



GREEN PUBLIC PROCUREMENT AND GREEN GOVERNMENT

GOVERNMENT POLICY 2013 TO 2016

ADOPTED BY THE GOVERNMENT OF ICELAND, 9 APRIL 2013



PREFACE

The Policy on Green Public Procurement (GPP) and Green Government, now adopted by the Government of Iceland, addresses the integration in public procurement of environmental considerations with good procurement practices, and how public sector entities can green their operations.

The thrust of the parliamentary proposals for the Strengthening of the Green Economy is that the National Government and its institutions serve as role models and create the conditions for a green economy, among other things through green public procurement along with a focussed environmental effort. Inspired by this, The Policy on Green Public Procurement and Green Government is at the same time based on the goals of sustainable development and the governmental procurement policy. The Policy on Green Public Procurement and Green Government replaces the former Government Policy for GPP of 2009 and the older Environmental Policy in Public Governance of 1998.

The annual volume of public procurement in Iceland is thought to be approximately 150 billion ISK. Clearly, the state has an immense influence on how the market develops, including the supply of products and services, in addition to its ability, through its involvement, to drive innovation. The priority placed on GPP by the government and by local communities already appears to have had a significant market impact. This is exemplified by the increase, since the adoption of the previous policy, in the number of Swan-certified businesses from 4 to 25, an apparently direct consequence of environmental requirements in public tenders.

A survey on the status of green public procurement and green government, conducted among governmental institutions in February 2013 indicates that roughly a third of the agencies are looking into greening their operation. The survey brings out the fact that institutions find tools and education on green public procurement and green government useful. Furthermore, the survey shows that those institutions which had received a presentation covering green public procurement and tools appear to have advanced further in adopting such methods than those who did not receive education.

The Policy emphasises education and introduction through a good collaboration with stakeholders, so as to ensure optimal success in reducing environmental impact while promoting enhanced competitiveness of Icelandic businesses offering eco-friendlier options. The performance of institutions in green public procurement and in running a green operation is also planned to factor into judging the Institute of the Year. The GPP policy has been analysed in terms of gender. As its introduction continues, men's and women's differing procurement priorities must be kept in mind.

The responsibility for the project's introduction lies with the Steering Group on GPP and Green Government. Within each institution, the responsibility for introducing the Policy lies with the respective director, supported by the Steering Group.

Reykjavík 09 April 2013

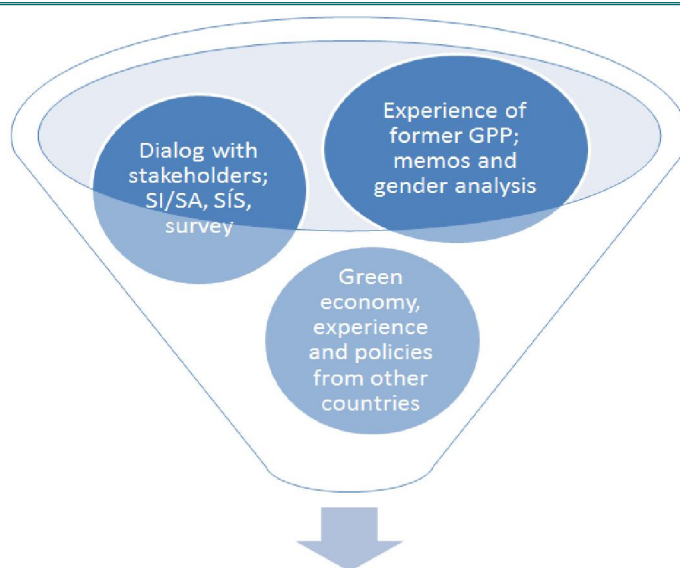
The Minister of Finance and Economic Affairs,

The Minister for the Environment and Natural Resources,

BACKGROUND

The Government Policy for Green Public Procurement of 2009 emphasised preparing the ground; readying tools and beneficial information, along with offering all institutions the option of an introductory presentation and a workshop on green public procurement. Educational materials were prepared and followed according to the 2011 – 2012 introductory plan on green public procurement. Instructions and tools were prepared; 16 environmental criteria and 24 checklists were translated, templates were made for green accounting and procurement analysis, along with a list of ideas for running a green operation. Website www.vinn.is was upgraded with diverse and accessible content. By early 2013, 141 institutions have been invited to introductory presentations. Of the institutions invited, 85 have attended an introductory presentation and 52 have attended a workshop. The goal is that by summer of 2013, all institutions will have received invitations to an introductory presentation and a workshop.

