



CircPro Policy Brief, Finland



SMART CIRCULAR PROCUREMENT

Key drivers at the EU policy level

The **European Green Deal**¹ 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.² 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**³ (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.⁴



¹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

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

³ https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en

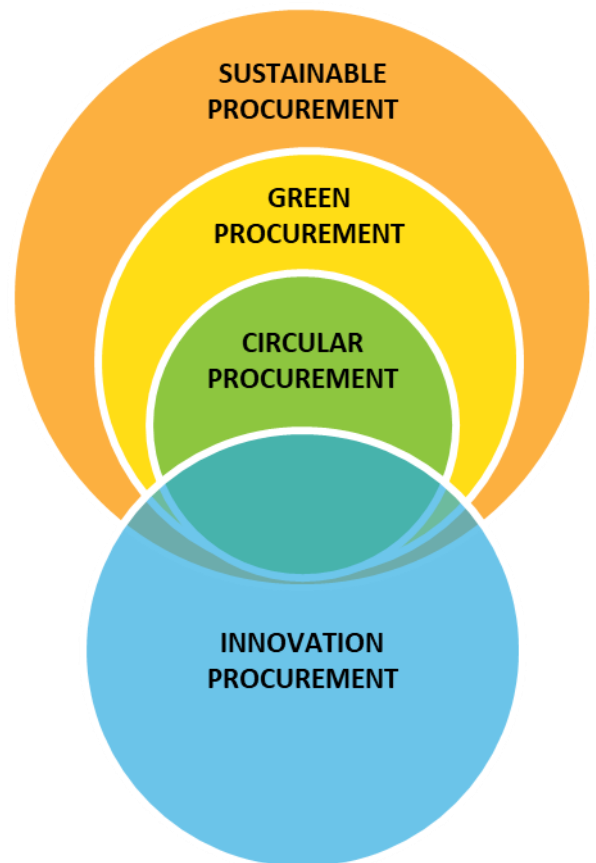
⁴ https://ec.europa.eu/environment/gpp/eu_gpp_en_criteria.htm

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."⁵

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/>.



⁵ European Commission: Public Procurement for a Circular Economy, October 2017
https://ec.europa.eu/environment/gpp/pdf/Public_procurement_circular_economy_brochure.pdf

Green and circular procurement in Finland

Finland aims to strengthen its role as a leader in the circular economy, green and circular procurement being an integral part of it. The Government's program "**Inclusive and competent Finland – a socially, economically and ecologically sustainable society**" outlines the following public procurement measures for enhancing green and circular procurement:⁶

- increase of procurement expertise,
- strengthening of the obligations of the Act on Public Contracts and Concessions concerning procurements and quality assessment,
- inclusion of carbon and environmental footprints as criteria for procurements with significant environmental impacts,
- adaptation of a tool for the division of risks of innovative procurements, and
- acceleration of wide adoption of good practices for sustainable and innovative procurements.

For the overall promotion of a circular economy, Finland has prepared a strategic **Circular Economy Programme**⁷. One of the highlighted measures is to procure and design low-carbon circular economy solutions for the public sector in construction, mobility, and energy and infrastructure projects.

The **National Public Procurement Strategy**⁸ is a common strategy for Finland, drafted by a cooperation forum called "Procurement Finland". The goals include sustainable development with integrated climate, environmental and employment-related topics. Previously, public procurement in Finland has been developed through individual short-term projects. With the novel strategy and broad-based cooperation, public procurement is able to enhance the achievement of wider sustainability goals of society.

Regional recommendations for enhancing circular procurement in Finland

Key policies on the regional level should support strongly the adaptation of circular procurement. Smart and sustainable procurement with consideration of circularity benefits not only the purchasing organisation itself but also the society and economy in general. It can bring remarkable direct and indirect benefits for all stakeholders, minimise environmental damage and enhance new business concepts, and the quality of the physical and socio-cultural environment.

This policy brief brings forward a series of experiences and recommendations to improve the implementation of green and circular procurements. They are based on the work done under the CircPro project in Kymenlaakso Region and Kouvola City, located in Southeast Finland.

I Securing policy support

It is crucial that policy documents addressing regional development and innovation take into account the preconditions for circular procurement. Therefore, circular procurement should be integrated into the regional and municipal documents either as a separate section or a horizontal topic. Measures to enhance green and circular procurement should be clearly indicated.

