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Regional guidebook on circular procurement

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Elverum
Norway

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Introduction

The project Smart Circular Procurement (CircPro)

The project CircPro (Smart Circular Procurement) aims at promoting the transition to a more circular economy related national and regional decision-making by increasing the implementation of the circular procurement. Inter-reg Europe Program (European Regional Development Fund) funds the project and it gathers 11 partners from 9 EU regions and Norway.

Main barriers that hinder the systematic implementation of the circular procurement are general lack of knowledge and expertise, procedural and legal barriers, and procurers' preconceptions about using, as well as lack of, recycled materials. CircPro tackles the challenge to analyze whether Circular Economy (CE) principles and Circular Procurement (CP) criteria could be included into the regional Policy Instruments as a general principle or as an award criterion to encourage applicants to systematically implement CPs.

The project also focuses on exchange of experience within and between regions, at regional level by interacting with key stakeholders (procurers, suppliers, Academia, decision-makers and other valid parties) in regional stakeholders groups, and at interregional level by organizing interregional stakeholders meetings for fostering the interregional learning.

The CircPro guidebooks

One of the main project outputs of the project will be the development of 10 Regional Guidebooks including region-specific overviews and supporting material for the regional decision-makers, procurers and suppliers on circular procurement procedures and practices.

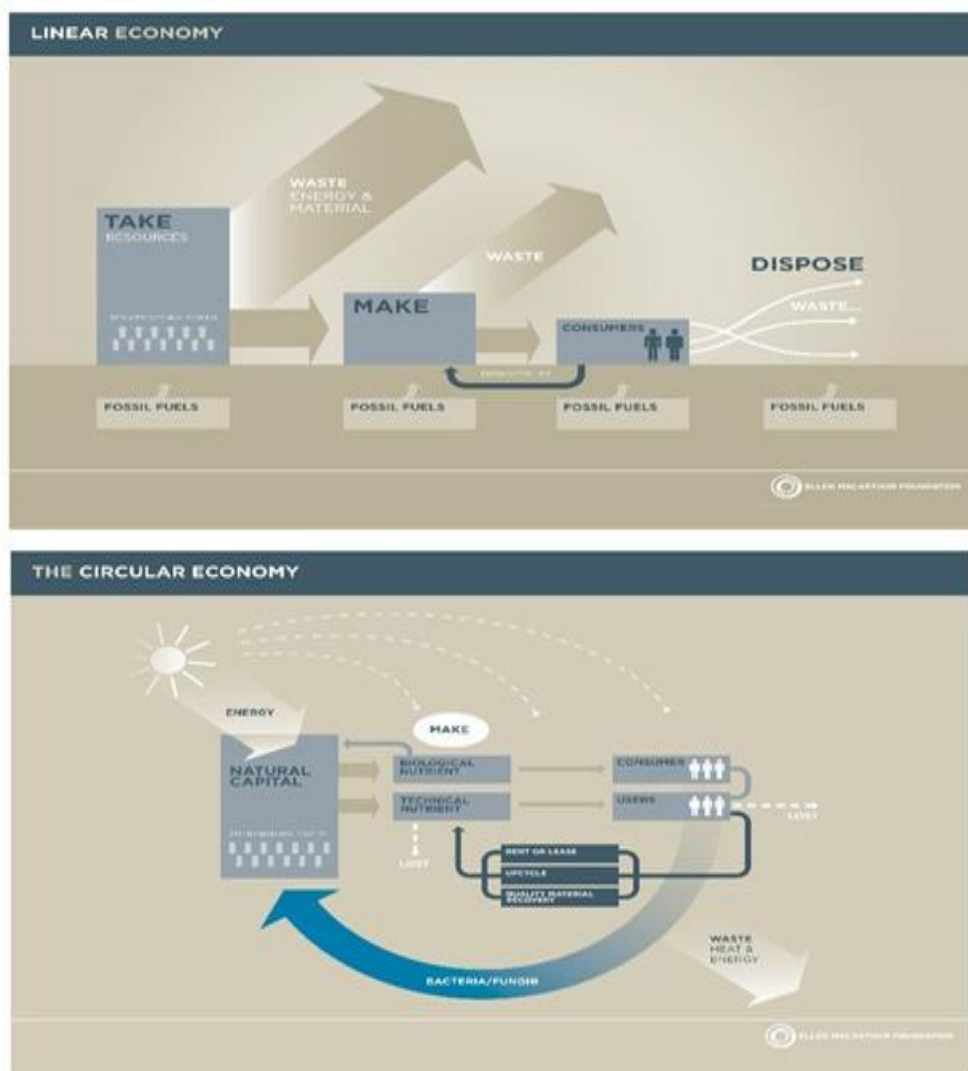
The aim of the guidebook is to raise the awareness of the regional stakeholders on the emerging needs of CP application, recent trends and developments; to analyze the obstacles faced by procurers while implementing the real CP in their entities; and to provide tools and suggestions to them on how to implement the CP in an effective and efficient way in the future also by boosting the involvement and participation of the regional companies in the circular procurement process. An ad-hoc project tool, the "Joint Method for involving companies in the circular procurement process", that is outside the scope of this document, will achieve this latter outcome.

These 10 Regional Guidebooks are provided into the national languages in order to create the basis for its further CircPro activities implementation and incorporate the strategic level to establish practice and policies of municipalities and towns' procurement processes.

