



Next steps in circular procurement

Co-organised by the European Commission, Estonia, Rijkswaterstaat and ICLEI, the [second Circular Procurement Congress](#) was held on 18 and 19 October 2017 in Tallinn, Estonia. With 134 experts attending, the congress was an opportunity to discuss the latest developments and thinking on circular procurement and on mainstreaming circular procurement.

Purchasers within governments and companies are discovering the potential of circular procurement and are exploring ways in which life-cycle impacts can be taken into account. This was evident in the opening address by Ado Lõhmus, Deputy Secretary General of Keskkonnaministereium (Estonian Ministry of the Environment), as he linked eco-innovation, and green public procurement as a potential driver.

“We have chosen eco-innovation as one of our priorities during the Estonian Presidency of the Council of the European Union. Eco-innovation is helping us to achieve circular economy - and public procurement is important part of it. If we don't use green public procurement, it is will be much more difficult to transition to a circular economy.” Lõhmus emphasized the necessity of identifying key sectors in which to begin green public procurement on a voluntary basis: in Estonia, office furniture, ICT, and office equipment are currently priority areas. “As working on voluntary basis is not effective everywhere, we should make it mandatory in some areas.”

Policy developments

Introduced and moderated by [Cécile van Oppen](#) and [Rob Holdway](#), the opening panel discussed key developments in the international policy context since last year's inaugural congress in Amsterdam.

Hugo-Maria Schally, Head of Unit (sustainable production, products and consumption) at the European Commission's Directorate-General for Environment (DG ENV) spoke about the changing policy landscape for circular economy and green public procurement, in the frame of the Circular Economy Action Plan. “Policy tools tend to drive innovation and change in the way that goods and services are provided,” he said. Furthermore: “All the feedback we receive from business and from civil society confirms the three main drivers for circular economy – legislation, taxation and public procurement.”

Schally noted the publication and recent adoption of the [public procurement package](#), and that colleagues across the European Commission are working together for a more strategic approach to public procurement. Among other actions, Schally's unit has contributed [Buying Green! A Handbook on green public procurement](#), which is the European Commission's main guidance document to help public authorities buy goods and services with a lower environmental impact. It is also a useful reference for

policy makers and companies responding to green tenders. The Commission also published a [Circular Procurement brochure](#) only last week.

Schally highlighted the need for organisation-wide change when promoting green public procurement. “It’s not only about convincing procurement officers, but also those around them – hierarchy, managers, and especially auditors – that green public procurement is a strategic tool, that if properly used, will drive us on.”

Giving the perspective from the local and regional level, Mark Hidson, Deputy Regional Director, ICLEI, said that the [circular economy](#) policy is filtering down to public authorities via governments, and that the recently adopted [public procurement package](#), which refers to procurement and the circular economy, should help to raise the importance of the topic at the local level. The last year has seen more pioneering work done by local authorities. There is more thinking around what circular procurement means in practice. Lessons are emerging from the pioneering work of the Green Deals and other key inputs have been made by European projects like [SPP Regions](#). Hidson sees that there are many policy discussions at EU level and circular procurement is increasingly being undertaken through pilots and projects at the local level. However, it is still early days, and many procurement authorities are still getting to grips with what circular procurement means, and how it can best be taken forward. At the EU level procurement is being seen as a policy instrument and an implementation mechanism. At the local level there is more focus on procurement being an implementation mechanism and there should be more consideration on using procurement as a policy instrument as well.

Cuno van Geet, Rijkswaterstaat (part of Ministry of Infrastructure and the Environment, Netherlands) opined that, since last year’s conference, he sees that circular economy is accelerating, especially in Belgium where the degree of activity in green public procurement and circular economy is rivalling that of the Netherlands. “People are doing Green Deals and focusing on implementation and pilots – not talking about the hundred different definitions of circular economy, but delivering on what we need to do.”

Good practices

Focusing on the role of cities in circular procurement, Brigitte Krebs Schleemann from the City of Aalborg, Denmark, gave her account of developing a green public procurement tender for school furniture. The degree of collaboration necessary for the project was extensive, with multiple stakeholders involved: City of Aalborg, its environment department and network for sustainable businesses, Aalborg University, the ministry of environment, and the schools.

Market engagement was necessary: seven meetings in total in order to prepare the market for the demands of the tender. “The market was not prepared for circular procurement,” said Schleemann, although noted that most were engaged in some way in circular economy practices. “Some are re-using existing furniture along with new furniture, some re-use table tops for new tables, and renovate furniture before recycling.”

From the schools’ perspective, something more than furniture is envisaged: flexibility and a dynamic call for tender, local solutions designed for the specific school and the specific classroom, and a “new learning environment” according to Schleemann. Final contract negotiations for the tender from Aalborg Kommune are ongoing at time of writing.

The next speaker, Joan Prummel, Strategic Advisor Circular Procurement, Rijkswaterstaat, gave an optimistic interpretation of a recent [academic paper](#) which catalogues 114 different definitions of circular economy, and warns of the risk of “conceptual deadlock” due to these multiple definitions.

