



# CircPro Policy Brief

## SMART CIRCULAR PROCUREMENT

### Key drivers at the EU policy level

The European Green Deal<sup>1</sup> is the main policy initiative and growth strategy of the EU. Presented in December 2019, it sets out the overall objective for the EU to become the first climate-neutral continent by 2050, resulting in a cleaner environment, more affordable energy, smarter transport, new jobs and overall better quality of life. The Green Deal emphasises that public authorities, including the EU institutions, should lead by example and ensure that they procure green products and services.<sup>2</sup> It provides an action plan to boost the efficient use of resources by moving to a clean, circular economy, restoring biodiversity and cutting pollution. The action plan outlines investments needed and financing tools available to ensure a just and inclusive transition.

Accelerating the transformational change required by the European Green Deal, the Circular Economy Action Plan of the EU<sup>3</sup> (2020) announces initiatives along the entire life cycle of products. The action plan targets the product design, promotes circular economy processes, fosters sustainable consumption, and aims to prolong the circulation of resources in the EU economy. In addition, the plan presents a set of interrelated initiatives to establish a strong and coherent product policy framework that will support sustainable products, services and business models and transform consumption patterns to minimise waste generation.

The Action Plan presents measures that make sustainable products the norm in the EU and empower consumers and public buyers. The plan focuses on the most resource-intensive sectors with a high potential for circularity, such as electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrient.

Public authorities' purchasing power represents 14% of EU GDP and can serve as a powerful driver for market demand. To exploit this potential, the Commission has developed **Green Public Procurement (GPP) criteria** to facilitate green requirements in public procurement for more than 20 product groups. These include 'core criteria' suitable for any contracting authority and focused on key environmental issues and 'comprehensive criteria' for procurements with a higher level of ambition.<sup>4</sup>



<sup>1</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

<sup>2</sup> COM/2019/640 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1596443911913&uri=CELEX:52019DC0640#document2>

<sup>3</sup> [https://ec.europa.eu/environment/strategy/circular-economy-action-plan\\_en](https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en)

<sup>4</sup> [https://ec.europa.eu/environment/gpp/eu\\_gpp\\_en\\_criteria.htm](https://ec.europa.eu/environment/gpp/eu_gpp_en_criteria.htm)

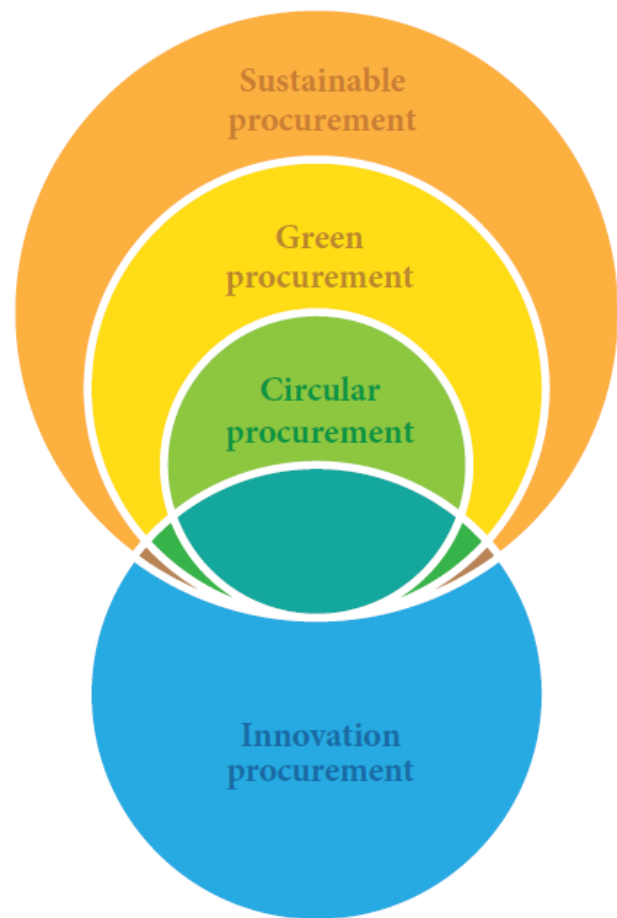


## The essence and importance of circular procurement

In light of finite resource flows, economies will no longer be able to rely on today's wasting linear "take-make-dispose" production and consumption models. A circular economy is an alternative to this model. It aims to keep products and materials in the value chain for a longer period and to recover raw materials after the lifetime of products for their next use.