1. Circular Procurement as an Emerging Concept in EU

In the EU Action Plan for the Circular Economy 2015, public procurement is recognized as a key driver in the transition towards the circular economy, and it sets out several actions that the European Commission will take to facilitate the integration of circular economy principles in Green public procurement (GPP). These include: emphasizing circular economy aspects in new or updated sets of EU GPP Criteria, supporting a higher uptake of GPP among European public bodies, and leading by example in its own procurement and in EU funding.

In the new Circular Economy Action Plan 2020 public procurement maintains its importance in shaping sustainable and circular consumption in the public sector that represents around 14% of EU GDP.² In addition to guidance and dissemination activities of good practices, European Commission is planning to propose mandatory GPP criteria and targets in sectoral legislation together with phasing-in mandatory reporting on GPP that will come into effect as of 2021. Current EU approach clearly indicates GPP as the principle instrument implementing circular procurement. However, the complex format of the circular procurement requires the inclusion of innovation policy dimensions that would stipulate the creation of new circular solutions.



Figur 1 Linear vs circular economy.

1.1 The role of public procurement in EU circular economy transition and European programs supporting the implementation of CP

Public procurement is no longer recognized as a mere administrative procedure to purchase goods, services or work, but rather as a tool for achieving strategic goals. Every year public authorities spend around 14% of GDP on the purchase of services, works and goods and in many sectors public authorities are the principal purchasers. As such, public procurers can truly be

a role model and drive transition to circular economy. Therefore, procurement could be a powerful tool for spending public money in an efficient, sustainable and strategic manner and serve as a catalyst developing a more circular economic system. Moreover, the Public Procurement Directives provide for strategic procurement possibilities, which nonetheless, despite their potential benefits, are not sufficiently used now.

The objective of Circular Public Procurement is to greening public procurement in accordance with the principles of circular economy through the role of public authorities by promoting the purchase of goods, works and services that:

- Have a reduced environmental impact;
- Contribute to create closed material and energy loops within supply chains;
- Minimize or avoid negative environmental impacts and waste creation throughout the whole life-cycle;
- Promoting the replacement of products by services.

As such CPP can significantly stimulate demand for products and services that are made according to circular economy principles and support the new and innovative circular business models and related networks. Therefore, it can be seen as a strategic instrument that plays important role in the transition towards circular economy

Starting from systematic implementation of minimum mandatory GPP/CPP green procurement criteria, the application of circular approaches to public procurement could really lead to considerable results not only in terms of reduced environmental impacts by increasing demand for more resource efficient services and products, but also in terms of effectiveness and efficiency of public spending.

So far, the relevance of circular economy and the strategic use of public procurement was resumed in 2017 EU Public Procurement Strategy.:

- To implement the circular economy action plan, in January 2018 was adopted the latest set of measures at European level, including
- a Europe-wide EU strategy for plastics in the circular economy and annex to transform the way plastics and plastics products are designed, produced, used and recycled;
- Communication on options to address the interface between chemical, product and waste legislation that assesses how the rules on waste, products and chemicals relate to each other
- a monitoring framework on progress towards a circular economy
- a report on critical raw materials and the circular economy. In addition to that, the European Commission adopted: a proposal for a Directive on the reduction of the impact of certain plastic products on the environment
- a proposal for a regulation setting minimum requirement to boost the efficient, safe and cost-effective reuse of water for irrigation.

In consideration of that, the EU Commission strongly encourages demand

driven strategies and in fact has already prepared specific guidance tools for procurers on circular procurement.¹⁶ The vision is that, starting from systematic implementation of green procurement criteria, the application of circular approaches to public procurement could really lead to considerable results not only in terms of reduced environmental impacts, but also in terms of effectiveness and efficiency of public spending.

Four approaches to circular procurement*:

Procurement including GPP based "circular" criteria	Procurement of new "circular" products and materials	Procurement of services and new business concepts	Procurement promoting circular ecosystems
<p>Improved products and services are procured by adding more GPP and circular criteria to the tender competition:</p> <ul style="list-style-type: none"> - Recyclability - Share of recycled materials - Reuse - Packaging material - Etc. 	<p>New products are procured and/or developed by innovative public procurement:</p> <ul style="list-style-type: none"> - Products that are significantly better in terms of recyclability, share of recycled materials, long lifespan, disassembly, etc. 	<p>Product - service systems are procured and new approaches are applied that promote circular aspects:</p> <ul style="list-style-type: none"> - Leasing concept - Buy per use - Shared use - Buying and selling back 	<p>Investments are made that stimulate the development of "circular ecosystems"</p> <ul style="list-style-type: none"> - Develop or support closed loops - Create new networks and alliances - "Waste as material"
<p>Examples:</p> <ul style="list-style-type: none"> - Paper products - ICT devices - Packages - Furniture 	<p>Examples:</p> <ul style="list-style-type: none"> - Building components of recycled material - Textiles made of recycled material 	<p>Examples:</p> <ul style="list-style-type: none"> - Buying light instead of lamps - Leasing furniture instead of buying it 	<p>Examples:</p> <ul style="list-style-type: none"> - Buses running by locally produced biogas - Construction projects with closed material loops
<p>Better quality products ➡ New products ➡ New business concepts ➡ Circular ecosystems</p>			

* Source: Katriina Alhola, Hanna Salmenperä, Sven-Olof Ryding and Niels J. Busch. 2017. Circular Public Procurement in the Nordic Countries. <http://norden.diva-portal.org/smash/get/diva2:1092366/FULLTEXT01.pdf>