According to Prummel, these represent 114 opportunities – for circular economy action. Illustrating the point with the question of which product is more ‘circular’ an old fashioned fixed line telephone or a contemporary smartphone, Prummel said: “A product is not circular until you arrange for it to be circular.”



Because procurement is the way into an organisation, and because every circular purchase leads to circular business activity, and therefore builds the circular business case, Prummel identifies circular procurement as a lever for circular economy – a lever worth €1 800 billion.

Prummel also recommended the Dutch Public Procurement Expertise Centre as a key reference for those looking to start in green public procurement. Product categories include waste, catering, company clothing, mobility, ICT hardware, furniture, construction, paper and packaging.

<https://www.pianoo.nl/public-procurement-in-the-netherlands/sustainable-public-procurement-spp/spp-themes/circular-procurement/getting-started-with>

Learning by doing, and finding solutions in practice and through multiple collaborations are more important, according to Prummel, than too much concern with how exactly circular economy is defined as a concept. “Just do it!” he said.

Getting down to business: six workshops on circular economy

Workshop 1 focused on tackling public sector challenges through a smart combination of innovation and green public procurement. “Trust is a key factor for success, along with understanding the needs of the contracting authority and translating that into a business case. Early market involvement is required, as well as ‘champions’ in the market. Once a contract is executed, this presents further opportunities to drive for circular and green improvements,” said the workshop moderator, Stephan Corvers, from European Assistance for Innovation Procurement (eafip) initiative.

Workshop 2, on the “dos and don’ts” of circular procurement criteria, found that: “We do need standard GPP criteria to cover the basics, and we also need to talk to the market: dialogue with the market and carrying out market analysis is a prerequisite to moving to more ambitious procurements,” according to moderator Robert Kaukewitsch, Green Public Procurement Officer at the European Commission.

Workshop 3, focusing on textiles in circular procurement, included a presentation from Estonian fashion designer Reet Aus. “We see that many Member States want to begin with GPP in textiles, but they don’t know where to start. Members of the workshop would like to organize a study tour, and visit a public authority to learn how this is working in practice,” reported Emile Bruls, Rijkswaterstaat.

Workshop 4 highlighted circular potential in the construction industry. “On circular procurement in construction, around 30% of materials are recycled – or downcycled. Major challenges include how we

deal with existing buildings, demolition and how to design and use materials in new buildings. Value definition, design and collaboration are all necessary here. There is a definite need for more insight and data – such as that produced by performance assessment frameworks like [Level\(s\)](#). This, along with other tools like life cycle analysis, BIM, materials costing, REPD, BREEAM and LEED can help in the assessment stage of procurement,” said Niels Ahsmann, KplusV.

Workshop 5 discussed the challenges of getting started with circular procurement. “This workshop focusing on the example of office furniture procurement in Public Health Wales, yielded three main insights: firstly, the role that social enterprises can play, secondly, the importance of management involvement, and thirdly, how circular procurement contributes directly to organizational roles, due to the collaborative, organization-wide effort involved,” according to Take Padding, PIANOo.

Workshop 6 highlighted how Green Deals (collaborative learning networks) can help public authorities transition quickly towards a more circular economy and circular procurement. “Collaborations are essential to deliver Green Deals (GD). Funding is important, but it’s not actually essential. Other ideas: a European network of GD experts, we note that Finland is planning to start a Green Deal, also there could be a common set of indicators to evaluate GDs,” proposed Mark Hidson, ICLEI.

Market Lounge

Twenty sessions took place in a busy Market Lounge, where contributors presented topics, ranging from ‘How to build your business case and prepare the life cycle costing in circular procurement’ (eafip), to ‘EcoInnovation’ (Austrian Federal Procurement Agency) and in-depth sessions on product categories such as furniture and catering.

According to Greg Lucas, WRAP, who held the session on ‘How circular procurement can stimulate the supply market to trial and develop circular approaches to business’: “What the brands take away is that they need to engage in circular economy – that’s it’s not just about consumer demand, it’s also an innovation challenge for the company.”

During the market lounge, a special closed session focused on procurement policy. Policy makers from six front runner countries or regions met to discuss common challenges and to compare experiences and policy solutions. Topics ranged from green deals to how to inspire municipalities. In addition, opportunities for further cooperation on a policy level were discussed.

Said session moderator Reinier Guijt, Ministerie van Infrastructuur en Milieu in the Netherlands: “There was a general consensus in the group there is merit in continuing this dialogue, possibly in the form of a new group. The next step will be to investigate how to best give shape to such a group and what its relation would be to the current SPP-Next. The Netherlands and Flanders will write up a plan, which will be discussed in a next meeting. Other front runner countries will also be invited to join this initiative.”

The bigger picture

A keynote speech by Mervyn Jones, Sustainable Global Resources, gave a global perspective on the importance of delivering the circular economy through procurement.

