



Towards the inclusion of circular bioeconomy products and services in public procurement – status quo

Public procurement (PP) is a potential tool to integrate and advance bio-based, circular, green, sustainable or even innovative purchase at regional level and in considerable volume. The Bioregions Facility is exploring in detail how public procurement can achieve this.

The first Bioregions webinar on current regional PP practices brought together stakeholders from the Basque Country, North Rhine-Westphalia and North Karelia to share views on advancing the bioeconomy and including green aspects in PP. They discussed how PP works in their area and how the aspects of forest circular bioeconomy are currently included in tenders, as well as sharing their experiences on including new products and services in tenders that reflect innovation and green values.

Key messages

- Europe needs a framework in which to build a balanced bioeconomy that can create quality jobs, ensure nature conservation and have a positive impact on climate change and the biodiversity crisis.
- Clear regional strategies can drive both business and public approaches to procurement. Regional strategies can take the form of political guidance to include and drive green public procurement (GPP). Once the public sector has set the example, the private side will follow to stay competitive.
- Adequate training for PP staff can lead to inclusion and acceptance of sustainable and innovative aspects, helping to prioritise green or innovative options over a lower-priced, less sustainable offer.
- The degree of centralisation or decentralisation has a huge effect on PP execution and direction. A decentralised approach is characterised by different implementing levels of administration and requires effective management systems to ensure the consistent application of environmental criteria, while enabling autonomy in setting priorities. A centralised approach facilitates the systematic implementation of GPP but is only effective to a certain magnitude, becoming too complex in larger contexts.
- Political drive is critical for the inclusion of green values in PP to increase awareness or incentives and to reduce purchase barriers of innovative bio-based products and services and thus to advance the regional forest bioeconomy.

North Karelia

Population: 163,000; 13 municipalities

GDP: EUR 4.630 million

Forest area: 89% of total area

More than half of region's energy (64%) is renewable, following more than 25 years of climate & energy programmes. Local strategies aim to decarbonise the energy, building and infrastructure sectors with the forest bioeconomic cluster a cornerstone of business life and the region's industry sector.

What does procurement look like?

- PP figures in North Karelia include 52% services, 25% goods purchases and 22% construction contracts. In 2019, 1,353 offers were received, 803 of which were from North Karelia.

What are the region's key goals?

- Roadmap of Oil-free and Low Carbon North Karelia 2040 (2017)
- Climate and Energy Programme 2030 (2020)
- Climate & energy initiatives and policies enabled various stakeholders to identify opportunities and helped businesses to develop compatible PP goals

Experiences from the region:

- PP officer acts as a "risk reducer", opting for solutions already on the market, making it challenging to embrace new goods, solutions, technologies, etc.
- Regions and municipalities find it challenging to prioritise green or innovative options when faced with more economical offers that might be less sustainable.

North Rhine-Westphalia

Population: 18 million; 400 municipalities

GDP: EUR 693 billion

Forest area: 27% of total area

The leading sector in the industry is mechanical engineering. The forestry and timber industry employs around 160,000 employees subject to contributions and 31,000 marginal part-time workers. The Forestry and Wood Sector Cluster achieved a turnover of 39.49 billion euros in 2014.

What does procurement look like?

- The volume of PP in North Rhine-Westphalia is estimated between 40 to 100 billion € per year which translates to around 6,4-16% of the regional GDP. No detailed statistics exist yet; since October 2020, Germany has implemented the basis to collect public procurement with the help of the Federal Statistical Office (DESTATIS). There is a growing number of municipalities that incorporate ecological and social aspects participating in the public procurement process.
- Municipalities can make their own PP rules, but there is a law at national and federal state level providing a basic legal framework. Legally, municipalities should accept the best economic offer (price-quality ratio), but this is currently changing towards the inclusion of environmental and social criteria.

What are the region's key goals?

- Develop a strong cluster for forest and wood to raise the visibility of the forest-based sector in the Bioeconomy.
- Use of wood supply and raw materials is the basis for many future decisions.

Experiences from the region:

- Currently no GPP obligations at state or regional level, the flexibility to define PP with GPP at municipality level has been appreciated. There is no significant correlation between the economic situation of a municipality and the advancement of GPP.
- Training of staff responsible for PP does not include the systematic implementation of GPP; development and acceptance of more advanced GPP approaches can be facilitated by education, training and the general introduction of national best-case examples from experts (e.g. architects) to civil servants, which can also help to prioritise sustainable alternatives over prices in a proactive manner.
- A future top-down approach for regulatory-driven PP would both assist and direct municipalities and regions.

Basque Country

Population: 2 million; 251 municipalities

GDP: EUR 71,464 million

Forest area: 55% of total area

North Spain is a mountainous territory and an industrialised area; the forest sector is important.

What does procurement look like?

- Ihobe is a publicly owned company coming under the Basque Government's Vice-Ministry of Economic Development, Sustainability and the Environment. The role of Ihobe is to generate knowledge and to build capacity on topics related to environmental management policies including GPP with civil servants, administration and companies.
- The Basque Country has three levels of administration: regional government; territorial government; and municipalities. Within these levels, several bodies conduct PP, with many of them acting alone, resulting in a lack of coordinated exchange. Centralisation and capacity building are key elements for adopting GPP recommendations.

What are the region's key goals?

- The Basque Country is committed to GPP, as reflected in the Basque Plan for Environmentally Sustainable Consumption and Contracting 2006-2010. This includes GPP as one of the priority areas of action through "Exemplary Administration" and a programme for integrating the "Environmentally Sustainable Consumption Variable" in all sectoral policies.
- Ihobe's goal is to introduce new circular and socio-economic key performance indicators to realise GPP potential.

Experiences from the region:

- Although law on public sector contracts states where and how to introduce environmental criteria in PP and contracting, questions remain about how to do this in practice and implementation is still lacking. Lack of expertise and comprehension of GPP among PP officers and different administrative bodies is an obstacle.
- Similarly, there is a lack of training on sustainability and ecological aspects for civil servants.
- Strong cooperation and dialogue of Ihobe with the different parties (public and private) helped to achieve positive results and acceptance of GPP policies.



Forest property in the Basque Country. Photo: Sarah Adams