2. The Regulatory and Policy framework for CP

2.1. The EU legal and regulatory framework

The existing framework for green procurement is primarily based on the EU Directives on Public Procurement, in particular Directive 2014/24/EU¹ and Directive 2014/25/EU², as well as on the green public procurement criteria periodically adopted through specific acts designed to make it easier for public procurers to purchase goods, services and works that have a reduced environmental impact. The criteria are formulated in such a way that they can, if deemed appropriate by the individual authority, be (partially or fully) integrated into the authority's tender documents with minimal editing. Before publishing a contract notice, contracting authorities are advised to check the available offer of the goods, services and works they plan to purchase on the market where they are operating. The criteria are split into exclusion grounds,³ selection criteria,⁴ technical specifications and labels,⁵ award criteria⁶ and contract performance terms and conditions⁷.

The criteria can be distinguished in two types:

- (i) core criteria — which are designed to allow the easier application of GPP, focusing on the key area(s) of environmental performance of a product and aimed at keeping administrative costs for companies to a minimum;
- (ii) comprehensive criteria — which take into account more aspects or higher levels of environmental performance, for use by authorities that want to go further in supporting environmental and innovation goals.⁸ In addition to any legal and regulatory acts, there is a number of supporting instruments, such as the new edition of the “Buying Green!” Handbook that has been specifically designed to explain how to better integrate environmental considerations into public procurement procedures.⁹

¹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

² Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal service sectors and repealing Directive 2004/17/EC.

³ EU Directive 2014/24, Art. 57.

⁴ EU Directive 2014/24, Art. 58, selection criteria are divided into: a) suitability to pursue the professional activity; (b) economic and financial standing; (c) technical and professional ability.

⁵ EU Directive 2014/24, Artt. 42-43.

⁶ EU Directive 2014/24, Artt. 67-68.

⁷ EU Directive 2014/24, Artt. 70-73.

⁸ At the following link you could find the complete list of GPP criteria in place at European level: http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm.

⁹ The third edition of Buying Green! – A Handbook on green public procurement is available at the following link: http://ec.europa.eu/environment/gpp/buying_handbook_en.htm. The handbook includes: guidance on how environmental considerations can be included at each stage of the procurement process in the current EU legal framework; practical examples drawn from contracting authorities across EU Member States; sector specific GPP approaches for buildings, food and catering services, road transport vehicles and energy-using products.

2.2. The Norwegian legal and regulatory framework

Norway has demonstrated to be quite responsive to transformative trajectories driving sustainability into public procurement procedures, ref. for example the Climate act of 16.06.2017 <https://lovdata.no/dokument/NL/lov/2017-06-16-60> that reflects the Paris Agreement, and the target for greenhouse gas emissions to be reduced by at least 40 % by 2030 compared with the reference year 1990.

The policy and regulatory framework on national level are:

- Act for Public procurement, latest revised 01.01.2017 <https://lovdata.no/dokument/NLO/lov/1999-07-16-69>
This document sets the overall targets and regulation for PP, and is harmonized with the EU regulations
- Regulation for Public Procurement of 01.01.2017 <https://lovdata.no/dokument/SF/forskrift/2016-08-12-974?q=forskrift%20om%20offentlige%20anskaffelser>
This regulation fulfills the intention set in the act mentioned above

Guideline for Public Procurement <https://www.regjeringen.no/no/tema/naringsliv/konkurransopolitikk/offentlige-anskaffelser/id2511781/>

The guideline describes in detail the public procurement procedures, and are updated to reflect the Covid 19 situation.

2.2a Towards a model of circular economy for Norway

The increasing attention on circular economy is confirmed by the policy paper “Smart procurement – efficient and professional public procurement”, that the Ministry sent to the Parliament in 2019 <https://www.regjeringen.no/no/dokumenter/meld.-st.-22-20182019/id2641507/> .

In this document, CP is a central topic, and the political commitment are described in chapter 9.

Previous has other policy papers been sent from the Ministry to the Parliament (and accepted), for example “*Waist as a resource – waist-policy and circular economy*” <https://www.regjeringen.no/no/dokumenter/meld.-st.-45-20162017/id2558274/>

The latest report with facts and information was published October 14th 2020:

<https://www.regjeringen.no/no/tema/klima-og-miljo/forurensning/sirkular-okonomi/fakta grunnlaget-til-strategi-for-sirkular-okonomi/id2741281/>

2.2b Norwegian climate action plan

The Government's climate action plan confirms Norway's targets for cutting greenhouse gas emissions, by 2050 Norway will be a low-emission community. The emission cut must be a minimum of 50% and up to 55% by 2030, and between 90-95% in 2050.

Climate action plan 2021-2030: <https://www.regjeringen.no/no/dokumenter/meld.-st.-13-20202021/id2827405/?ch=1>

Public procurement is highlighted as a key tool for achieving the goals of greenhouse gas reduction and transition to a low-emission community. Circular economy and increased focus on circular public procurement are highlighted as important tools (cf. chapter 3.3.4 and 6.6).

To help clarify the overall priorities, the government will present a comprehensive action plan to increase the share of climate- and environment-friendly public procurement and green innovation. The action plan will contribute to simplifying, streamlining, professionalising and targeting public procurement as a tool to achieve the goals the government has set itself in the climate and environmental area, and support green change.