Clear procurement procedures are a prerequisite for results. The goals for the use of environmental criteria in governmental tenders failed to be reached, environmental criteria being used in four State Trading Centre tenders during the period in question. However, the priority placed on green public procurement by the government and by local communities already appears to have had a significant market impact. This is exemplified by the increase in the number of Swan- certified businesses from 4 to 25, an apparently direct consequence of environmental requirements in public tenders.



Revised policy on Green Public Procurement 2013-2016

Wide-ranging sources were consulted while the policy of „GPP and Green Government; Government Policy 2013-2016“ was being formed. Firstly, the policy was built on earlier experience with the introduction of green public procurement and with running green operations. Secondly, note was taken of measures to strengthen the green economy, and of foreign policies and trends. Thirdly, a dialogue was held with stakeholders who will be affected by the policy, such as business organisations, and a survey was conducted among the directors of governmental institutions.

In connection with a policy revision, a survey was conducted on the status of governmental institutions in relation to the introduction of green public procurement and green government in January, 2013. The survey indicates, among other things, that assistance with the introduction is important, and that web site www.vimm.is has proved useful. According to the results, institutions that had received education on green public procurement and had become familiar with the tools appeared better equipped for the introduction of green public procurement than institutions not receiving education. The survey shows that approximately a third of the institutions report looking into running a green operation. The survey evaluates neither the effort nor its results. The responses indicate, however, that some of the institutions have already put running a green operation on the agenda, and are in their own way working toward greening their operations.

The thrust of the parliamentary proposals for the Strengthening of the Green Economy is that the National Government and its institutions serve as role models and create the conditions for a green economy, among other things through green public procurement and a focussed environmental effort. Public procurement can significantly affect job trends and innovation. By this is meant innovation spurred by public procurement (public procurement innovation). This comes about through public entities expressing their requirements well in advance, to which businesses respond by developing new solutions in the form of goods or services complying with the requirements. At the same time, this promotes increased co-operation between the public sector and market, which tends to make research and development more efficient, as suggested in interviews with business organisations while the policy was being formed. Public tender requirements may thus promote innovation more effectively than direct grants.

The Nordic and European countries place a high priority on building a green economy, where green public procurement plays a key role. The European legislation on procurement, currently undergoing revision, is seen as in fact constituting part of the countries' employment policy, driving innovation and a green economy, and the EU emphasis on ecological considerations will be reflected in the new public procurement legislation. In many foreign countries the introduction of greener government has been a priority; for instance, Sweden has required governmental institutions to publish sustainability indicators according to the Global Reporting Initiative (GRI) guidelines. In that country, this has made institutions increasingly aware of the importance of sustainable development, precisely targeted procedures and improved work methods, goal-directed environmental efforts in running their operations, and of pushing sustainable development issues higher on managers' lists of priorities.

POLICY ON GREEN PUBLIC PROCUREMENT AND GREEN GOVERNMENT

PURPOSE

The Policy on Green Public Procurement and Green Government constitutes an attempt to reduce public procurement's environmental impact, to help public organisations 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.

SIGNPOSTS

- » ***Good relations with market stakeholders and transparent procedures*** should promote active competition, enhanced product selection and innovation in order to meet increased expectations and requirements for environmental considerations.
- » ***Governmental institutions should clearly indicate to the market*** that they take into account environmental considerations along with cost and quality in procurement. Governmental requirements for green business should always be transparent and well-reasoned. Only in that way can the market react by improving its supply, meeting new demands.
- » ***Procedures and tools should be shared***, making green public procurement and green government straightforward, professional and accessible. Government staff should receive information, education and professional guidance on green public procurement and green operations.
- » ***Green government should be goal-directed*** and in accordance with the best methodology at any given time.

