# Invitation to tender for a project on The Use of Economic Instruments in Nordic Environmental Policy 2018-2021

The Nordic Working Group for Environment and Economy (NME) under the Nordic Council of Ministers calls for tenders for a project on the Use of Economic Instruments in Nordic Environmental Policy 2018-2021. Deadline for the applications is June 9th, 2022.

## Background & Objective

The Nordic Council of Ministers (NCM) has since the early 1990’s published quadrennial reports listing the use of economic instruments in environmental policy in the five Nordic countries: Denmark, Finland, Iceland, Norway and Sweden. These reports serve as a detailed catalogue of previous practice and have been published with the aim of generating knowledge and inspiring future policymaking.

Focus is on the development in use of economic instruments in each of the five Nordic countries, and the Nordic as a region, as well as cross-country comparisons. More specifically, the reports present:

• An overview and description of economic instruments applied to climate and environmental issues by country, including new economic instruments and major changes to existing instruments implemented since the previous report.

• The revenue from the use of economic instruments (environmental taxes or fees) by country and by sector.

• A more in-depth treatment of a particular theme related to economic instruments.

## Structure of the Report

This year’s report on economic instruments (2018-2021) should have a similar structure and content as the previous reports. Part I should include a brief overview of the economic instruments used to address climate and environmental issues by country. Part II should address issues related to economic instruments to promote clean technology. NME Working Group would like to point out that the focus of the report (i.e. most resources should be used for) part II, since the first part is only a matter of updating previous reports.

As in previous reports, the new report should include a complementary analysis on a specific theme (part II). The three latest reports (for the periods 2006-2009, 2010-2013 and 2013-2017) looked at problems and effective­ness of policy mixes ([TN2009:578](http://urn.kb.se/resolve?urn=urn:nbn:se:norden:org:diva-1815)); environ­men­tally harmful subsidies ([TN2014:549](http://urn.kb.se/resolve?urn=urn:nbn:se:norden:org:diva-3354)), and environmental agreements ([TN2019:541](http://norden.diva-portal.org/smash/record.jsf?pid=diva2%3A1364822&dswid=-7232)). For the report 2018-2021, the NME Working Group wishes to have a more in-depth analysis of the economic instruments that the Nordic countries have implemented to promote clean technologies[[1]](#footnote-1).

## Policies and Instruments to Promote Clean Technologies

Nordic climate policy provides many examples of support to technological progress. The Nordic Council (2017) states: “The Nordic countries have resolved to promote the spread of climate-friendly best available techniques. Their governments aim to support green technologies by encouraging public sector purchasers to serve as role models and help to build markets by favouring low-carbon options in areas such as transport, buildings and catering.”[[2]](#footnote-2)

There is an ongoing discussion among economists (and experts from other disciplines) about the role of the state in industrial development. There seems to be a general agreement that the uncertainties linked to future payoff can make companies hesitant to put sufficient resources into basic technology research, and that builds a case for state funding. There are however arguments pro and con a more active involvement in terms of stimulating specific technologies or “picking the winners” among industrial sectors.

Macfarlane and Mazzucato (2018) shows that governments have taken the risk and funded the development of several significant technology breakthroughs, such as the Internet, GPS, its touch-screen display and the voice-activated Siri. In these cases, the state has not just sought to fix market failures but has acted boldly to create and shape new markets and landscapes. Mazzucato and Macfarlane (2018) makes a case for setting up well-defined ‘missions’ that are focused on solving important societal challenges. This involves making strategic investments across many different sectors and nurturing new industrial landscapes to steer the path of growth and innovation.[[3]](#footnote-3)

Others (Frishammar and Söderholm (2018), Cullenward and Victor (2020)) find that huge uncertainties and market failures call for active state intervention. But they also warn that the market-based policies have been ineffective nearly everywhere they have been applied and that policies to promote technology development could lead to secondary problems, including the risk of being ”hijacked” by special interests.[[4]](#footnote-4) Cullenward and Victor (2020) mean that the deep decarbonisation the world needs will only be achieved when governments commit to a transformation that all actors can work towards.[[5]](#footnote-5)