In Kymenlaakso Region and City of Kouvola, the CirPro project has promoted the incorporation of sustainable circular procurement to three policy documents with strategic importance:

- 1) The **Smart Specialisation RIS3 strategy of the Kymenlaakso Region**⁹ describes the region's strengths and expertise to distinguish itself from other areas.
- 2) The **Carbon Neutral Kymenlaakso 2040 Roadmap**¹⁰ outlines developing public procurement towards the circular economy as one of the key measures set to reach the climate targets. It foresees the necessity to update municipal public procurement guides and sets the percentage of sustainable procurements as one of the performance indicators to be monitored.

⁶ <https://valtioneuvosto.fi/en/marin/government-programme/strategic-themes>

⁷ <https://ym.fi/en/strategic-programme-to-promote-a-circular-economy>

⁸ <https://valtioneuvosto.fi/en/-/10623/national-public-procurement-strategy-identifies-concrete-ways-in-which-public-procurement-can-help-achieve-wider-goals-in-society>

⁹ <https://www.kymenlaakso.fi/in-english/kymenlaakso-s-smart-specialisation-ris3-strategy>

¹⁰ <https://www.kymenlaakso.fi/in-english/carbon-neutral-kymenlaakso>

- 3) The **environmental programme of the city of Kouvola, Environment 2030**¹¹, guides the city's organisation and other parties' activities, incl. procurement, towards green transition. circular economy. The circular economy is to be supported in such a way that it becomes an integral part of the region's public and business activities. The guidelines of the programme have been considered in the recently updated procurement programme¹² of the city.

II Practical recommendations

It is of utmost importance that procurers are supported by their organisation and its strategy. Each city and municipality should elaborate a joint, clear perception of the circular economy and its potential - and correspondingly, select its own starting point and step by step approach towards circularity. Joint understanding of strategic goals as well as dialogue and communication are essential here.

For a successful circular procurement process, it is advisable to integrate analysis of green and circular ambitions already in the first steps of the process. The analysis should be based on the contracting authority's aims and needs relating to sustainability, circularity and low-carbon goals, as well as systematic market mapping and dialogue.

To enhance the know-how and capabilities of key stakeholders on the local and regional levels, we recommend the following actions:

1) Support instruments

Take advantage of national support instruments. In Finland, a good start is the buyer groups¹³ for public purchasing authorities with common needs. The groups are facilitated by KEINO, the network-based competence centre for sustainable and innovative public procurement.

2) Training for procurers

Develop training modules for municipal procurers in co-operation with procurement experts and regional training institutions. Invite procurers from different units and thematic areas.

3) Monitoring of outcomes

Monitor the adaptation and development outcomes of circular procurement in your region. At the same time, search and analyse successful procurements.

4) Inspiration of stakeholders

Inspire the stakeholders by sharing information on successful cases. In Kouvola, the bio- and circular economy hub called Hyötyvirta ("Beneficial Flow") enhances and facilitates circular business development in the region and thus, provides an excellent platform and channels for wider information distribution among public and private stakeholders of the community.

5) Procurement seminars for businesses

Organise practical procurement seminars for regional businesses. Provide information on upcoming procurement cases and specific themes like environmental certification, new business and operation models, and logistic solutions. Share practical tips on how to write a tender proposal when environmental issues and circularity are prioritised.

6) Sectoral networking

Interact with RDI networks and thematic hubs on the national level to gain sector-specific knowledge regarding the possibilities and mechanisms of circular economy in different industries, where the approach can range widely.

7) Methodology development

Promote the possibility to establish a regular survey on the regional level to address the adaptation of circular approaches in procurement cases. Elaboration of common criteria for assessing circularity would be a great help here.

Interested in further information?

The CircPro project website provides a useful set of materials on circular procurement!
Good practices from CircPro partner regions: <https://www.interregeurope.eu/circpro/good-practices>
Regional action plans and guidebooks: <https://www.interregeurope.eu/circpro/library>

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¹¹ <https://www.kouvola.fi/asuminen-ja-ymparisto/luonto-ja-ymparisto/ymparistohjelma/> (in Finnish)

¹² <https://www.kouvola.fi/wp-content/uploads/2021/05/Hankintaohjelma-2021-2025.pdf> (in Finnish)

¹³ <https://www.hankintakeino.fi/en/node/34>