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Nordic Council of Ministers

The Nordic Region – leading in green growth

Status report for the Nordic Prime Ministers' Summer Meeting, 27 May 2014

GREEN GROWTH



THE NORDIC REGION
– leading in green growth

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Status report on the Nordic Prime Ministers' initiative for green growth

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Nordic co-operation

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland.

Nordic co-operation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic co-operation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

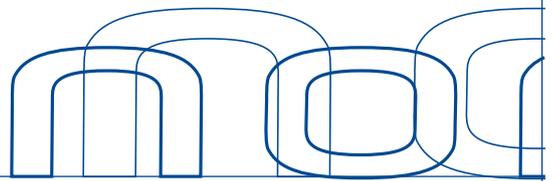
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The Nordic Region – leading in green growth

Status report on the Nordic Prime Ministers' initiative for green growth

Background

In November 2011, the Nordic Prime Ministers commissioned the Nordic Council of Ministers to launch a new cross-sectoral initiative for green growth. The prime ministers' commission followed on from the report *The Nordic Region – leading in green growth*, prepared by a Nordic working group for green growth.

The report emphasised that the Nordic countries should together utilise their position in terms of energy efficiency, development of sustainable energy, environmental awareness, innovation and research initiatives, and high international goals in the environmental and climate area. Through Nordic co-operation, initiatives in green growth could attain a greater critical mass, increase market size, and attain greater political impact in international processes. The aim is to work in areas in which the Nordic countries can build on and develop existing positions of strength, improve co-ordination between the Nordic countries, and take the lead in relation to the development in the European Union (EU).

The report contains eight recommendations for activities that the various councils of ministers should make tangible and implement. At the time of writing (May 2014), all initiatives have started and most will continue in 2015. The Nordic Council of Ministers has granted a total of DKK 45 million for these initiatives in the period 2012–2014.

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7 Promote integration of environment and climate in development aid

8 Co-ordinate and improve funding of green investments and businesses

The Nordic Council of Ministers Secretariat has co-ordinated a number of joint communications activities to facilitate the internal sharing of experiences in the green growth initiative, and to make the work visible externally. The Council of Ministers has launched the web magazine *Green Growth the Nordic Way*, in which feature articles provide in-depth information on Nordic activities in green growth and sustainable development (www.nordicway.org). More formal information on all green-growth projects is available on the home page of the Council of Ministers (www.norden.org/greengrowth).

Information material is continually issued, and a poster exhibition has also been produced about the initiative. The Council of Ministers will present the work on green growth during the EU Green Week and at the next meeting of the United Nations Framework Convention on Climate Change (UNFCCC), both of which will be held in June 2014.





1

Develop Nordic co-operation on test centres for green solutions

Tasks:

- Study the opportunities for developing Nordic co-operation on existing national schemes where energy technology can be tested and developed on a large scale
- Study the possibilities and added value of establishing new joint Nordic test and demonstration facilities.

Responsibility:

The Ministers for Energy, in collaboration with the Ministers for Trade, Research, Transport and Agriculture.

The energy sector initiated the report *Mapping of Green Energy Test Facilities and Demonstration Sites in the Nordic Countries*, which identifies 45 test and demonstration facilities in the Nordic Region. The report describes differences and similarities between the Nordic facilities in terms of focus areas and ownership, the energy techniques used, and the opportunities for involvement of external stakeholders in the facilities. According to the conclusions of the report, there is potential for greater Nordic co-operation and sharing of experiences, particularly between non-competing players. It would also be advantageous to share high investment and maintenance costs. The report takes no position on possible new joint Nordic test and demonstration facilities.

