

CIRCULAR PUBLIC PROCUREMENT

EIB guidance note



**European
Investment Bank**

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EIB guidance note

Circular public procurement: EIB guidance note

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INTRODUCTION

“We must work as one – governments, companies and consumers alike – to break our addiction to plastics, champion zero waste and build a truly circular economy.”

António Guterres, 2023

Source: [World must ‘work as one’ to end plastic pollution: Guterres | UN News](#)

The world is using resources at a dizzying pace. Global natural resource consumption is expected to rise 60% by 2060, compared with 2020 levels, according to the World Economic Forum (World Economic Forum, 2024a).

The primary contributors to this rising demand are buildings, transport, food and energy systems. These sectors account for about 90% of global material demand (United Nations Environment Programme 2024b).

The world needs urgent and coordinated efforts to alter its use of limited resources.

The circular economy emphasises reusing products and minimising waste. Studies indicate that shifting to a circular economy could have an annual economic benefit of €1.8 trillion in Europe by 2030 (Ellen MacArthur Foundation et al., 2015).

Circular public procurement (CPP) is a powerful tool to help reach our circular economy goals. CPP is the process by which public authorities acquire goods and services in a manner that uses resources efficiently, cuts waste and extends product life (European Commission, 2017). By using more circularity in each phase of procurement, the public sector can help drive innovation, reduce environmental impact and stimulate sustainable markets. Circular procurement emphasises a “closed loop” supply chain that reuses products multiple times. This contrasts with a “linear” supply chain that often ends with the disposal of a product.

This Guidance Note will help embed circular principles into the heart of infrastructure development. We offer practical tools and insights to help project promoters, procurement professionals and other interested parties integrate the circular economy throughout the procurement cycle – from early planning to contract execution and performance monitoring.

Public procurement accounts for about a third of total global government spending, or about \$10 trillion (Government Transparency Institute, 2024). Public procurement can be a key driver in the transition to a circular economy and lead to big savings.

The role of multilateral development banks

The European Investment Bank (EIB) is the lending arm of the European Union and one of the biggest multilateral financial institutions in the world. During the World Circular Economy Forum in 2024, multilateral development banks, including the European Investment Bank, presented a shared vision of their support for a circular economy (World Circular Economy Forum, 2024b). They agreed to work together on circular economy approaches, share knowledge and enhance resource efficiency.

EIB procurement policy

The EIB has a responsibility to ensure that its funds are used effectively. However, project promoters – not the Bank – are responsible for all aspects of procurement.

Procurement for projects financed by the EIB follows the [Guide to Procurement](#) (updated in 2024), which sets out the rules for contracts funded by the Bank or loans guaranteed by it. The guide explains what arrangements promoters must make to procure works, goods and services.



Although the guide applies specifically to the parts of a project financed by the Bank, it also requires that procurement for other components does not undermine the project's technical, economic or financial viability.

The guide is updated regularly to reflect changes in EU procurement law, new Bank policies and international best practices. Updates are based on extensive internal and external consultations.

Recently, the EIB introduced a new initiative on strategic procurement.

Public procurement plays a vital role in investment, representing a significant share of spending by borrowers and project promoters. Traditionally, public procurement in large-scale and high-risk projects beyond the European Union has focused on compliance with formal rules and meeting immediate project needs, while upholding principles such as economy and efficiency, open international competition, equal treatment, non-discrimination, transparency and traceability.

While this compliance-based approach remains valid, new challenges like climate change, trade tensions, security concerns, the need for mature projects and limited promoter capacity require a more strategic approach. Strategic procurement seeks to integrate sustainability, climate action, innovation and circular economy considerations into public procurement.

Although discussions on how to address these challenges continue, there is broad agreement that public procurement is a key tool for doing so.

The EIB approach to strategic procurement

The Bank’s [approach to strategic procurement](#) addresses the challenges outlined above by complementing traditional, compliance-based procurement with a strategic performance-driven approach focused on three key objectives:



The goal of strategic procurement is to change how promoters, economic operators and the Bank use procurement to achieve these objectives. This approach strengthens the impact of strategically important projects and aligns procurement practices with the Bank’s broader priorities.