“It’s important to reinforce why we are talking about procurement in the context of circular economy,” said Jones. Circular economy is necessary to address the challenges of our time – the UN predicts a global population of 8.5 billion by 2030, resource demand will increase – and the richest countries consume around 10 times as many materials as the poorest countries. Globally, there will be 5.2 billion middle class by 2028, and we are facing a 50% increase in energy consumption, a 30% increase in water scarcity and a 50% increase in food demand by 2030.

“We have to understand that we will be dealing with resource scarcity. Europe currently relies on international markets to provide access to many important raw materials, but the current level of access to imports is unlikely to continue,” said Jones.

Although some decoupling of materials extraction and GDP has taken place, this progress has been eroded over the past five years. Factors driving global recoupling of raw materials with GDP include the acceleration of growth in emerging markets, the shifting of components of supply chain and increasing consumption-based economy.

“We are beginning to decouple consumption from growth - but this has to become sustained and accelerate to keep pace. There are viable alternatives to the linear model - and mounting evidence that they work commercially. Human beings are good at dealing with complexity, and the supply chain is capable of delivering much more than we ask of it now.”

Jones notes that there is a high level of awareness of these issues and that, since last year’s congress, there are many more examples of circular procurement works - and plenty of people present at this year’s congress willing to share their knowledge.

The economic benefits arising from Europe’s transition to circular economy total €324 billion, improving trade balance, increasing GDP and boosting employment. Circular economies depend on consumers as well as suppliers: and the involvement of individuals, businesses and the public sector as a key driver is necessary: **“Circular products need circular clients!”**

Over 250 000 public authorities in the EU spend around 14% of GDP on the purchase of goods & services - around €1.9 trillion spend annually. Circular procurement starts by challenging the need – for example, are cars what is needed, or is it a mobility service? Are lamps and bulbs what is needed – or is it a lighting service? Whole-life thinking takes people out of their comfort zone – but this is what reduces consumption and potentially cost, and builds a wider culture of whole life thinking. Promoting total cost of ownership means that consumer considers use and end-of life options up front, and also encourages monitoring and reporting progress.

“In assessing where we are today, we are crossing a chasm between the ‘early adopters’ and ‘early majority’ phases of innovation. This is where all the pilot projects that are happening can take the risk out of decision-making,” said Jones. Legislation is crucial too, and not necessarily complex – Jones refers to new Estonian legislation which encourages public authorities “to make better use of procurement for common societal goals”.

There are many different starting points, and multiple policy drivers for circular procurement. Cities like Vancouver, Toronto, Edmonton City Council and the Regional Municipality of Wood Buffalo are rolling out new Social Procurement and Living Wage initiatives - policies and strategies that are recognized for their alignment with social planning objectives.

Adopting a circular approach will help deliver public authorities achieve strategic goals through activities such as: waste prevention (e.g. food), influencing production (e.g. design), influencing consumption (& procurement), influencing disposal (e.g. collection), and market development (e.g. re-use and recycling).

Implementation at the city scale is especially critical – cities account for 60% -80% of energy consumption, 75% of carbon emissions and half of global waste production. The high population density in cities brings innovation, infrastructure and investment gains along with reducing resource and energy consumption. Cities have a large and varied supply of materials and goods, and high potential market demand for the goods and services. City administrations can typically have a large and direct influence

on programme delivery, and demonstration and pilot projects at the local level can act as exemplars to engage upstream (national) and downstream (supply chains).

Circular procurement is an idea whose time has come. It means using our spending power, and procurement, to change how we spend our public money on goods & services. In turn this leadership will influence businesses and consumers on how they spend their money. We have to collaborate, to share knowledge with, and learn from, others (peers and suppliers). Most importantly – take action! You can find out here at the Congress how to take the next step – then go away from the Congress and commit to do something.

“It doesn’t matter where you are starting from – by using procurement strategically, you can align it with your organisation’s goals,” said Jones.

Next steps / takeaways

- Engage in system level thinking
- Mainstreaming at the local policy level is essential
- Don’t overcomplicate – SMEs cannot deal with overly complex procurement guidelines
- Market engagement is required, and engaging people at early design stage.
- Think about the end use and what they need. And be careful with language – words like ‘sustainable’ can really put people off.
- Reflect upon the scalability of what you are doing, and consider that 60% of the infrastructure needed for 2050 has not yet been built.
- Share knowledge, collaborate more - and take action!

Quotes

“My head’s buzzing with ideas to take home and work on, like the link between innovation and circular procurement. It’s great to be part of this community of practitioners.”

Claire Guerin, Zero Waste Scotland.

“We’ve heard a lot this morning about ‘just do it’. I am proud to be here and to be able to say, ‘we did it’.”

Sergio Saporetti, Ministero dell’Ambiente e della Tutela del Territorio e del Mare, on the introduction of mandatory GPP in Italy

Thomas Spoormans from the European Commission’s DG Grow: “We need a combination of bottom-up and top-down approaches. Procurement is a strategic tool and we need cooperation among all levels. Procurement can support social innovation and support SMEs – and this in turn is supported by top-down partnerships, from national to local and regional governance levels.”