The energy sector has decided not to continue with a further project, but has called on the other sectors to continue the work if necessary. The fisheries, agriculture, food, forestry and business sectors are working together on a project proposal about the opportunity to realise the potential for greater Nordic co-operation on biorefineries in the Nordic Region, the Arctic and the Baltic region. Project activities will include collecting information on and analysing various types of biorefineries, and studying the opportunities for and challenges of the business sector in the co-operation on test centres. The conclusions and policy analyses will form the basis of a focused strategy for future



2

Co-operation on education and research for green growth

Task:

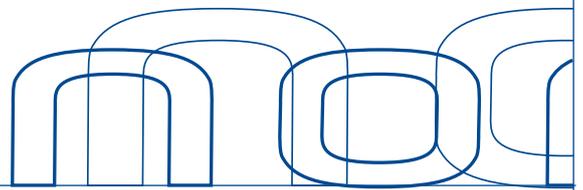
- Identify opportunities and added value from co-operation on national educational and research initiatives which are significant to green growth. Review the opportunities afforded by and added value to be derived from working together on national educational and research initiatives that are significant to green growth

Responsibility:

The Ministers for Education and Research, in collaboration with the Ministers for Energy and Trade.

The education and research sectors have prepared a joint action plan for prioritised initiatives in green growth 2013–2015.

The Nordic Top-Level Research Initiative produced interesting results, and helped, for example, to increase knowledge about climate change. The work will continue in a new major research programme on green growth, which is expected to be approved by NordForsk in autumn 2014 with support from all Nordic research funding bodies. The research programme enables research institutions in the Nordic Region to apply for funding for research projects that help to promote green growth.



At compulsory school level, the education sector has started the work to further develop the concept of the Nordic Climate Day. A new digital platform is being set up in autumn 2014, where games, competitions and educational material will inspire children and young people and make them more aware of the climate challenges. The targets are that at least 200 schools will participate annually, that at least 50 school partnerships will be set up each year on teaching in sustainable development, and that schools together will save at least 2,000 tons of CO₂ by participating in the Climate Day.

The education sector is also planning to follow up the Nordic school project *The Nordic Region Shows the Way*, which is producing more knowledge about which teaching methods are successful in promoting the innovative skills of children and young people. Structured Nordic co-operation on knowledge sharing will be starting in 2015; reviews will be carried out with focus on measuring skills in innovation, entrepreneurship and creativity. The aim of the project is to ensure that new teaching methods are chosen on the basis of research and evidence, and the work will continue over a three-year period.

In adult education, a proposal is being developed for an educational module on sustainable development and green growth; this will be implemented in the form of a pilot project among adult education teachers in the Nordic Region in autumn 2014. The aim is that the module will be made permanent and, from 2015, give participants a formal qualification (15 ECTS points).

The education sector is also planning a Nordic inter-disciplinary Masters programme on green growth, for which applications can be invited in 2015. The programme is based on Nordic positions of strength in research, and is of high international quality in order to attract students from both Nordic and other countries.



Promote flexible consumption on the Nordic electricity market

Tasks:

- Reinforce the focus on the demand side in the co-operation on issues concerning the electricity market in the Nordic Region, including promoting flexible consumption of electricity, sharing experiences at Nordic level, and co-ordinating the development and implementation of smart networks, including electricity meters
- Promote partnerships with leading players in industry and the service sector in order to share experiences and best practice in relation to consumer flexibility and energy efficiency

Responsibility:

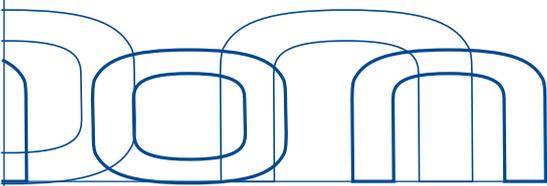
The Ministers for Energy, in collaboration with the Ministers for Trade.

The energy sector is conducting an analysis of the need and potential for consumer flexibility on the Nordic electricity market. The analysis will identify tangible measures that can be taken to increase the utilisation of flexible consumption of electricity in the Nordic Region.

Greater demand flexibility can have positive effects for many parts of the electricity system. For example, it can increase supply reliability and lead to more predictable prices on the electricity market, which can benefit both customers and producers. The Nordic countries are already co-operating around this theme. The Nordic transmission and system operators have, for example, carried out an experiment to reduce the requirement for the flexibility volume, allowing smaller producers access to the Nordic market for balance-regulating power.