Strategic procurement brings sustainability, transparency, and inclusivity into procurement processes to increase the positive impact of development projects. This includes prioritising contractors that meet environmental and social standards, building local capacity, integrating digital tools and innovation and encouraging competition to ensure value for money.

Over time, this approach aims to transform the EIB’s project portfolio into a more impactful and effective instrument for delivering the strategic priorities of both the Bank and the European Union.

This procurement guide supports the implementation of sustainable procurement in projects financed by the EIB, aligning with the goals of the strategic procurement initiative.

How to use this guidance

Two main objectives

The integration of sustainability into the procurement processes of projects financed by the European Investment Bank is voluntary. This guidance is not mandatory, but it has two main objectives. First, it seeks to raise awareness and strengthen the capabilities of EIB promoters in circular public procurement. Second, the document offers a practical framework to integrate circularity into the entire procurement life cycle. This includes step-by-step instructions and insights that can be applied at each stage of the process – from needs assessment and market engagement to contract management and performance evaluation. This guidance can be adapted to a wide range of procurement contexts, regardless of the sector or size of project.

Key concepts

Section 1 introduces the core principles underpinning the circular economy and circular public procurement. It enables readers to understand and apply circularity principles in their organisations. By exploring the theoretical and practical dimensions of the circular economy, this section helps readers understand how circular approaches help sustainability and resource efficiency and create long-term value. Each sub-section in this chapter functions independently, allowing readers to focus on specific needs. To reinforce the main messages, every sub-section ends with key takeaways.

A roadmap

Section 2 offers a detailed roadmap for embedding circular economy principles into each stage of the procurement process. This section helps promoters incorporate circularity into project planning, tendering and contract execution. Each sub-section addresses a phase of the procurement cycle – from needs assessment and market analysis to contract award and post-contract management. For each phase, the section outlines the primary objectives, identifies opportunities for integrating circular strategies and provides practical guidance. Each sub-section is self-contained, allowing readers to focus on specific stages. Each sub-section ends with guiding questions and key considerations to help promoters implement complex circular procurement practices.

Annexes

Annex 1: Real-life examples and practical applications for each step of the circular public procurement framework.

Annex 2: Additional resources to help promoters implement circular procurement practices.

1 CIRCULAR PUBLIC PROCUREMENT – KEY CONCEPTS

1.1 Public procurement as a strategic tool

Public procurement accounts for 15% to 20% of global gross domestic product, and government procurement commitments represent around €1.3 trillion in business opportunities worldwide (European Commission, 2025a). Traditionally, public procurement focused on providing the right quantity of goods and services at the right time and place. However, this has evolved to ensure that procurement adds value to the organisation (OECD, 2021a). Rather than being seen as a purely transactional process, it is now recognised as a strategic function that can progress through several developmental stages. These include meeting organisational needs, ensuring compliance, improving efficiency, strengthening accountability, optimising internal value for money, delivering external value, and fostering collaborative value creation (Telgen, J. et al., 2007).

By advancing through these stages, procurement becomes a powerful tool for achieving broader policy objectives and supporting sustainable development goals.

Globally, public organisations are now using public procurement to meet a variety of societal goals, such as reducing unemployment, improving working conditions across the international supply chain, fostering innovation, creating opportunities for small- and medium-sized enterprises (SMEs) and local businesses, and promoting sustainable and circular goods and services. Public procurement has transitioned from being a means to an end to becoming a policy tool to meet development goals (Grandia and Meehan, 2017).

Philippines

A law enacted in the Philippines in 2024 includes a significant focus on sustainable public procurement (Republic of the Philippines, 2024a).

The new development plan aims to strengthen job creation and reduce poverty by steering the economy back onto a high-growth path. The country understands that sustainable procurement can promote green growth, resource efficiency and innovation. Additionally, the Climate Change Commission of the Philippines envisions a climate-resilient nation with highly adaptive communities.

