

Current status and good examples of Sustainable and Innovative Public Procurement in Finland

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KEINO Competence Centre for Sustainable and Innovative Public Procurement

KEINO started operation as of 1 March 2018.

KEINO is a network-based consortium comprising eight founding members.

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Government sustainable development promotion company Motiva Ltd.



The Association of Finnish Local and Regional Authorities



Technical Research Centre of Finland Ltd



The Finnish Funding Agency for Innovation – Business Finland



The Finnish Environment Institute SYKE



The government's central purchasing body Hansel Ltd

KEINO is a network based Competence Centre for Sustainable and Innovative Public Procurement

KEINO promotes sustainable and innovative public procurement in Finland

- KEINO seeks to increase contracting entities' **awareness of strategic procurement management and impact thinking.**
- KEINO will assist contracting entities in **management tool development and measurement.**
- KEINO will set up powerful and efficient **buyer groups** for procurement in the fields of social welfare and health services, construction and energy use, mobility and logistics, and bio- and circular economy.
- KEINO will support the development of **procurement competence** through advisory services, events and areal KEINO-agent activities.
- KEINO seeks to strengthen **international networks and peer to peer learning for procurers.**

Learned during 3 years and some key factors for success of KEINO

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- **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.

Sustainable and innovative public procurement promotes the SDG goals



Low carbon buildings
Low emission vehicles and transportation
Carbon footprint in public procurement



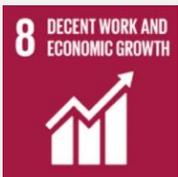
Social criteria in procurement (employment etc.).
Long term impact in public procurement



Circular procurement
Recycling of nutrients
Recycling of materials



Non-hazard procurement
Non-toxic chemicals in procurement



Increase in cost efficiency
Lower life cycle costs



Renewable energy solutions
Green electricity
Locally produced renewable energy
Regional / local energy systems



Solutions that promote sustainable cities and systemic change
New markets for greener solutions



Innovative public procurement
R&D procurement



Sustainable public consumption
Possibilities for sustainable consumption for citizens



New solutions for sanitation
Safe and sustainable sewage systems



Co-operation
eg. KEINO-consortium

Why is public procurement important in gaining the sustainability targets?

- Public spending in Finland is 35 billion euros annually
- 20 billion euros for municipalities
- 1 800 billion euros at the EU level annually
- With on average 16 % of GDP in the EU, public procurement accounts for a substantial part of the global economy



Buyer has the power of public purse!

References:

- EU Commission, MEMO/11/380
- Lith, P., 2014. Suurten kuntien hankinnat - Tilastollinen muistio yksityisten tavara- ja palveluostojen merkityksestä suurissa kaupungeissa. Kauppakamari.

Carbon footprint of Finnish public procurement

- The carbon footprint for public procurement in 2015 was 8.3 Mt CO₂e.
- The carbon footprint of investments made by public organisations amounted to 2.7 Mt CO₂e.
- Almost half of the emission in municipalities were caused by the procurement of services.

Federations of municipalities (1,8 Mt):

Health care districts 1,3
 Travelling services 0,29
 Medicines and health care products 0,27

Municipalities (4,6 Mt):

Cities and towns 3,33
 Heating 0,8
 Electricity and gas 0,75
 Construction and maintenance services 0,43
 Travelling services 0,37
 Food 0,33
 Cleaning and laundry services 0,28

State (1,6 Mt):

Heating, electricity, water 0,24
 Maintenance of earth and water structures 0,23
 Fuels and lubricants 0,21

Julkisten hankintojen arvo ja kasvihuonekaasupäästöt 2015



Lähde: SYKEra 15/2019. Suomen ympäristökeskus.

Nissinen A. & Savolainen, H. (ed.) 2019. Carbon footprint and raw material requirement of public procurement and household consumption in Finland - Results from the ENVIMAT-model

<https://helda.helsinki.fi/handle/10138/312377>

How sustainable is EU public procurement?