The recommendations from the analysis to increase the potential and opportunities for consumer flexibility are expected to further strengthen the Nordic electricity market so that it benefits both Nordic electricity customers and electricity producers. The report will be published in summer 2014, and the energy sector will consider the report's recommendations and proposals for follow-up initiatives in autumn 2014.





Co-operation on green-technology norms and standards: construction

Task:

- Identify the 4–5 most important areas in construction where technical norms and standards would be suited to Nordic co-ordination, and develop proposals for how the barriers in these areas can be removed

Responsibility:

The Ministers for Trade, in collaboration with the Ministers for Energy and Housing.

After a review, the trade sector defined three areas that were particularly suited to Nordic measures: renovation of existing buildings; development of classification standards for indoor climate; and co-ordination of Nordic action in the European work on environmental product declarations and sustainable buildings. The work began at the end of 2013 and is being carried out in collaboration with Nordic Innovation, the Nordic standardisation organisations, and the Nordic ecolabel.

Anchoring at European level has already started: for example, high-level meetings have been arranged with *DG Enterprise*, *DG Environment*, *DG Energy*, and with the European standardisation organisation, CEN. The aim is to ensure that European standards are introduced in the three selected project areas. This involves active lobbying, both in CEN, with the CEN member organisations, other important stakeholders and the EU Commission, and active participation in relevant technical committees and sector groups.

The project focusing on renovation of existing buildings has described how a decision-support tool can be developed to identify which buildings should be renovated from a sustainability perspective. The group has compiled parameters that are used in various classification systems for evaluating new buildings and indicators that are used in the European standards, and the process to define common Nordic indicators

for sustainable renovation has been started. The Nordic ecolabel, will first carry out market research in all Nordic countries, and then a consultation proposal will be developed for applying the ecolabel to renovation of buildings. The criteria are expected to be approved in 2015.

The review of Nordic classification standards for indoor climate is complete, and development of a joint set of Nordic parameters for indoor climate has started. The working group has agreed on which variables are to be included in the classification standard and is currently determining precise limits for them. The Nordic standardisation organisations are currently carrying out an internal reconciliation regarding a co-Nordic standard. The next stage in the process involves examining the EU initiatives in the area to ensure a link to the European work.

In terms of Nordic input to the European work on environmental product declarations and sustainable buildings, a decision has been made to focus on steel and insulation products, which were deemed to be of greatest importance to the Nordic Region. The project will develop a joint Nordic input to the specific product requirements that will be developed in the EU for these two product categories. The process of developing these requirements is currently under way; information has been collected from the countries and work has started on formalising joint Nordic documentation for the two product categories. This work will be broadened in 2014–2015 to also include conference activities, and a focused strategy will be developed in relation to relevant stakeholders.





Co-operation on green-technology norms and standards: ecodesign and energy efficiency

Tasks:

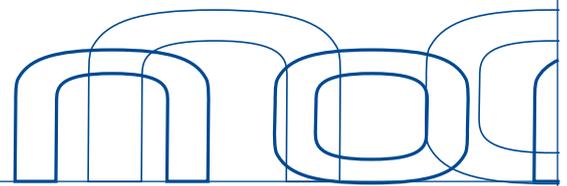
- Through the Nordic co-operation, work to raise the level of ambition of the EU work on ecodesign and energy labelling for various types of products
- In the first instance, this involves ensuring that the work is carried out within the framework of the applicable working plans
- Work to ensure that upcoming working plans for energy-related and energy-consuming products cover product requirements that are of interest from a Nordic perspective

Responsibility:

The Ministers for Energy, in co-operation with the Ministers for Trade and the Environment.

It has been estimated that ecodesign and energy labelling can lead to a 5% reduction in energy consumption in the EU by 2020. However, efficient market surveillance is needed to attain such resource savings. The energy sector has started an extensive programme, Nordsyn, to promote the work in this area.

A joint exercise to check documentation has already been carried out at Nordic level, several guidelines for market surveillance have been developed, and fact sheets have been produced for important product groups. A Nordic-Baltic workshop has also been arranged on working methods and non-compliance, i.e. management of products that do not satisfy the requirements.