The new government procurement act embeds economic, environmental and social considerations into procurement projects. The act ensures that government projects contribute to the well-being of society and the environment. The law also recognises that procurement decisions extend far beyond the initial purchase of goods (Republic of the Philippines, 2024b).

The Sustainable Development Goals recognise the importance of public procurement. SDG 12.7 focuses on sustainable public procurement practices (One Planet Network, 2024). The goal is to prioritise purchasing goods and services that have a lower environmental impact, are socially responsible and economically viable.

1.1.1 Public procurement and its role in meeting the Sustainable Development Goals

Figure 1 UN Sustainable Development Goals



Source: United Nations (2015)

While public procurement is specifically addressed in SDG 12, public procurement can help meet other SDGs (Figure 1). Particularly:

Linking public procurement with national development goals

1. Economic growth and job creation: Public procurement can stimulate local economies. This not only creates jobs but also fosters economic development, reducing poverty and inequality (SDGs 1 and 8).
2. Infrastructure development: Investment in infrastructure through public procurement can improve transportation, utilities, healthcare, education and other critical services. This supports industrial development and innovation (SDG 9) and contributes to sustainable cities and communities (SDG 11).
3. Sustainable practices: Governments can promote sustainable consumption and production patterns (SDG 12), support climate action (SDG 13), and protect life on land and below water (SDGs 14 and 15).

Linking public procurement with policy goals

1. Implementing transparent and accountable procurement procedures strengthens institutions and promotes peace and justice (SDG 16). This builds public trust and ensures that resources are used efficiently and effectively.
2. Inclusive growth: Public procurement policies that support gender equality (SDG 5) and marginalised groups can reduce inequalities (SDG 10) and ensure that economic opportunities are accessible to all.
3. International cooperation: Collaborative procurement initiatives foster partnerships between governments, the private sector and civil society (SDG 17). This enhances global cooperation and supports the SDGs.

Supporting SDGs through public procurement

1. Health and education: Procuring quality healthcare infrastructure, services, medicines and educational infrastructure and services ensures better health results (SDG 3) and improves the quality of education (SDG 4).
2. Environmental sustainability: By prioritising environmentally-friendly products, public procurement can reduce environmental impact and promote the use of renewable energy (SDG 7).
3. Social equity: Inclusive procurement practices ensure that all segments of society benefit from public spending, promoting social equity and reducing poverty (SDG 1).

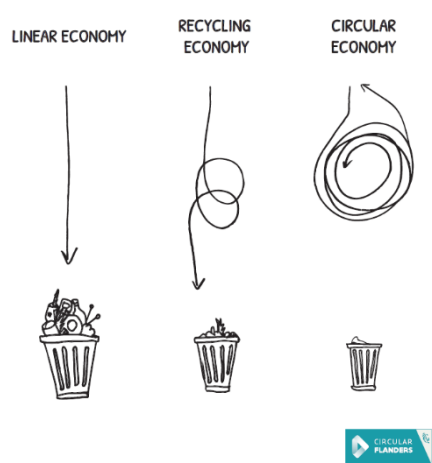
★ KEY TAKEAWAYS

- Public procurement has evolved from fulfilling specific demands to ensuring that it adds value to the organisation.
- Procurement can help governments meet societal and policy goals.
- SDG 12.7 is vital for fostering sustainable development by leveraging the purchasing power of governments to drive environmental, economic and social benefits. It ensures that public procurement contributes to long-term sustainability goals.
- Public procurement can help meet all the Sustainable Development Goals.

1.2 What is a circular economy?

The circular economy is a production and consumption model that emphasises sharing, leasing, reusing, repairing, refurbishing and recycling products and materials for as long as possible. This extends the life of products (Figure 2).

Figure 2 Three economic models



Source: Circular Flanders, 2026

The circular economy reduces material use and minimises waste generation. Efforts are made to extend the life of products through repair and reuse. When a product reaches the end of its life, its materials are recycled, allowing them to be used repeatedly. This model (Figure 3) contrasts with the traditional linear economy, which follows a take-make-use-dispose pattern and requires large quantities of materials, water and energy (European Parliament, 2024).