One particular question is whether policies to promote technology development could ”leak” to other countries. Calmfors and Hassler (2019) has stated that promoting clean technologies may be the most efficient way through which the Nordic countries can contribute to policies against climate change. The focus should then not be on technology that only serves as a means to achieve national emission targets, but instead on technology that can get widespread use globally and where the Nordic countries have special expertise. More Nordic cooperation in developing new technology of this type is likely to enhance the impact. [[6]](#footnote-6)

The report should include a chapter that briefly summarizes the main features from the academic literature (which could include the authors mentioned above but also others), and the different views. This background should then be used to discuss the findings about the actual use of tools in the Nordic countries.

The report should in part II address the following issues on economic instruments to promote clean technology:

* Which instruments have the Nordic countries chosen to enhance the development of clean technology?
* How cost-effective are the current economic instruments to promote clean technologies in the Nordic countries?
* How does the EU Emissions Trading System and the funding instruments included in the scheme affect the effectiveness of different national polices to promote clean technologies?
* How can the choice of instruments influence the conditions for implementing a green industrial policy that is fit for purpose?
* How do the actual policies correspond to the main features of the academic literature?
* To which extent can small countries like the Nordic ones affect the global environment by promoting clean technology and shifting to a fossil free production?

The report should provide suggestions and recommendations to policy makers on how to further develop and strengthen existing measures to promote clean technology.

## Budget

The budget for the project is **DKK 440 000**

*Any Value Added Tax (VAT) is included in the budget, and it is the seller's (tender winner) responsibility to investigate any VAT liability with their national tax administration.*

The budget shall cover all ordinary expenses for carrying out the project as well as all travel expenses related to communication of results by e.g. participation and presentation of the project at a Nordic conference or a NME-meeting.

## Potential tenderers

NME encourages consulting firms, research institutions and universities to submit tenders. The consultant / executor of the project is selected through normal tender procedure. The consultant must have good familiarity with the conditions in all the Nordic countries and possess good knowledge of the use of economic instruments in environmental policy.

## Deadlines

The tender must be received by the Nordic Council of Ministers' working group NME no later than 9 June 2022, at 15:00 CET. All documents need to be delivered by this time. Any material that has arrived after the deadline will not be taken into consideration. The decision will be taken in June 2022. All tenderers will be informed of the results.

The Project should be started in summer 2022, with the report published at the end of 2022.

The Project Manager submits a status report to the working groups twice during the total project implementation period. Reporting deadlines will be further defined in the contract.

The final report shall be submitted to the groups three weeks before the project ends.

## Communication of Results

Anticipated target groups are Nordic and international decision-makers, government officials and politicians.

The Consultant shall in the project proposal describe how communication of results is to be executed (e.g. peer-review articles, meetings/conferences/other fora, networks) and undertakes to ensure that information about the project reaches the target groups according to [Nordic Council of Ministers Communication Strategy for 2020 to 2024](http://urn.kb.se/resolve?urn=urn:nbn:se:norden:org:diva-6270) .

The report will be written in English, with a summary in a Scandinavian language. The report will be published on the Nordic Council of Ministers' website in the TemaNord-series. For more detailed technical information for TemaNord-reports, see the [- TemaNord Author's Guide (norden.org)](https://pub.norden.org/temanord-authors-guide/) . The costs of publishing the report shall also be included in the project budget. Costs for publishing is appr. DKK 20-25 000. In addition, costs related to translation of introduction and summary should be included in the project budget.

NME will decide if the report should be printed when the work is completed. Costs of printing the report will not burden the project budget.

At the start of the project the Consultant shall prepare a short, popular summary of the project in a Scandinavian language and in English (and possibly in Icelandic/Finnish), which will be used in the dissemination on ongoing projects. When the project is completed, the Consultant shall prepare a short summary (policy brief) in a Scandinavian language and in English (and possibly in Icelandic/Finnish) about the (politically relevant) project results for to be used in communication of the project’s results and as a basis for press releases and social media.