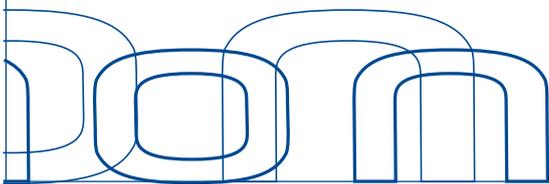


The workshop resulted in material for a project on the effects of market surveillance, which was carried out in 2014. The project will highlight the importance of market surveillance and describe how it can be carried out in the most efficient way.

Nordsyn has sent a joint position paper as input to the evaluation of the EU Energy Labelling Directive and Ecodesign Directive, with comments on how the conditions for co-operation on market surveillance can be improved. For example, the Nordic countries emphasised the importance of uniform legislation for the directives on energy labelling, ecodesign and market surveillance, and the need for a well-functioning joint database for disseminating results and information on surveillance and collection methods.

In 2014 and 2015, the work will involve several studies to develop and improve market surveillance, primarily in the Nordic countries. However, the goal is that the Nordsyn analyses can be used to improve market surveillance throughout the EU/EEA, thereby helping to strengthen the Nordic countries' European influence. In one of these more in-depth analysis projects, a study will be carried out of how the Nordic countries can best co-operate on particularly strategic Nordic products. A workshop is also planned on how barriers to co-operation on market surveillance can be reduced; an example is how products can be known to be 'the same' despite different article numbers in different countries, which is an important issue internationally.

Nordsyn will also carry out a survey of small and medium-sized companies to see how aware they are of ecodesign and energy labelling, and to identify what sort of information they need to improve their ability to customise the preventive market surveillance. At the end of 2014, a larger project will be started with focus on how to perform market surveillance on products integrated in systems, such as ventilation or heating systems, and aspects such as recyclability and resource efficiency. This is a crucial issue for market surveillance of ecodesign and energy labelling in the future, as increasingly complex products become subject to requirements. Unless reasonable solutions are found for these, there is a risk that the high expectations regarding energy efficiency and performance improvement through ecodesign and energy labelling may not be realised.



5

Co-operation on green procurement in the public sector

Tasks:

- Initiate a project aimed at, in a first stage, identifying areas and product groups with the most effective green procurement standards compared with other instruments
- In a second stage, examine how green procurement standards can be co-ordinated at Nordic level
- Where green business models can usefully supplement labelling schemes, these can also be incorporated in the work

Responsibility:

The Ministers for Trade, in collaboration with the Ministers for the Environment and Energy.

In 2012–2013, the trade and environment sectors conducted a pilot study on green procurement in the public sector. This study proposed a results-oriented main project to promote innovative public procurement of environmental technology in the Nordic Region. The aim was to examine the need to improve the link between supply of and demand for environmental technology to enable a faster tempo in developing environment-driven markets. Another aim was to examine the opportunities for ensuring sufficiently large and financially strong and robust procurement groups to reduce the risk when individual companies invest in development of innovative environmental technology.

However, the trade and environment sectors were of the view that the proposal for the main project was not in line with the prime ministers' commission, and have therefore asked the Nordic Council of Ministers Secretariat, in collaboration with Nordic Innovation, to prepare documentation for a procurement to carry out a project more appropriate to the original assignment. The project will involve reviewing areas and product groups where existing and current green procurement standards in the public sector have proved to be most effective in relation to other measures or areas. The work will also include an analysis of opportunities for co-ordinating existing green procurement standards at Nordic level. The project started in spring 2014, and the work will lead to recommendations and implementation of results via tangible initiatives.

6

Develop techniques and methods for processing waste

Task:

- Develop joint Nordic methods and techniques for selected types of waste, such as building and construction waste, food waste and possibly scrap waste from iron and metal, where there is a known potential for creating a resource-effective life cycle in waste processing.

Responsibility:

The Ministers for the Environment, in collaboration with the Ministers for Energy and Trade.