- Not systematically measured -> KEINO is developing the measuring of SPP and IPP
- In Finland, information from 2003, 2005, 2009, 2012, 2017, 2019

Status of Sustainable public procurement

(Alhola & Kaljonen, 2017; KEINO reports 2019)

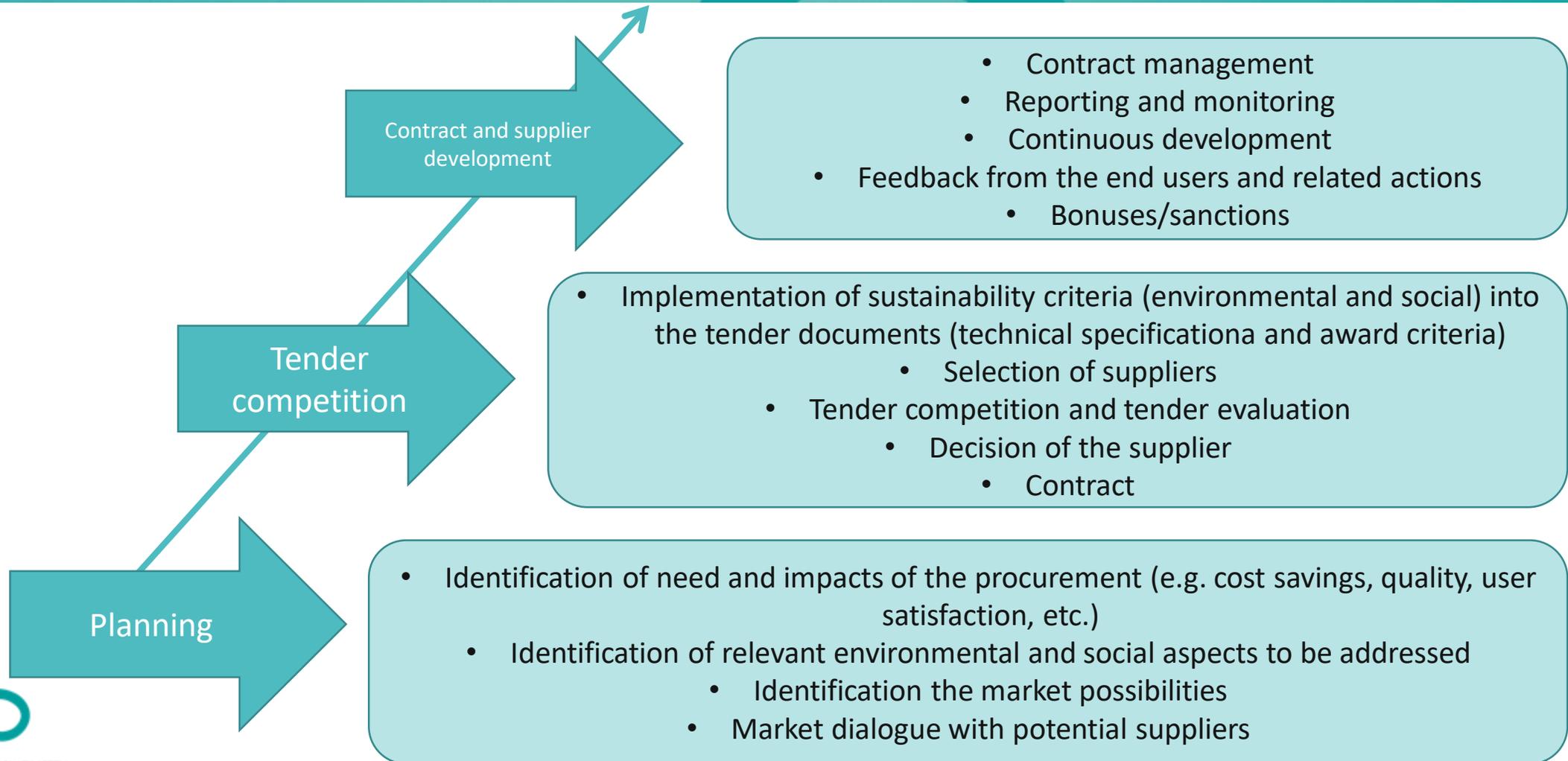
Procurement strategies:

- 70 % of procurers pay attention to environment in their procurement strategy or similar (only 40 % follow)
- 58 % of procurers pay attention to social aspects in their procurement strategy or similar (only 30 % measure)

Calls for tender:

- Energy- and environmental aspects at general level were included in 66 % of the calls (HILMA)
- It was defined more clearly (and verification required) in 44 % of calls (including at least one well defined criterion).
- In 15 % of the calls of tender included environmental criteria that was defined on life cycle basis.
- Most often used criteria were energy efficiency, Euro-norm and quality management system.

Promoting sustainability through public procurement process



Good examples lead to best practices in public procurement



New learning environment based on green values – Case Rantarousti school, Tyrnävä

- A new school based on the life-cycle model, for 20 years.
- The objective of the procurement was a learning environment in accordance with the new curriculum, open and adaptable facilities as well as a whole that is low-cost throughout its life-cycle.
- A key objective was to make area savings, which required flexible and space-efficient facilities. Other goals included the use of renewable energy and energy-efficiency. The targets set for the usability of the facilities included health and safety as well as a fresh way of thinking about the use of space.
- The smaller footprint decreased the construction-time costs by roughly EUR 3 million and will, in the long term, also reduce the building's maintenance and heating costs



Helsinki electric buses (HSL)

- HSL:n buying 12 full electric buses from Linkker Oy:ltä 2015 – 2017
- Leasing contract
- Decrease of CO2 emissions and small particles
- Follows the strategy of HSL: 90 % decrease in the CO2 emissions of buses by 2025.
- HSL procured the vehicles but tendered the service provider (HSL beared the technology risk).
- Almost zero emission buses.
- Linkker Oy:n has developed material technical innovations that lead to 30 % less electricity consumption than competitive buses.
- Buses include also data gathering and management systems that helps HSL to test and develop new customer services.
- Linkker was able to get an important home market reference.
- The procurement accelerated the market for electric buses.



Kuva: HSL

City of Forssa: responsible procurement – recycled equipment for lower secondary school students

- The procurement was determined to be a procurement of recycled computers. The devices have a three-year warranty.
- The cost of investment was EUR 65,000, which produces annual cost savings of EUR 50,000 in comparison with new computers.
- Over the estimated useful life of three years, life-cycle carbon dioxide emissions will decrease by more than 21 tonnes annually, which is equivalent to the emissions produced by a private car over a distance of more than 114,000 kilometres.
- By using recycled equipment, waste can be avoided that would have been generated during the production of equivalent new equipment.



City of Salo: using sustainability criteria in competitive bidding for food procurement

- Every day, the City of Salo serves 14,000 meals in schools, hospitals and other public facilities.
- Salo has a four-year frame contract.
- The value of the City of Salo's total procurement was around EUR 72 million, of which food products represented around EUR 3 million.
- Sustainability criteria were used in the competitive bidding that promote animal welfare and health as well as food safety, and that take the environmental effects of the procurement into account, along with social responsibility.
- Concrete criteria were set for the use of antibiotics on production animals, the tail docking of pigs and the monitoring of the foot-pad index among chickens, for example. The foot-pad index is a good indicator of chickens' wellbeing. These were obligatory requirements in the competitive bidding, meaning that they applied to all tenderers.



