

Circular Procurement

As key economic actors on the demand side, local authorities and other public bodies could use public procurement as a potentially powerful strategic mechanism to promote a circular economy within their territories.

This replication package describes how public procurement activities have been used strategically to support the CityLoops demonstration actions. By digging into the different procurement strategies cities have used (such as criteria and clauses in tenders, innovation market, etc.) in each specific context, it outlines how procurement could be a tool alongside more traditional policy instruments for shifting towards circularity.

Recommendations from lessons learnt

Though public procurement has to follow rules to allow competition in the unique market, it is a tool procurers should view as strategic when it comes to achieving environmental goals. However, there are necessary pre-conditions for successful circular building procurement:

- Knowledge of the market: market research to understand capabilities and maturity of the supply chain, and especially the local companies, helps to design the project and the procurement process related to it. For instance, for resources matchmaking, it could be very useful to rely on a network of companies, as they know quite well the marketplaces for buying reused or reclaimed material.
- Starting early market dialogue and creating space for informal/formal dialogues to reach out to the right network of suppliers: in an immature market it is essential to identify as soon as possible the companies that could meet the procurers' needs. Suppliers should be perceived as partners in innovative circular projects. Thus, to define the criteria and clauses in the tender, and to adjust the expectations all along the project, dialogue between the procurers and the suppliers is recommended.
- Working with the relevant departments by breaking silos: an internal collaboration between e.g., the procurement department, urban development department, environmental department and properties department can help select the best process, based on factors such as the level of innovation that the project requires or the maturity of the market. This collaboration enables defining the common objectives to reach in the tender.
- Choosing and defining the appropriate procurement process and circular criteria: a wide range of processes and criteria (technical, evaluation and performance aspects) exist to achieve the goals and finding the appropriate contractor. Alongside choosing criteria, it is also important to set objectives, like targets for CO2 savings, targets for use of circular principles such as Design for separation or the degree of use of reused and/or recycled materials in the building. A relevant example can be found in Høje-Taastrup, where the municipality signed a pre-purchase development agreement with IKANO. Before signing that agreement, IKANO passed a selection process. This

resulted in a very fruitful collaboration with a practical and targeted vision of how the area could be developed with high criteria regarding circular construction.

- Starting an early and transparent dialogue with the contractors: defining at the early stage of the project the visions and the ambitions is essential for an easy and collaborative dialogue between the procurer and the contractor throughout the project. For instance, working on a circular construction project can be associated with several practical challenges, since secondary building materials will not always be thoroughly tested and several of the construction processes may still be relatively new. The early collaboration is particularly important in such a construction project to define the framework for innovation and the challenges, including the risk management. This should therefore already be discussed at the negotiation meetings. This dialogue is prerequisite for assessing as much as possible the circular principles in construction from both an environmental point of view and architectural value, while also taking into account costs and quality.
- Not giving up and keep trying from a common goal: CityLoops cities have seen that the hardest step is the first one. Once you manage to do it in one project, it will be a basis for embedding this in wider procurement practices within the municipality, and then it will become a norm.

CityLoops instruments

- Based on lessons learnt across all the demonstrator projects, a Circular Procurement Handbook has been developed, which includes small reports from each demonstration city to provide clues on how to adjust procurement approaches to help promote circularity. The handbook also includes a series of case studies taken from other EU projects and recommendations for European policymakers. The Circular Procurement Handbook will be published [on this page](#) in September 2023.

CityLoops demonstration experiences

- **Roskilde - Procurement and risk management:** Throughout the different demo actions, Roskilde has worked on the risk management and how to address it with the contractor at the early stage of the project. This has led to a new procurement strategy in the building department where three elements, namely risk, responsibility and consequences, are always considered in advance of deciding where a risk shall be placed in a building process.
Read about Roskilde's [experience here](#).
- **Høje-Taastrup - Procurement to sell the old city hall:** In 2016 it was decided that Høje-Taastrup will build a new city hall and sell the old one to develop a residential area. The municipality had the opportunity to impose circular conditions in the tender about how the demolition of the old city hall should take place and how soil should be handled. The municipality signed a pre-purchase development agreement with a private developer, IKANO, which showed a great interest in circularity and sustainability. They work closely with the municipality, the demolition contractor and the potential buyers of the materials from the demolition site.

Read about Høje-Taastrup's [experience here](#).

- **Mikkeli - Procurement for the selective demolition:** The main lesson learned for Mikkeli was that the organisational changes should start from the strategic level. CityLoops' experience has shown the need for improvement in Mikkeli's tendering practices to include more qualitative criteria within the tenders and to avoid the cheapest price to be the main criterion. As a direct result of the CityLoops project, new [procurement guidelines](#) have been drawn up to promote the circular economy in demolition projects (Mikkeli Development Company Miksei 2021).
 - The guide proposes new qualitative requirements, benchmarks or contractual incentives to promote circularity within the tenders. It proposes to follow necessary steps all along the procurement process. However, it does not specify which qualitative criteria or detailed minimum requirements must be used in each individual case. Instead it provides examples of such criteria.
 - The best practice changes that have been highlighted by the demo actions are:
 - Adding minimum requirements in the tender documents regarding the source separation of waste.
 - The quality control of hazardous material needs to be improved so that all relevant hazardous materials will be taken into consideration.
 - Procurement units should consider separate tendering for soft stripping services and indoor demolition contracts to facilitate participation of local SMEs and to include criteria for promoting reuse.
 - Fixed price procurement with circularity being the main selecting criteria should be considered in selected cases to promote innovative contractors.

Read about Mikkeli's [experience here](#).

- **Bodø - A new sustainable procurement strategy:** Through workshops, data gathering and awareness raising campaigns, in Bodø Municipality, CityLoops has been an initiator and contributor to the preparation of a new circular procurement strategy. A selection of tenders analysed at the beginning of the project was compared to a comparable selection of tenders at the end of the project. This was done with the support of a Master student who conducted his thesis on "Indicators for smarter decision making in circular public procurement. The case of Bodø Municipality". This knowledge led the city to adopt a new sustainable procurement strategy, packed with a set of indicators to assess the progress.

Read about Bodø's [experience here](#).

- **Apeldoorn - Procurement within an already existing framework contract:** An important challenge Apeldoorn had to face in the project of the street renovation was how to integrate circularity and new measures in a framework contract that had been already established with a contractor and was already running for several years. Supported by Rijkswaterstaat, the Netherlands executive agency of the Ministry of Infrastructure and Water Management, the city worked with the contractors to propose ideas to improve circularity.

Read about Apeldoorn's [experience here](#).

- **Seville – Procurement of the renovation of pipelines:** In the development of the tender for the renovation of water pipelines in Seville, several circular evaluation

criteria have been integrated and, as a result of CityLoops, are now being extended to all tenders related to pipe replacements and renovation works in the city. These criteria, such as reusing work cuts, recycling stone materials and minimizing the use of virgin resources, are being monitored by requiring contractors to develop a detailed waste management plan.

Read about Seville's [experience here](#).