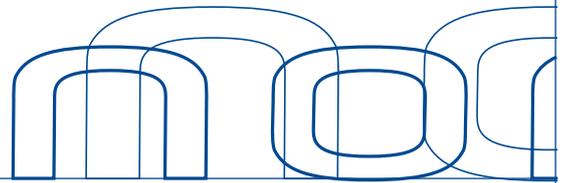
a

Textiles and plastic waste

The project focuses on the challenge to increase reuse and recycling of materials, while controlling the risks of the spread of hazardous substances. Both increased reuse and recycling have a positive effect on the environment, partly because they enable reduction of CO₂ emissions from incineration, but mainly because reused raw materials replace virgin raw materials, thereby reducing energy and resource consumption.

In the textile project, a proposal is being developed in 2014 for a voluntary commitment and an action policy, in close collaboration with various stakeholders. In addition, a proposal is being developed for a Nordic strategy on collection, sorting, reuse and recycling of textiles, including consequence analyses. The proposal will also involve incentives, measures and instruments that are needed at local, regional, national and Nordic levels to ensure successful implementation. The final part of the textile project comprises tangible proposals for formulating an instrument package to increase reuse and recycling and for creating new green jobs. The instruments found to be most effective include producer responsibility, either obligatory or voluntary. Various instrument packages will now be evaluated to see how effective they are, and to examine their consequences in terms of, for example, new jobs, the environment and the economy.





The project on plastics has started by compiling facts and comparing collection systems. The analysis will comprise information that can be used, for example, to develop Nordic guidelines for municipalities on collection of plastic packaging and in solutions for collection and reuse of plastic packaging and other types of plastic waste from households. For waste comprising or containing electrical or electronic equipment (WEEE), the Nordic market has been analysed, including relevant challenges, needs, requirements and market opportunities along the value chain, to increase reuse. Practical solutions at recycling stations and the market-related opportunities for reuse have been described, and sorting guidelines have been developed that are being tested at two recycling stations in 2014.

The project on definitions and measurement methods is based on the EU-funded research project *FUSIONS*. Preparations have also been made to continue the review of waste in primary production, including trials of questionnaire surveys as a method for collecting data on vegetables and farmed fish, and to find out what happens with the waste that arises. Preliminary follow-up plans involve a complete survey of food waste in four countries for four product groups: meat, fish, cereals and vegetables. The study may be broadened to include the entire food chain. The project can improve understanding of how much of the product is lost at every stage, and help to find tools to improve transparency throughout the food chain.

For date labelling, a survey is being carried out of how shelf-life labelling is determined in the different countries, and information is being produced for when 'best-before' and 'use-by' dates should be applied. The documentation may also be used as input to EU guidelines. Possible follow-up activities include a Nordic information campaign and a survey on the extent to which consumer information is lacking about storage time for opened packaging.

Various solutions for establishment of food banks are under review, clarifying whether regulatory requirements may comprise barriers. The project is developing measurement methods and is documenting effects of food waste, as well as calculating economic and environmental effects. The project is also reviewing possible needs for development of and opportunities for voluntary/private/public or sector-driven initiatives in establishment of food banks. Future work can focus on increasing the number of regions that are surveyed, which would enable evaluation of the total potential for redistribution of food in the entire Nordic Region. National and/or Nordic strategies could also be developed for how to realise the potential for redistribution of food based on donations.

In September 2014 a series of events, *Working Together to Prevent Food Waste 2014*, will be arranged in the Nordic capitals, where for example, retailers, restaurants and producers will treat visitors to food that would otherwise have been thrown away. In conjunction with the events, seminars and workshops will be arranged, with focus on the three themes above.



b

Food waste

Initiatives to prevent food waste focus on three different themes: definitions and measurement methods, and data from primary production on food waste; date labelling; and food banks and food redistribution.

Promote the integration of environment and climate in development aid

Task:

- Promote co-ordination of Nordic development aid and reinforce its green focus
- Study the opportunities for further development of the Nordic Climate Facility

Responsibility:

Ministers for Development Aid

The environmental sector has decided to study the opportunities for integrating a more green profile in development aid by influencing the recipient country's policies regarding fossil fuel subsidies.