Eco-labeled daycare, Hyvinkää

- 1st Swan-labeled daycare in Finland (v. 2017), 190 children, 2062 m²
- Procurement criteria were based on lifecycle approach: energy efficiency, health air inside, health materials and non-toxic substances
- Sustainability is visible in the daily activities
- EcoProcura+ award 2018



KEINO

KESTÄVIEN JA INNOVATIIVISTEN
JULKISTEN LAITE-
VERKOSTOAINEN OSAAMISKESKUS

[Laitteet](#)
[Joutsenmerkki uutiset 7.8. 2017](#)

[Aamuposti 8.8.2017](#)

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Kuva: Aamuposti

Haltia – The Finnish Nature Centre

- First Finnish building from cross-laminated timber, geothermal heat and solar heat collectors, green roof, self-adjusting air-conditioning and lightning.
- 2012



Energy-efficiency as a service, Vantaa

Improve the energy efficiency of 14 municipal buildings by Energy Service (ESCO), City of Vantaa, 2012 and 12 buildings in 2017.

Savings of euros (20%, 200 000 € annually), energy (20%) and greenhouse gas emissions (30%).

- Tendering criteria: energy savings
- Investment was financed by the received savings on energy



Electricity cars network – Municipality of Ii

- Municipality of Ii procured 5 electricity cars for the use of personnel
- Governmental support for the investment was 30 %
- More than 10 000 kg CO2 emission reductions compared to conventional cars
- Wide charging net over the town
- Amount of electricity cars has increased also among the citizens in the area



Common for the cases

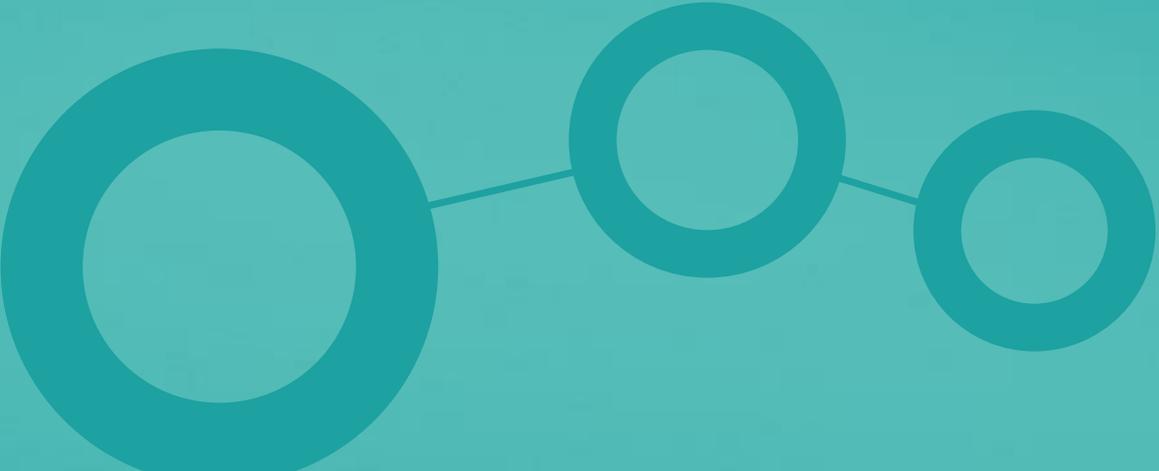
1. Change of mindset
2. Co-operation between procurers, potential suppliers and other stakeholders
3. Proactive procurer in order to find a new solution
4. Market dialogue
5. Innovative solution is often a result of research & development and piloting
6. Taking into account the lifecycle impacts of procurement
7. Buying results, functionality and performance instead of detailed specified products
8. Monitoring the results and developing continuously
9. Good examples and lessons learned



Challenges in sustainable and innovative public procurement

- Lack of knowhow on procurement
- Fear of risk and mistakes in the public tendering process
- Insufficient knowledge of the suppliers and market (and possibilities for new solutions)
- Difficulties in integrating existing solutions to new solutions
- Lack of resources in the organization, and work load





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