

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## Thank you!

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