The first phase in the work began in 2013 with an interview-based survey. The study resulted in the working paper *Reform of Fossil-fuel Subsidies*, on the Nordic countries' opportunities for co-operation. The study explains why phasing out subsidies for fossil fuels is important for the environment, for the recipient countries and for the governments. The study describes the existing Nordic co-operation in areas such as energy and climate change, and proposes potential co-operation countries and possible co-operation activities. The raising of this issue has already influenced the design of a tangible transport project within the Nordic Development Fund in Asia.

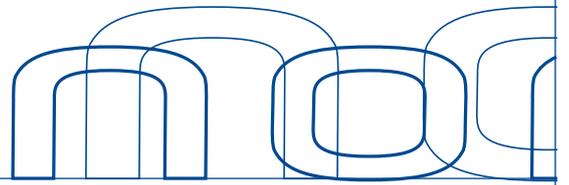
The report presents overarching recommendations for further work, with focus on promoting the winding down of national support for fossil fuels in the development aid countries. The first recommendation concerns supporting a reform of the applicable country's subsidies to fossil fuels through contributions to the NAMA project (*National Appropriate Mitigation Action*), of which the Nordic countries already have experience in Vietnam and Peru on waste incineration and cement production. Another proposal is that support be given to linking national reform initiatives to social dimensions, not least the equality perspective, so that the higher prices of fuels after a reform do not have severe consequences in relation to gender and social class.



It is also proposed that the Nordic countries support national reform initiatives through advisory services, training of employees, technical and theoretical aid, and similar support to existing activities. It would also be beneficial to increase Nordic contributions to the work of international finance institutions on reforming of support for fossil fuels.

The second phase of the project has been started under Swedish leadership in an expert forum. Focus will be placed on developing a pilot model for reforming the developing countries' subsidy systems for fossil fuels, and the synergy effects applying in relation to renewable energy. The work will continue until 2015 and is then expected to continue in other Nordic forums, such as the Nordic Development Fund and the foreign ministries of the Nordic countries.

The discussions in the environment sector on the problems concerning subsidies for fossil fuels show the topicality of the subject and, not least, the complexity. In addition, from the Nordic Council of Ministers' perspective, it has been difficult to promote collaboration of the Nordic co-operation, because it is not part of the official co-operation areas of the Council of Ministers. However, at their meeting in March 2014, the Nordic Ministers for Development Aid agreed on more intensive co-operation, and they will meet again soon, in conjunction with the Nordic Council Session in October 2014.



8

Co-ordinate and improve funding of green investments and companies

Task:

- Present proposals for how the Nordic Ministers for Finance, Trade and Energy can co-ordinate and strengthen their activities in financial institutions in which the Nordic countries are key players, in order to support the funding for growth of green companies and investments

Responsibility:

The Ministers for Finance, in collaboration with the Ministers for Trade and Energy.

As a first stage in the work, in 2012 the financial sector produced a background report that contained the following elements: survey of relevant activities in relevant financial institutions; evaluation of the potential to increase funding in green growth; survey of reasons of why there is undeveloped potential; and proposals for measures by which the Nordic countries can co-ordinate their initiatives to reinforce the development in green growth.

The subsequent work is now focused on studying the conditions for greater consideration of external effects of green investments. Focus lies on instruments that are managed within the area of responsibility of the finance ministers. A first stage comprises a systematic review of the financial instruments used in the Nordic countries. This is part of regular reporting that takes place every third year. The report is being published in 2014 and comprises a knowledge base for subsequent work, which is focused on the effects of the financial instruments on green investments. Both the fiscal and socioeconomic dimensions will be considered, and a review of best practice and the empirical support for the effects of various types of financial instruments will be central. The work will result in recommendations to the Nordic finance ministers, based on which instruments have greatest potential. The work is expected to be completed in 2014.



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The Councils of Ministers are making tangible the working group's eight recommendations for project activities, which have been granted a total of DKK 45 million in the period 2012–2014. This status report presents the most important advances in each project. More information on the initiative is also available on the home page of the Council of Ministers, www.norden.org/greengrowth.