Circular public procurement is an approach to greening procurement that recognises the public authorities' role in supporting the transition towards a circular economy. Circular procurement can be defined "as the process by which public authorities purchase works, goods or services that seek to contribute to closed energy and material loops within supply chains, whilst minimising, and in the best case avoiding, negative environmental impacts and waste creation across their whole life-cycle."<sup>5</sup>

Circular procurement is part of the broader sustainable procurement concept. Sustainable procurement is recognised as a strategic tool to drive innovation. Green procurement and more narrowly focused circular procurement are part of this wider agenda. Moreover, circular procurement is not only for purchasing products. By procuring innovative solutions, green and circular products, and new business models, it is possible to affect the whole product/service system or supply chain. Thus, circular procurement can be seen as a strategic instrument that plays an essential role in the transition towards the circular economy and a low-carbon future.



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Smart Circular Procurement (CircPro) project aims at promoting the transition to a more circular economy-oriented national and regional decision-making. CircPro's main objective is to improve the targeted policy instruments to incorporate the circular economy principles and criteria. Furthermore, CircPro targets circular procurement from different approaches and complexity, facilitating closed loops and shifting the focus from better quality products to new and innovative products and new business concepts. For further details, see <https://www.interregeurope.eu/circpro/>.



<sup>5</sup> European Commission: Public Procurement for a Circular Economy, October 2017  
[https://ec.europa.eu/environment/gpp/pdf/Public\\_procurement\\_circular\\_economy\\_brochure.pdf](https://ec.europa.eu/environment/gpp/pdf/Public_procurement_circular_economy_brochure.pdf)

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## Green and circular procurement in Lithuania

Lithuanian law and legislative system have not defined CPP. However, there is number of strategies and frameworks that creates opportunities for its implementation. CPP can mainly be addressed from two sides: GPP and public procurement of innovations (PPI). Lithuanian government has approved the National Program for the Green Public Procurement Implementation already in 2007. The aim of this program is to promote GPP and ensure that purchased goods and services would be as environment friendly as possible. In the frame of it the list of products and the environmental protection criteria which have to be applied for their procurement have been approved. Minimum environmental criteria must be applied on a mandatory basis, while extended environmental criteria are optional. At this moment, number of environmental protection criteria are in line with the principles of the circular procurement. Thus, some of the GPP may be considered as CPP.

Targets for GPP are set in the National progress program which is the main strategic document for the development of Lithuania up to 2030. Principle of sustainable development is identified as one of the three main horizontal principles together with innovation and equal opportunities. And it will be measured by the progress of applying GPP. It is planned to reach 50 % of GPP in 2025 and 55% in 2030.

One of the pillars of Lithuanian national progress programme is the innovative public procurement, as innovations are explicitly mentioned as one of the horizontal priorities which has to be applied in all the policies. It also sets quite ambitious targets to reach 20% of the innovation public procurement of all the public procurement in 2030. Demand-oriented innovation and innovation procurement policies are extremely important complement to GPP as they create more interactive relation and cooperation between the procurer and supplier while carrying out the procurement

## Recommendations for actions and policy measures for enhancing circular procurement in Lithuania

This policy brief brings forward ten recommendations which are based on different enablers that include green and innovation agendas. It is important to perceive those actions as a whole package for measures that would facilitate the implementation of circular public procurement, rather than single initiatives.