VISION FOR 2016

The Government sets clear requirements for green priorities in purchasing, driving innovation and a green economy. Results are measured and publicised. 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 priorities 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.

GOALS AND IMPLEMENTATION

In order to realise the vision for year 2016, the following goals have been set:

- » *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 agreements 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.*
- » *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.*
- » *Institutional workers and management should possess knowledge of running a green operation and the skill to apply tools for minimising 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.*

The Action Plan provides in more detail for action, the entities responsible and time frames, see Annex I. Implementing the Action Plan is intended to shift government toward the Policy's vision. Results will be assessed and shared regularly. The Action Plan will be updated annually. The public and suppliers will be informed of results achieved under the Plan. In 2014, the above-mentioned goals will be assessed, and subsequently quantitative goals will be set for each one for the remainder of the Policy's period of validity.

The responsibility for the project's introduction lies with the Steering Group on Green Public Procurement and Green Government. The Steering Group consists of representatives from the Ministry of Finance and Economic Affairs, the Ministry for the Environment and Natural Resources, the State Trading Centre, the Environment Agency of Iceland, in addition to representatives of local communities and key institutions. Within each institution, the responsibility for introducing the Policy lies with the respective director.

ANNEX I – ACTION PLAN

GREEN PUBLIC PROCUREMENT AND GREEN GOVERNMENT - GOVERNMENT POLICY 2013 - 2016			
ACTION PLAN			
GOALS	ACTIONS	RESPONSIBILITY	TIME
Those managing the preparation of calls for tender shall 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.	As a leading professional entity, the State Trading Centre shall systematically monitor, bring home and share overseas developments in the area of green public procurement, such as in the areas of life-cycle cost and innovation-generating procurement.	State Trading Centre	2013-2016
	Collaboration between major institutions and the State Trading Centre on a division of labour and on the training of experts in certain product categories.	The State Trading Centre, the Government Construction Contracting Agency (FSR), and others as the case may be.	2013-2016
Directors and buyers at institutions shall be aware of and utilise the general tools of green public procurement, such as checklists.	The GPP Steering Group shall work according to the plan for the presentation of green public procurement.	Steering Group	2013-2016
	The GPP Steering Group shall see to the usefulness and vibrancy of the vinn.is website as a medium for green public procurement information.	Steering Group	2013-2016
	For directors, the GPP Steering Group shall provide education on green public procurement and on utilising specific environmental criteria where applicable.	Steering Group /State Trading Centre	2013-2014

	The GPP Steering Group shall complete the initial presentation to all institutions as well as a workshop.	GPP Steering Group	spring 2013
	The GPP Steering Group shall define the next steps in green public procurement education and take them, for example incorporating workshops and connections with other challenges pertaining to green government.	GPP Steering Group	2013

GOALS	ACTIONS	RESPONSIBILITY	TIME
<p>Suppliers to the government shall be informed in good time of any green public procurement requirements. The government and suppliers shall be partners in a successful collaboration to develop green public procurement with innovative solutions.</p>	<p>Actively shared information from parties calling for tenders regarding governmental requirements and needs.</p>	<p>State Trading Centre</p>	<p>2013-2016</p>
	<p>Suppliers and purchasers will be encouraged to work together on development projects for innovative solutions.</p>	<p>State Trading Centre, Government Construction Contracting Agency</p>	<p>2014-2016</p>
	<p>Develop an evaluation of suppliers which purchasers can utilise in building efficient procedures for tender requirement follow-up.</p>	<p>State Trading Centre</p>	<p>2013-2014</p>
<p>Governmental framework agreements shall 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.</p>	<p>Government entities organising calls for tender shall introduce procedures ensuring that environmental criteria are used whenever possible.</p>	<p>State Trading Centre</p>	<p>2013-2016</p>
<p>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, shall be 50% by year 2016.</p>	<p>The GPP Steering Group should see to it that the selection of checklists and environmental criteria increases.</p>	<p>GPP Steering Group</p>	<p>2013-2014</p>
	<p>The procedures followed by entities organising calls for tender shall plan for always utilising specialised foreign environmental criteria when these are available.</p>	<p>State Trading Centre</p>	<p>2013-2016</p>