2.3. The regional context, ELVERUM and Sør-Østerdal

Within the national context, the Municipality of Elverum stands out for its pioneering role, especially for the project “Ydalir” – a developing part of the city with a special green approach that has been recently awarded amongst best practices of green public procurement by the several institutions. Both the new Ydalir School and Ydalir Kindergarten has received several national prizes, and nominee to Arch Building of the year 2020.

In order to make this happen, a lot of effort has been made to support and stimulate CP and GPP in the policy papers:

- Municipal Plan 2010 – 2022
This policy paper describes the overall political targets and tools for a sustainable development for our City.
<https://s3-eu-west-1.amazonaws.com/cdn.elverum.kommune.no/files/Planer-og-strategier/Kommuneplan-20102022-samfunnsdel.pdf>
- Administrative rules 2013
This policy paper describes the overall policy for the economic tools. Available on the Intranet in Elverum Municipality. (Under revision)
- Procurement strategy 2020 – 2023
Available on the Intranet in Elverum Municipality.
- Procurement Regulations of 2019
Available in the internal Quality system in Elverum Municipality, document no. KSEK-1324998545-1799
- Procurement procedures of 2019
Available in the internal Quality system in Elverum Municipality, document no. KSEK-1324998545-1757
- Procurement strategy for construction projects 2015 – 2018
Available on the Intranet in Elverum Municipality. (Updating planned)
- Guideline for use of wood in construction projects 2008.
This guideline of 2008 has recommendations and examples.
<https://www.elverum.kommune.no/trebyen-elverum>
The document is under revision, and the updated version will reflect the

lesson learnt in the CircPro Project.

The document will consist of 2 parts:

- One strategic part that will be political adopted.
 - One guideline / handbook with examples and “good practice”
- Strategic climate and energy plan – **SEAP** (2020 – 2024)
This policy paper has now been revised, and the Municipal Council adopted the version for 2020 – 2024 in May 2020.
<https://s3-eu-west-1.amazonaws.com/cdn.elverum.kommune.no/files/Energi-og-klimaplan-Godkjent-av-kommunestyret-27.mai-2020.pdf> .
The document describes in Chapter 10 the internal activities in the Municipal Service and Administration, with focus on energy and climate footprint, and circularity.

2.3a Key stakeholders in the region and their role in circular procurement

Our stakeholders are the other five Municipalities in the Region of Sør-Østerdal (Engerdal, Stor-Elvdal, Trysil, Våler and Åmot). All of them are small municipalities with population between only 1.500 and 6.000 inhabitants. Therefore they often cooperate bilateral and/or in groups.

These Municipalities, together with Elverum, has established some municipal companies. We have included some of them in our stakeholder group.

This are:

- SØIR – an inter-municipal waste-company. (collecting and handling)
- Elverum Vekst – a company for business development and city planning.

The role of the stakeholders (municipalities) are to serve their inhabitants within the framework of the national rules and regulations. Their limited size and resources make it favorable for them to cooperate with Elverum, and (if possible) to adopt the policy.

SØIR and Elverum Vekst are companies with an independent board, but as they have public owners, they must follow the public regulations of their owners.

3. Best Practices on CP

3.1. Current practices on circular procurement at regional level

Elverum municipality has an annual purchasing volume of approximately 50 million EUR related to the daily operations. In addition, a number of major investments has been made in recent years in the building stock, which in total also represents many tens of millions of Euros. All purchases are made professionally by the Municipality's own professionals, well assisted by dedicated personnel in the different departments. The purchases are based on:

Strategic:

- The municipality's own strategies and guidelines (described in chapter 2.3).

Practical:

- A well-established procurement collaboration with neighbouring municipalities in the west (Hamar, Stange, Ringsaker etc.).
- Contact with the municipalities in the Sør-Østerdal Region (which also are our stakeholders).

Examples:

- School building Hanstad (Massive wood, Construction)
- Zero emission cars (Infrastructure)
- Food, Food-service, Agrofood (Fore elderly homes)
- Furniture (For offices)
- Cleaning products (For schools, offices etc.)
- Low emission bus transportation (School children)
- Paper products (For offices)

3.2. Methodology/criteria of identification and selection of best practices at regional level

In all activities where it is practically possible, opportunities for mutual learning are sought:

- The GP is understandable & meaningful
- The GP describes a specific objective
- The GP is relevant and its strengths are easy to understand
- The GP has a policy-learning angle
- The GP is related to a public intervention, or if not can still inspire public policies and praxis.
- The GP fits the criteria for good practices within CircPro
- The GP is transferable and scalable
- The GP provides tangible results
- The GP description presents practical information on the evidence of success
- The GP is in a full implementation stage
- The GP clearly demonstrates its efficiency and success
- The GP is innovative

3.3. Analyses of the selected case studies, local and by our CircPro-partners

The CircPro project partners have identified a number of good practices (GPs) from the partnership regions that could boost implementation of the circular procurement (CP). The CircPro collection of GPs contains both operating models/policy framework and support measures facilitating CP in the regions and examples of actual circular purchases of goods and services.

Ten GPs have already been published on the CircPro website and are briefly described below:

1. Finland.

Procurement Specialist Services & Change Agent for Sustainable and Innovative Public Procurement

Procurement Specialist in the city of Kouvola in Finland offers free of charge consultation on procurement process and takes part in development of city's strategic management of procurements.