## Administrative Conditions

The Environment and Economy (NME) working group under the Nordic Council of Ministers (NCM) is responsible for the project. The project is funded by the Nordic Council of Ministers. A steering committee will be formed, consisting of representatives from NME. The project must be carried out in close collaboration with the steering group and a start-up meeting, where all possible subcontractors participate, must be held within 1 month after signing the contract. The steering group shall approve progress and draft report. Orders for publication of the report are given by the steering group

The Nordic Working Group for Environment and Economy (NME) administrates the project, but contract is signed between winning tender’s organisation and NME coordinator’s administrative organisation (Närings-, trafik- och miljöcentralen i södra Österbotten, Finland. VAT FI22969621). *Any possible VAT is included in the project budget, and it is the responsibility of the organisation of the awarded tender to investigate possible duty to pay VAT within the project with their national tax authority*.

## Tenders

The open tenders shall be sent by e-mail to the registry of NME’s administrative body ([registraturen.sodraosterbotten@ntm-centralen.fi](mailto:registraturen.sodraosterbotten@ntm-centralen.fi) ) using the application form (Application template DK-ENG\_NME\_Economic\_Instruments\_2018\_2021.docx) and the associated mandatory budget form. The tender must refer to registration number **EPOELY/1089/2022**.

Link to budgetform: [Budget form](https://www.norden.org/sites/default/files/2020-12/Budget%20form%20for%20project%20description%20ENGLISH.xlsx)

The call for tender is also found on: <https://www.norden.org/en/funding-opportunities>

It is recommended to send additional appendices that describe in more detail the factors we consider in the evaluation, e.g. a project description and time plan. CVs are sent collectively in a separate file. Tenders can be submitted in one of the Scandinavian languages (Swedish, Norwegian, or Danish) or in English.

When evaluating the tenders, the following aspects will be assessed:

* Design and plan of work and choice of methods.
* Timeframe.
* General competence and qualifications of project workers.
* Previous experience in the field.
* Which Nordic contacts and networks that will be used in the project.
* Scheduled time and costs, salary per hour and other expenses.
* Planned communication of the project results.

According to the Nordic Council of Ministers' support scheme, the project should benefit the Nordic region. Therefore, each project must include at least three of the Nordic countries, the Faroe Islands, Greenland or Åland.

More information about [NCM's funding requirements](https://www.norden.org/en/information/about-funding-nordic-council-ministers).

NME will select contractors based on the group members' assessment of the tenders. The working group reserve the right to reject all tenders.

**Deadline for applications is 2022-06-09**

*Related organizations*

Nordic working group on Environment and Economy (NME)

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1. Clean technology, in short cleantech, is any process, product, or service that reduces negative environmental impacts through significant energy efficiency improvements, the sustainable use of resources, or environmental protection activities. [↑](#footnote-ref-1)
2. <https://norden.diva-portal.org/smash/get/diva2:1148260/FULLTEXT01.pdf> [↑](#footnote-ref-2)
3. Macfarlane, L. and Mazzucato, M. (2018): ‘State investment banks and patient finance: An international comparison’. UCL Institute for Innovation and Public Purpose, Working Paper Series (IIPP WP 2018-01). <https://www.ucl.ac.uk/bartlett/public-purpose/wp2018-01> [↑](#footnote-ref-3)
4. <https://www.tillvaxtanalys.se/download/18.62dd45451715a00666f21184/1586366215582/pm_2018_10_Statens%20roll%20vid%20gr%C3%B6n%20omst%C3%A4llning%20genom%20aktiv%20industripolitik.pdf> [↑](#footnote-ref-4)
5. Cullenward, D. and Victor, D. (2020): Making Climate Policy Work. [↑](#footnote-ref-5)
6. <http://norden.diva-portal.org/smash/get/diva2:1312965/FULLTEXT01.pdf> [↑](#footnote-ref-6)