	Entities organising calls for tender shall develop plans taking account of the quantitative goals discussed above, and shall bring these to the attention of the Steering Group.	GPP Steering Group	2013- 2016
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OBJECTIVE	ACTIONS	RESPONSIBILITY	TIME
Develop a proposal for an arrangement to refund part of the purchase price of governmental institutions' eco-labelled products.	The Ministry of Finance and Economic Affairs shall seek proposals for how to put the arrangement into practice, including from the Steering Group.	The Ministry of Finance and Economic Affairs	2014
Institutional workers and management shall possess knowledge of running a green operation and the skill to apply tools for minimising environmental impact through simple and efficient methods, which are largely common and generally applicable to all institutions.	The GPP Steering Group shall develop tools to facilitate running a green institutional operation. The tools shall be available, for instance through sharing on the web.	GPP Steering Group	2013-2014
	Governmental institutions shall systematically utilise the tools, incorporating them in their procedures.	Governmental institutions	2013-2016
	The GPP steering group shall ensure that institutions receive a presentation on green public procurement and learn to use the tools.	GPP Steering Group	2013-2014
	Institutions shall manage building up knowledge and skill at running a green operation and shall make such operation into a visible element of their internal functioning.	Governmental institutions	2013-2016
Institutions shall use green accounting or sustainability indicators to evaluate environmental performance; information shall be gathered and shared.	The GPP Steering Group shall provide institutions with specifications for green accounting, collecting and sharing the results on website vinn.is .	GPP Steering Group	2013-2016
	In annual reports, institutions shall be guided by the GRI guidelines insofar as applicable.	GPP Steering Group	2014-2016

ANNEX II – DEFINITIONS

The following are common terms and definitions in the field of green procurement and green operations:

Green procurement is to choose the product or service less harmful to the environment or to human health and which carries the same or lower life-cycle cost compared with other products and services fulfilling the same need.

Green accounting is material accounting which sets forth, chiefly in the form of quantitative information, information on how operating supplies and services are procured. Green accounting yields an overview of quantitative operational numbers, thus pointing to opportunities to reduce environmental impact.

Life-cycle cost is the purchase price of a product plus the costs of operation, maintenance and disposal. The product's operational cost may be many times its purchase price. Taking into account the life-cycle cost during the procurement procedure is important. This applies, for instance, to printers and automobiles.

Sustainability indicators are measures of success in the area of sustainability, i.e. economic, societal, and environmental results. Global Reporting Initiative (GRI) exemplifies an organisation which has developed international standards for constructing sustainability indicators and for how these should be shared in a trustworthy and transparent manner through annual reporting.

Green government (synonym: eco-friendly or environmentally friendly government) is those operations which have a lesser negative impact on the environment than other comparable operations. Operations involve environmental aspects which mutually impact the environment, such as transportation, energy use, chemical use and procurement. Negative environmental impact is reduced by focussed management of these aspects, supported by an environmental policy and by working toward goals and an action plan.

Environmental criteria are requirements or norms concerning environmental aspects and described in tender documents because of the properties of the products or services put out to tender. Environmental criteria are expressed as minimum criteria or assessment criteria.

Environmental policy is a commitment to procedures that need to be undertaken in order to achieve certain environmental aims. Environmental policy lays out the path to the future envisaged, and is what management adopt along with their staff.

Eco-labels A recognised eco-label is the purchasers' guarantee that the product or service in question will harm the environment less than other comparable products or services. Eco-labelled products or services meet certain environmental criteria, most often covering the product's entire life cycle, such as the choice of raw materials, design, production, transport, use and disposal. A trustworthy eco-label is based on an independent party's evaluation, and meets the standard for Type 1.