<https://www.interregeurope.eu/policylearning/good-practices/item/3089/procurement-specialist-services-change-agent-for-sustainable-and-innovative-public-procurement/>

2. Spain

Catalog of recycled aggregates of the Junta de Andalucía

The Public Works Agency of Andalusia in Spain has published a catalog of recycled aggregates, in compliance with the guidelines on environmental efficiency.

<https://www.interregeurope.eu/policylearning/good-practices/item/3114/catalog-of-recycled-aggregates-of-the-junta-de-andalucia/>

3. Italy

Vending machines: a participative and eco-innovative tender process design

The practice relates to the delivery of vending concession services of food and drink for students and staff (around 70,000 people) for the University of Turin in Italy.

<https://www.interregeurope.eu/policylearning/good-practices/item/3288/vending-machines-a-participative-and-eco-innovative-tender-process-design/>

4. Greece

Circular model of street lighting procurement

Implementation of a circular model of public procurement for improved energy-efficiency and life-cycle management of municipal road lighting in the Municipality of Alexandroupolis in Greece.

<https://www.interregeurope.eu/policylearning/good-practices/item/3251/circular-model-of-street-lighting-procurement/>

5. Portugal

FECA - Fórum da Economia Circular do Alentejo (Alentejo Circular Economy Forum)

FECA's objective is to reflect, share, discuss and outline the main circular economy intervention pillars, contribute to the promotion and to encourage the transition to circular economy in Alentejo in Portugal.

<https://www.interregeurope.eu/policylearning/good-practices/item/3293/feca-forum-da-economia-circular-do-alentejo-alentejo-circular-economy-forum/>

6. Bulgaria

Boosting the construction and demolition recycling market

Measures to boost the recycling market in Bulgarian legislation through integrating construction and demolition recycled materials in construction

<https://www.interregeurope.eu/policylearning/good-practices/item/3446/boosting-the-construction-and-demolition-recycling-market/>

7. Lithuania

Pre-Commercial Procurement of Nano Bitumen

Pre-commercial procurement in Lithuania aims to ensure circular economy principles in road construction by creating bitumen with extended lifetime and better durability.

<https://www.interregeurope.eu/policylearning/good-practices/item/3135/pre-commercial-procurement-of-nano-bitumen/>

8. Estonia

Green criteria in an electronic Procurement Register

Electronic platform for public procurement in Estonia that includes the built-in green public procurement (GPP) criteria for easy GPP implementation

<https://www.interregeurope.eu/policylearning/good-practices/item/3289/green-criteria-in-an-electronic-procurement-register/>

9. Norway

Designing implementation plan for local strategies and policy instruments in circular procurement

Municipal / Regional plans for circular procurement should have effective structure and seamless design to other plans related to sustainability, climate, environment and energy. An example from Elverum Municipality in Norway.

<https://www.interregeurope.eu/policylearning/good-practices/item/3246/designing-implementation-plan-for-local-strategies-and-policy-instruments-in-circular-procurement/>

10. Norway

Strategy for use of wood / renewable materials in buildings

Buildings in steel/concrete have a high climate footprint due to energy-intensive production/transport. Hence, there is a need for strategy/handbook for sustainable construction. An example from Elverum Municipality in Norway.

<https://www.interregeurope.eu/policylearning/good-practices/item/3245/strategy-for-use-of-wood-renewable-materials-in-buildings/>

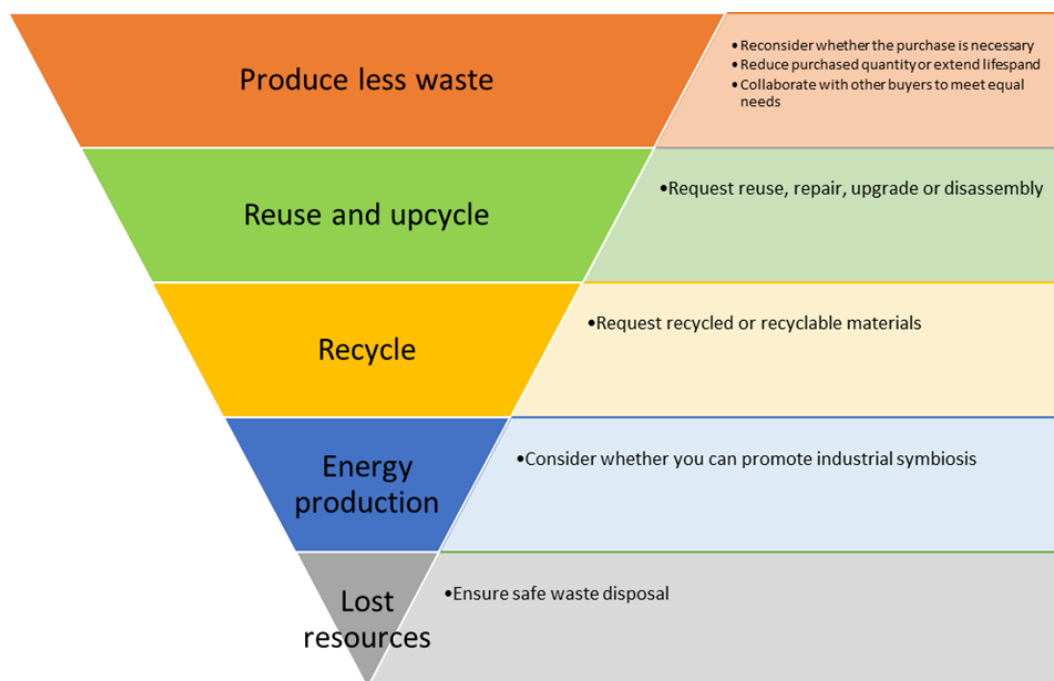
Short analyses

As being a small municipality with limited resources, we initially consider BP from Finland (1) and Greece (4) to be transferable and will take a closer look at these.

