

Circular Public Procurement

A case study from Sweden

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Agenda

- (Circular) Public Procurement: A brief overview
- Case Study: the PROCEED project

Public Procurement: A brief overview

- Public Procurement (PP):
 - the purchase of services, works and supplies
 - a **key** economic activity in governments (Brammer & Walker, 2011)
- Public Bodies: major consumers worldwide
 - > **purchasing power** to **influence sustainable consumption & production** by choosing environmentally friendly goods, services & work (ICLEI & EC, 2018)
- European Commission: Improving public procurement can yield **big savings**: a 1% efficiency gain could save €20 billion / yr

- > 250 000 **EU** public authorities spend around 14% of GDP (ca. €2 trillion / yr)
- Public Procurement in Sweden: steadily growing every year despite political debate, complicated rules, etc.
- **17.8% share of GDP at fixed price (2017)**
- Regulations: EU (Directive 2014/24/EU)
 - ↓
 - SE National Public Procurement Strategy
 - ↓
 - 7 objectives
 - ↓
 - 1 on Green Public Procurement

Circular Public Procurement

- CPP: a means for GPP to achieve sustainability through *resource optimisation*, *value creation* and *retention* through resource closed-loop systems.

However...

- There is **no uniquely defined framework** for CPP
- Specifically there is a need to **measure product circularity**

"[...] there is no comprehensive set of requirements to ensure that all products placed on the EU market become increasingly sustainable and stand the test of circularity" (New Circular Economy Action Plan - COM(2020) 98 final 2020)

Public **PRO**urement with a **Circular Economy ED**ge

- **IDEA**: The Public Sector can play a pivotal role in a CE transition
- **AIMS**:
 1. Enable public authorities to use CPP **proactively to drive CE** and at a **sufficient speed by...**
 2. Developing and testing a managerial CPP toolbox
 3. Broad communication and Dissemination
- **FUNDER**: Vinnova (the Swedish Agency for Innovation) under the prioritised programme "*Circular and biobased economy. From theory to practice*"
- **CONSORTIUM**: 4 municipalities + RISE AB



Project Overview

*Final Report

*CPP toolbox +
Action Plan

*White Paper

*Opinion paper

3 rounds of
coaching
sessions...

...for a total of
ca. 30
sessions

"Homework"

4 workshops

PROCEED

*<https://bit.ly/3clzGKq>

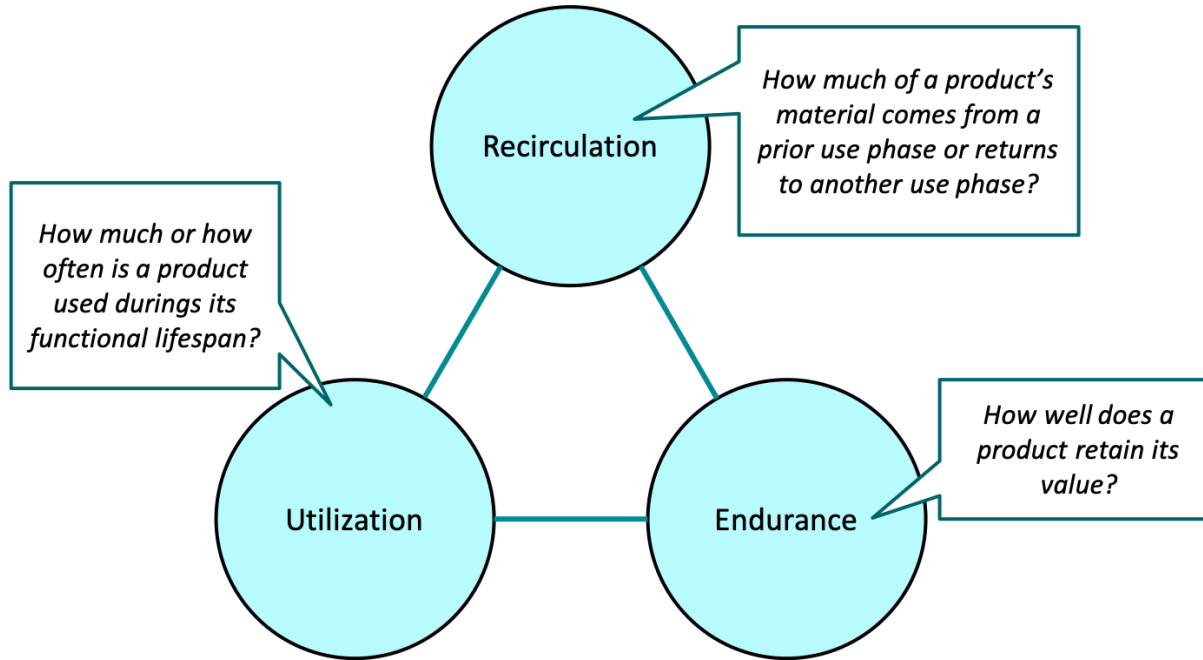
RISE team as
guest speakers

Circular
procurement:
RISE "Area of
expertise"

