

## Circular PP

### Six recommendations to boost circular procurement across the EU

Public procurement can be a powerful tool in the transition to a sustainable and just circular economy. While procurement is implemented on the ground by public buyers, the European Commission has and must continue to play an important role in promoting procurement as a tool which can support sustainable and circular goals.

Based on research and practical implementation of pilot procurements done as part of the Interreg Baltic Sea Region Programme funded [Circular PP](#) project, we present the following six recommendations to the European Commission in support of the Circular Economy Action Plan.

#### 1. Create minimum standards

The 2014 Directives created a more supportive legal framework, enabling public buyers to include environmental considerations in their purchasing decisions, and many are now advancing beyond basic environmental considerations to considering the whole lifecycle impacts of products and services, in accordance with the principles of a circular economy. However, many other public buyers have still not begun their journey, and continue to procure on a lowest price only basis.

A functioning circular economy cannot be achieved and sustained by a few advanced actors, but needs to be ingrained throughout society, across Europe. The European Commission must continue to enable innovative and advanced procurement practices, while also raising the baseline of sustainable and circular procurement in Europe.

To this end, we – the Circular PP consortium – positively welcome the intention set by the European Commission in the 2020 Circular Economy Action Plan to create “*minimum mandatory green public procurement (GPP) criteria and targets in sectoral legislation*”. **Minimum mandatory GPP criteria should:**

- **be targeted towards product groups with the greatest impact, in terms of carbon footprint and potential for circularity<sup>1</sup>;**
- **be focused on ‘core’ requirements (as already defined by the European Commission’s GPP Criteria, which is currently voluntary), and should provide appropriate phase-in time.**

It is important when setting minimum standards that these do not act as an obstacle to frontrunners, or hinder innovation. In addition, the EU GPP criteria, which are a useful resource for buyers who are

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<sup>1</sup> The procurement expenditure with the highest emissions, as based on a study of Finnish public procurement, are heating and electricity, construction and maintenance services for buildings and areas, travel and transport services, food, cleaning and laundry services, fuels and lubricants, and drugs and treatments supplies. Source: SYKE (2019) [Carbon footprint and raw material requirement of public procurement and household consumption in Finland](#).

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not advanced in their own public procurement practice, should be updated more frequently, to reflect progress in products, services and technologies.

Based on the experience of Circular PP pilots, minimum standards could include compulsory “collection, sanitisation, re-use and recycling”<sup>2</sup> schemes for ICT and “collection and reuse”<sup>3</sup> when procuring end-of-life services for furniture. Such minimum standards would complement current proposals in the Sustainable Product Policy, in particular, that new EU rules are established to make producers responsible for providing more circular products and intervene before products become waste, and new requirements set on mandatory sustainability labelling and/or disclosure of information to market actors along value chains in the form of a digital product passport.

### 2. Explore innovative approaches to output- and impact-focused monitoring

The CEAP also sets the intention to “*phase in compulsory reporting to monitor the uptake of GPP without creating unjustified administrative burden for public buyers*”. The Circular PP consortium agree that monitoring is important, but it currently only focuses on inputs (i.e. monitoring the inclusion of circular or green criteria) and not outputs and real impact, and relies on self-reporting and other manual and time-consuming processes. As such, **innovative, digital approaches to monitoring are needed, for example, making use of big data and artificial intelligence.**

### 3. Promote Life Cycle Costing

As well as creating greater economic value, evidence shows that the majority of green and / or circular products can compete in price terms with conventional products, particularly when whole life cycle costs (LCC) are considered<sup>4</sup>.

**The development of further standardised, free-to-access LCC measuring tools is required.** While some tools exist, there is a risk that procurers can be challenged on their selection of tool if it is felt to discriminate against some suppliers. As an objective, supranational body, the European Commission can provide transparent, reliable tools, which procurers can use with confidence.

**Tools should also provide the option to calculate and include the carbon costs of a product.** This is especially helpful for strengthening the link between procurement, national and local climate targets, and the circular economy agenda.

### 4. Continue the provision and expansion of the EU Ecolabel

Procurers can use ecolabels as an easy way to verify the compliance of goods and services to be supplied as part of a contract with the technical specifications of the ecolabel. In circular procurement, ecolabels can be helpful for verifying aspects such as product design and warranties. A circular economy will also likely create more demand for services or product-service system models, and it is recommended that more service related ecolabels are developed. The recent EU Ecolabel for

<sup>2</sup> As currently included in the [draft revision to the Computers and Monitors GPP Criteria](#), as a core criterion.

<sup>3</sup> As currently included in the [GPP Criteria for Furniture](#), as a core criterion.

<sup>4</sup> Danish Environmental Protection Agency (2020) [Prisen for Cirkulære Indkøb](#)

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cleaning services is a good example. Based on the experience of Circular PP, potential services which could be ecolabelled include catering services and ICT collection services.

### 5. Support capacity building for procuring organisations and suppliers

Circular procurement is a collaborative effort. As well as a skilled procurer, it requires users who are able to reflect on and identify their true needs, and contract managers who can ensure correct implementation of circular services or use and end-of-life management of circular products.

In addition, circular procurement relies on suppliers with or willing to adopt circular practices and business models. Many Small and Medium Enterprises (SMEs) remain unaware of market opportunities and how to find them. SMEs require support to use the TED portal to find tenders, particularly in other countries. Services like Enterprise Europe Network can support SMEs.

The circular economy requires collaboration and concerted effort between new constellations of stakeholders, and the development of new business models, in particular, services which fulfil the functional requirements of public buyers. Initiatives which facilitate exchange between buyers and sellers, such as market dialogues, are particularly useful in driving transition to the circular economy. Market dialogue not only helps buyers understand what is currently available on the market, it also provides suppliers a clear overview of the buyer's future direction, and so that it can begin preparing to meet these needs.

The public authorities participating in Circular PP have found the resources and profile provided to circular procurement as part of a European project has been an invaluable opportunity to build their capacity as a buyer, raise awareness and interest among potential suppliers with real business opportunities, and catalyze new actions and activities. **Future European funding streams should continue to support innovative circular procurement pilots in cities and other local buyers, as only by doing circular procurement in practice can real challenges be identified and addressed.**

### 6. Lead by example

As noted in the Green Deal, EU institutions should also lead by example and ensure that their procurement is green. To this, we would add that **the EU institutions should advance their procurement practices, and also conduct circular procurements, in order to showcase the necessary practices that all public buyers should adopt in order to facilitate the transition to a circular economy.**