BP from Spain (2), Italy (3), Portugal (5), Bulgaria (6), Lithuania (7) and Estonia (8) are good, but have dimensions that exceed Elverum their opportunities. The examples may nevertheless be the subject of the collaborative constellations we are part of.

4. Guidance for Systematic and Efficient Use of CP

As a purchaser, you should follow the priorities in the waste hierarchy (Figure 2) that are central to the circular economy. Try to find solutions as high up in the hierarchy as possible. Thus, you can help prevent waste, reduce environmental impact and increase resource efficiency. The goal is to reduce the amount of resources that disappear from the cycle. (anskaffelser.no). The Norwegian Agency for Public and Financial Management (DFØ) offers guidance in CP at <https://www.anskaffelser.no/samfunnsansvar/sirkulaere-anskaffelser>. The guidelines are based up on the EU guidelines on public procurement for a circular economy (2017) and the Nordic Council of Ministers' report on circular procurement in the Nordic countries (2017). The following chapter will give a step by step guidance for the public procurers on how to carry out circular procurement, based on this guidelines.



Figur 2 The waste hierarchy for circular desitions

4.1 Strategic level (for organisation executives)

4.1.1 Identify ambitions and develop procurement policies for your organisation

Clear ambitions and well-defined policies is an important precondition to make circular procurement successful. The ambitions can be set down in, for example, the community part of the municipal plan, a strategic climate and energy action plan, a sustainability policy/environmental policy, an action plan for socially responsible procurement/green public procurement or a strategy for circular procurement. Make sure that the ambitions are converted into organisational policy once they have been determined. Such strategic ambitions would provide the strategic direction and operational targets for incorporating circular economy into procurement.

Determine the circular procurement ambitions of your organisation, in line with your definition of circular economy, and have them approved at executive level. Circular economy and circularity are often used interchangeably but refer to a different level. Circular economy is focussed on the economic system as a whole: it involves high-value reuse of products, components, and materials, it ensures that new products are non-toxic and makes use of renewable energy. In this way, products, components, and materials retain their value in closed cycles. Depending on the definition, circular economy may also include social aspects, such as employment. Circularity primarily concerns the high-value technical use and reuse of products, components and (raw) materials.

One of the first practical steps in this stage is to consider how CP can be integrated into the existing procurement practices and systems of the organization. Creating a circular procurement policy or incorporating circular economy principles into existing GPP or SPP policy can be an effective first step to ensuring it is visible as a priority, but it is not mandatory.

Tips for political and	organizational implementation of CP
<input type="checkbox"/> Political decision of strategic action plan	<input type="checkbox"/> Include CP in the procurement strategy
<input type="checkbox"/> Political decision of procurement strategy	<input type="checkbox"/> Introduce circular principles and criteria in procurement routines and manuals
<input type="checkbox"/> Theme in politician training program	<input type="checkbox"/> Training program for employees

4.2 Operational level (for procurers) – procurement steps

4.2.1 Preparatory stage – defining the needs and getting to know the market

Start with determine the needs of your organisation instead of the derived product request. Make an assessment of your specific needs: what are you really hoping to achieve? For example, do you need new office chairs or good office chairs (that need not necessarily be new)? Or, do you need lamps or do you need lighting? The needs analysis also has to take into account what are the legal and administrative requirements. It is beneficial to take Life-Cycle Costing approach as part of your CP (see further in Step 6 Defining green/circular criteria page XX).

During the needs analysis, procurers need to get to know the market (products, suppliers, manufacturers, service providers, price levels, etc.) to help them develop a greater understanding of what is already available and what is possible. This should follow the ambitions of the organisation. This stage can help to:

- Gather information on how the particular market is structured and how it operates.
- Find out, which solutions are available.
- Increase your trust and credibility with suppliers and improving relationships with them.

- Create the market conditions needed to deliver the potential products and services.
- Help procurers to identify opportunities for sustainability and innovation.

In addition, this helps also to give clarity to market players of your need and your circularity definition that is appropriate to the context of your request. In this way, there can be no dispute about what is understood by 'circular'.

Regardless of the chosen CP approach the procurement should start with the strategic decisions, that means an organisation needs to identify the strategic ambitions and develop organisational procurement policy. This should follow by development of the procurement procedure and common rules that is followed with each purchase. When the CP is done at the product level then the procedure starts with defining the subject matter and then follows the steps after that. In case of procuring at the supply or system level all the procurement steps should be taken starting from the preparatory stage and finishing with the contracting.

Strategic decisions	Consider level
<input type="checkbox"/> Identify ambitions	<input type="checkbox"/> the product level
<input type="checkbox"/> Document the organization's needs	<input type="checkbox"/> the supply or system level
<input type="checkbox"/> Do a market analysis and get to know the market	

4.2.2 Preliminary technical specification

The next step involves formulating preliminary technical specification of the procurement subject, which includes the general requirements for the procured product or service.

The organizations should identify whether a technical or a "functional" approach would be more appropriate for achieving a circular result. A lot of calls for proposal are mainly based on technical specifications with the client dictating the required product specifications. On the other hand use of functional specifications opens up opportunities to reach innovative and often more circular solutions. These innovative solutions were not prescribed but they do better fit the client's needs. Functional specifications better fulfil the needs and at the same time allow you to take advantage of the market's knowledge and innovative potential.