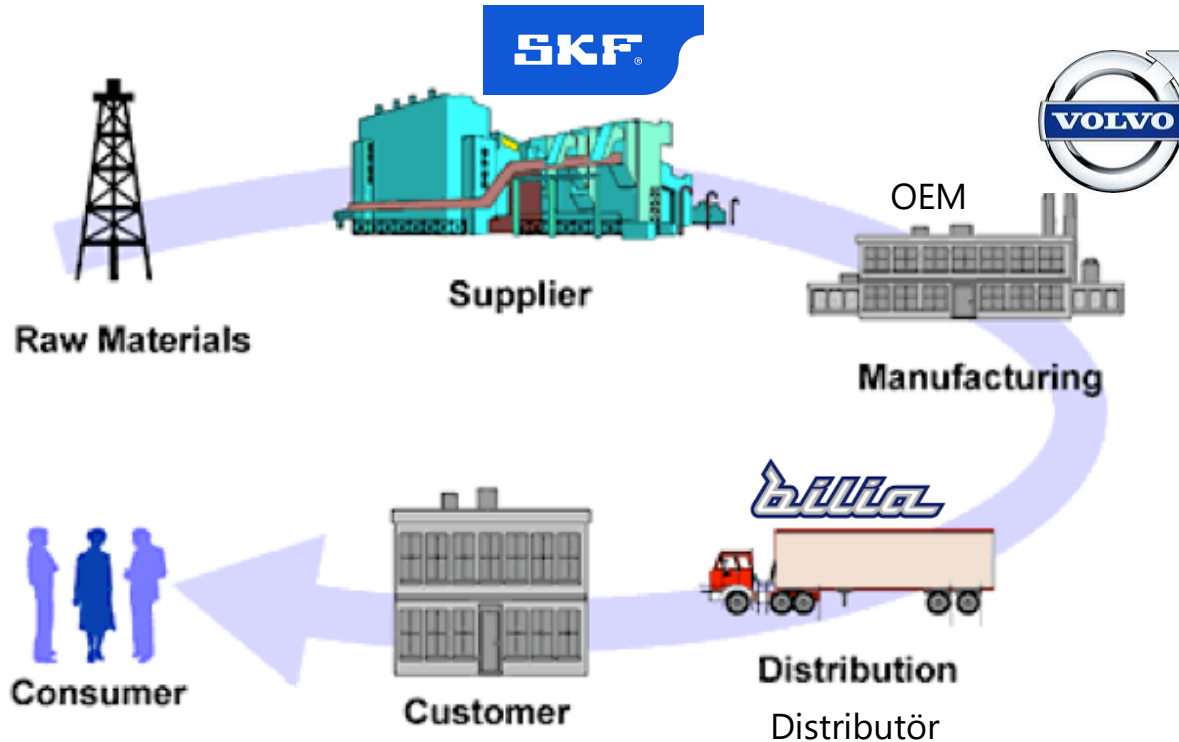
4 significant issues for CPP were identified

- CPP needs standardised metrics for the 3 dimensions of circularity on (*at the very least!*) a national level
- CPP options for actors in the supply chain
 - *more inclusive dialogue is needed!*
- Public sector's internal challenges
- LOU vs. PSS procurement

Three Dimensions of Product Circularity



Different options at different actors



- The OEM has a key role for CE
 - Sets product attributes, specifications, etc.
 - Decides on flow-based or stock-based BM
- Supplier options are limited by the OEM
- Dealer/Distributor/Retailer options are also limited by the OEM

Internal challenges & Learnings

- The users (the procurement-requesting org.): often not used to specify functions instead of product so they tend to hinder functional / performance procurements
- Not for all users "used is the new normal"
 - => Getting a new product will be the exception.
- Phasing in CPP: difficult to manage in a typical PP timeframe since suppliers are not familiar with CE
 - => CPP has to be strategically driven (by purchasing and/or environmental departments)
 - => Start EARLY dialogues with suppliers (perhaps through Request For Information - RFI?), in the planning phase of "circular" procurements
 - Gain insights on what is possible and what is not for the supply chain, and why
 - From that, choose suitable procurement (product typology) and circularity metric(s) to use
 - Preferably in collaboration with other municipalities

2016:1145-LOU Public Procurement Act Vs Product-Service System

- *Unsolved*: Is it possible for the public sector to buy function / performance in a circular manner?
- It is still unclear **how** a CPP of function / performance should be made so that CE principles are not jeopardised.

- The supplier needs to have the option to retain ownership over the function / performance delivering products
- It seems that the public sector interpretes LOU in such a way that procurement has to be renewed every 4 year
- What will then happen with the previous supplier's product fleet?
 - *Is that in line with CE?*
- And if those products have been "customised" (logos, pre-config. phones, special colours, etc.)
 - *Is that in line with CE?*

What'on / Next ...



Our research continues in a spirit of **co-creation**...

- Work with the Swedish Delegation for CE to develop and test CE metrics
- ReAlising Circular Economy in Society (RACES) project
<https://bit.ly/3clzGKq>

THANK YOU!

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