### 1. Defining the concept of Circular procurement in national legislation and integrating the concept into the broader Circular economy roadmap.

Having a nation-wide acknowledgement and definition of CPP would facilitate the creation of different support measures for its implementation and strategic planning for the long term. It would also reduce the ambiguity that is encompassing this concept and it would serve as a foundational source for the experts. Finally, it would increase the awareness of CPP as a new innovative way to look at the procurement.

### 2. Strengthening inter-institutional cooperation.

CPP policies must consist of interfaces of green and innovation agendas. In Lithuania, the main corresponding institutions are the Ministry of Environment and the Ministry of the Economy and Innovation. The overlapping responsibility is creating great challenges that must be overcome by dialogue and cooperation. Formation of joint regular work groups, information interchange and common projects could be a few of effective ways to raise mutual responsibility of the topic.

### 3. Updating GPP criteria.

Rapid pace of technological innovations and rising overall quality of products sets new standards that must be taken into account. Lithuania's GPP criteria can be criticized as being outdated and lacking of broader vision. The criteria must serve as a guidance for procurers to acquire products that are in some way more advanced (in terms of circularity and sustainability) than the prevailing market proposals. Having more sophisticated green criteria, leads to an easier to shift from green procurement to circular.

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#### **4. Incorporating GPP criteria in the procuring system in a more user-friendly way.**

One of the ways to make GPP (and CPP) more attractive for the procuring organizations is to present an “easy to use” method on how green criteria could be applied in practice. In more particular, GPP criteria should be distinctly seen in the procuring system and easy to apply during online tendering process.

#### **5. Improving GPP and CPP monitoring system.**

As CPP overlaps with several policy areas it is very difficult to collect proper data, thus an annual survey of the procuring organizations can be a way to track the progress of the CPP in the country. A methodology should be developed which would specify the criteria and characteristics which define the CPP. Survey would also give an opportunity to collect data on the level of circularity of different organizations.

#### **6. Supporting the procurement practitioners by providing sector based material.**

The specificity of CPP can widely range among sectors they are being implemented in. Therefore, it is important to analyse current trends of circular solutions in each sector separately. The creation of sector-based guidance material would broaden the perspective of the procurers. The material should include main technological trends and market insights, acknowledged standards and labels. It should also serve as a tool for the development of circular ideas, partnerships and strategies.

#### **7. Promoting strategic use of CPP at the organizational level.**

A rising number of organizations are establishing green and sustainable agenda on the strategic level. However, public procurement is often not considered as an implementation tool. The issue becomes particularly relevant when it concerns green, circular or sustainable procurement. The inclusion of procurement personnel in the formation of green and sustainable agenda, leads to higher application of GPP and CPP, and thus – the overall goals of the organization.

#### **8. Providing tools for circularity evaluation.**

CPP also distinguishes as having more complex evaluation criteria in comparison to non-circular procurement tenders. While setting up the criteria for the most economically advantageous tender it is recommended to avoid using the price parameter. Common rules and approaches that would be set by authorities would ease the way procuring organizations are taking care of the evaluation of circular procurement. The level of awareness and knowledge of existing tools for supporting the adoption of circular public procurement, is one of the most important factors in decision making on technical specification and award criteria.

#### **9. Developing financial support instruments for circular procurement based on innovation.**

Usually circular solutions are more expensive in a short-term, what might discourage procuring organizations to carry out circular procurement. Moreover, new innovative products require relatively more resources in comparison to already existing alternatives in the market. CPP should be facilitated with financial support measures that would be exclusively oriented towards green and circular objectives. Separate measure would not only show the enhanced concern of the topic, but also would focus the competition between similar-type projects.

#### **10. Initiating pilot circular procurements.**

As there are no national good practices in area of CPP it is worth to consider the initiation of ones, for example, by launching Green Deal campaigns. The dissemination of good practices can work as an inspiration and encouragement for the procuring organizations to incorporate circular criteria into their public procurement.

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