For example, in your search for a healthy office environment you can either opt for a technical specification ("an office of 2,500 m² with measures X, Y and Z") or use a functional specification ("a healthy working environment for 500 employees"). Functional specifications allow contractors to include the most recent developments and use their own creativity to fulfil the client's needs. Functional (or 'output/ performance-based') criteria will describe the desired result and which outputs (for example, in terms of quality, quantity, and reliability) are expected.

Functional specifications are not always the best choice. When dealing with an immature market or a simple product, technical specifications with due

regard for circularity may provide the necessary guidance for market players.

Specifications	Market
<input type="checkbox"/> Technical or	<input type="checkbox"/> Maturenes
<input type="checkbox"/> Functional	<input type="checkbox"/> Appropriate level to achieve wanted results

4.2.3 Market consultation and dialogue

You can use market dialogue and negotiations to find solutions that are resource efficient, where the products have a long life and can be recycled (anskaffelser.no). This is what you should keep in mind when entering into a dialogue with the market:

- Is the product made from renewable or recycled material? If so, how much? If not, what does it take?
- Is the product free of substances that are harmful to health and the environment?
- Can innovative design contribute to extended service life and lower environmental impact?
- Are there other ways to arrange the procurement to have the need covered in a more resource-efficient way? For example, fewer products to get the performance we need?
- Does the production or use require large amounts of water or energy, and can it be done more efficiently?
- Can the product be repaired, upgraded or reused during its lifetime? Can you as a buyer influence the supplier to take greater responsibility for this?
- Can the materials be recycled and utilized as raw material in a new product?

Set up a market consultation in a way that ensures the information exchange works both ways. First of all, share your own ambitions with market players. In addition, you should ask market players for information you need: what are the customary requirements in the market, what circular opportunities can be identified, how would parties like to be challenged?

Depending on your objectives there are various ways to perform a market consultation. Your choice should reflect the efforts that market players have to make, i.e. the consultation should be in proportion to the size of the contract.

The result of the market dialogue will form the basis for the procurement procedure and what criteria for circularity can be set.

4.2.4 Selection of procurement procedure

Select the procedure on the basis of the value of the contract, the number of suppliers in the market and the extent to which you want to stimulate cooperation between parties. Public organisations must comply with regulations relating to public procurement procedures.

There are a number of different tender procedures. Six commonly used procedures are:

1. **Restricted invitation to tender** - a procedure that consists of a single stage. Suitable for smaller contracts for which you can invite three to five parties. This procedure allows you to preselect several parties, for instance based on their previous experience with circular economy.
2. **Open procedure** - a procedure that consists of a single stage: an award stage. Suitable for tenders with either a small number of potential suppliers or a short lead time. Any operator may submit a tender.
3. **Restricted procedure** - a procedure that consists of two stages; first, a selection stage, and next, an award stage. This is suitable for tenders with a lot of potential suppliers. In the selection stage you make a selection based on your organisation's vision. The environmental technical capacity in a prior stage can be assessed and also limit the number of operators invited to tender.
4. **Competitive dialogue** - a restricted procedure with an added dialogue stage after the selection stage and before the award stage. The dialogue stage creates additional opportunities to add more depth to your project or ambitions. Procedure can be used by public authorities for purchases which require an element of adaptation of existing solutions; design or innovation; or in certain other circumstances. The competitive dialogue, in which any economic operator may submit a request to participate in response to a contract notice by providing the information for qualitative selection that is requested by the contracting authority. In this case contracting authorities have to provide information on needs requested.
5. **Competitive negotiated procedure** - a restricted procedure where negotiations are started with the winning tenderer in order to arrive at an improved proposal. Procedure can be used by public authorities for purchases which require an element of adaptation of existing solutions; design or innovation; or in certain other circumstances.
6. **Innovation partnership** - a procedure for a complex project where only one or a very limited number of parties has the expertise to respond to your request. So if a certain product or service is not currently available on the market the contracting authority could establish an 'innovation partnership'. The main feature of the innovative partnership is that the innovation occurs during the performance of the contract.

Some tips:

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- Choose a procedure that is proportional to the size of the contract.
 - Always make room for a dialogue with market players in order to get better acquainted with the parties involved and enable them to understand your ambitions.
 - Prevent high transaction costs for market players due to a procedure that is needlessly intensive.

4.2.5 Define green/circular criteria

Once the subject matter has been formulated and the procedure has been selected, you can formulate your criteria for circularity. The circular criteria can be formulated through technical or functional requirements / criteria, and can be put as selection criteria, minimum requirements and/or award criteria. Minimum requirements are set in the technical specifications and apply for the product/service. Award criteria are used during the evaluation of the bids. In case there are selection criteria, these criteria are applied at supplier level.

Determine what makes a particular company the best possible supplier for you (in case there is a selection stage) and what would be the best possible proposal for you. Use the outcomes to define your requirements and criteria for the selection stage (if there is one) and the award stage. Try to measure (quantitative) as well as evaluate (qualitative) circularity. There are several methodologies you can use to measure circularity.

Selection criteria

Selection criteria provide a degree of certainty that a particular supplier would be able to supply the requested product and/or services. The selection of tenderers consists in assessing the tenderers on the basis of the exclusion grounds and the selection criteria set out in the procurement documents. These rules aim to ensure a minimum level of compliance with environmental law by contractors and sub-contractors. Selection criteria may be used to establish whether a company is qualified to perform a specific contract:

- Personal situation of the company (either mandatory or optional grounds for exclusion)
- Suitability to pursue the professional activity
- Economic and financial standing
- Technical and/or professional ability.

Minimum requirements and award criteria

A procurement process can include both minimum requirement in a technical specification and award criteria. A minimum requirement is a lower threshold that parties have to meet ('yes' or 'no'). A criterion allows parties to distinguish themselves (good-better-best) and give additional points to better solutions. It is important to define clear minimum requirements and award criteria if you want to select the best supplier and the best proposal.

Design the criteria to

- Promote extended product life
- Promote closed material cycles
- Promote clean life cycles

Determine the circularity of the proposal in a way that is appropriate for the requested product group. Find out what measuring methods are commonly used within that product group. Consider focussing on a limited number of products in the tender and asking the winning supplier to demonstrate the circularity of the remaining products.

Make sure to define clearly targeted criteria (in the selection stage as well as the award stage). This will allow market players to distinguish themselves in areas that are important to your organisation. Using too many different criteria makes it harder for parties to make a difference.

Life Cycle Cost

When focusing on resource efficiency, products tools like Total Cost of Ownership (TCO) or Life Cycle Cost become relevant.

Many different backgrounds and disciplines have been interested in calculating the optimal allocation of budget by estimating the costs that incur during the whole life cycle of a product, service, project, investment, etc. The main cost categories that can be included in an LCC analysis are those related to the following five different life cycle stages: Research, development and design; Primary production; Manufacturing; Use; Disposal.

The awarding phase is not the only relevant moment for using LCC in the procurement. Analyzing the whole life-cycle costs of a product or service can be useful at different stages (Adell et al., 2011):

- At the preparatory stage: to assess the LCC of the current situation.
- Before tendering: to roughly assess different proposals to help guide market engagement activities before tendering, or to narrow down the different technological solutions to be considered.
- During tendering: to compare the LCC and the anticipated CO₂ emissions of different offers, during the evaluation phase.
- After tendering: to evaluate and communicate the improvements of the purchased product in comparison to the current situation and/or other products and to communicate results.

LCC analysis would be then just one piece of a wider number of elements to take into account when preparing and evaluating a public procurement process. Environmental impacts, as well as social conditions or innovation could be other additional issues to take into account in the procurement process.

Award criteria and price

The evaluation of tenders should be evaluated according to the award criteria with their relative weighting. In the past, procurement projects often focussed on lowest price. In circular procurement, it is recommended to use

most economically and advantageous (MEAT) in order to be able to prioritise circular aspects. Make sure you maintain the right price to quality ratio when you define your criteria. This allows market players to distinguish themselves in terms of quality, which includes circular ambitions. However, if the weighting shifts towards quality and circularity, there is a risk that the price will increase. To prevent this from happening, it may help to delimit the scope for solutions with clear (financial) conditions. This means you could consider setting a ceiling price and maybe a floor price.

A ceiling price will ensure that the offers you receive are not too high. After all, proposals that exceed the ceiling price will be excluded from the award of the contract. A floor price could prevent price cutters from winning the contract: by offering a very low price, they hope to win the contract with a minimum quality score. Using a ceiling price and a floor price would prevent this. An additional benefit of using ceiling and floor prices is that this allows you to measure the price performance on an absolute scale. A tender with the floor price gets a maximum score, while a tender with the ceiling price gets a minimum score, with the other prices on a linear scale between ceiling and floor. In this way, if price differences between tenderers are small, their price scores will not vary widely. However, setting a ceiling and/or a floor price would require you to conduct good market research prior to putting out the tender.

Some tips:

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- Give sufficient weight to quality in the price to quality ratio.
 - Use criteria relating to circularity in both the selection stage and the award stage.
 - Make sure to define clearly targeted criteria to ensure market players can distinguish themselves.
 - Use a measuring method that has been agreed with market players in that sector. Validate this with a market consultation.

4.2.6 Contracting

Suppliers may be required or encouraged to take responsibility for keeping a product or material in the cycle after use. Circular procurement contracts usually fall into one of four categories:

- Agreement on upgrading existing products: This applies to contracts to upgrade, further develop, repair, renovate or rehabilitate instead of buying new.
- Agreement on new equipment with a long service life and / or used equipment: If more products are needed, clients can request products that are designed to last a long time. These products usually achieve high quality requirements, can be repaired, have spare parts available, can be dismantled and can be recycled. Clients should also consider the possibility of meeting their needs with used equipment in dialogue with the market.
- Agreement on repurchase / resale: Repurchase means that the supplier buys back a product and ensures optimal value preservation via

reuse. The resale agreement includes an agreement on who (ie a third party) will have the product after use, usually for reuse or recycling. Alternatively, it is possible to introduce separate contracts that specifically deal with re-use, see section 4.

- Agreement on re-use and recycling services: Can be used both by a main supplier of new equipment joining a subcontractor (third party) who specializes in re-use and recycling of the equipment in question. Can also be entered into as a separate agreement, especially useful when the equipment has already been purchased.
- Product / service agreement: The supplier retains ownership of the product, and the user pays after use or according to performance, e.g. rental / leasing with the aim of extending the life of the products.

Compliance with contract clauses should be carefully monitored during the execution phase, with responsibility for compliance and reporting clearly indicated in the contract.