Figure 3 The Circular economy model



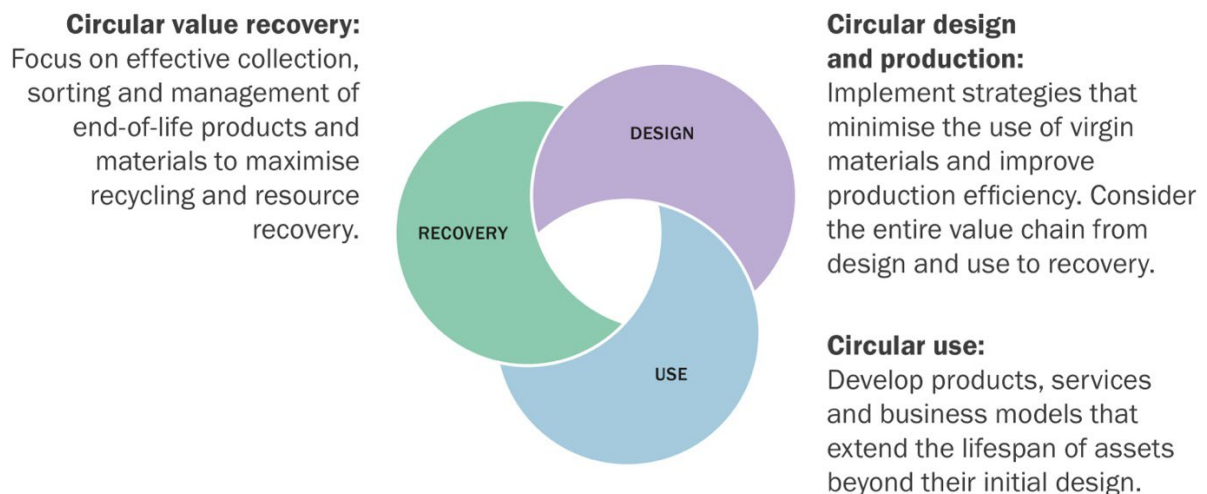
1.2.1 The concept

In a circular economy, waste is minimised by designing products and industrial processes to ensure that resources remain in continuous use. This involves efficient use of materials and using secondary materials and components, extending life through repair and reuse, as well as designing-in recyclability and recovery at end of life. By disconnecting economic growth from the extraction and consumption of materials, a circular economy allows companies to be less concerned with diminishing supplies and increasing price volatility (Ellen MacArthur Foundation & UNEP, 2019). This reduction in resource dependency fosters innovation and improves competitiveness. Additionally, a circular economy presents opportunities for economic and industrial renewal, leading to increased investments.

The circular economy can be defined (European Investment Bank, 2024a) as:

- **Circular design and production:** New products are designed and produced to minimise the consumption of virgin materials and the generation of waste.
- **Circular use:** Business models and strategies such as leasing and sharing, durable designs, repair for reuse, and renovation and repurposing maximise the use and extend the life of products, equipment, buildings and other assets. One example can be the ability to avoid construction of new buildings through better utilisation and refurbishment of old buildings.
- **Circular value recovery:** End-of-life products and materials are reused, repurposed or recycled to close the loop on resource and material usage (Figure 4).

Figure 4 Three elements of a circular economy



The circular economy strategies, known as the 10Rs, are further discussed in Section 1.3.1.



Circular economy principles can also help projects contribute to climate action and environmental sustainability objectives. For further information on the circular economy, refer to the EIB Circular Economy Overview 2024 (European Investment Bank, 2024b), which highlights the Bank’s work to support the circular economy through financing, projects and advisory support.

1.2.2 Promoting a circular transition

In recent years, the circular economy has been integrated into key national and international policies. In the European Union, a prime example is the EU Green Deal (European Commission, 2024a), which aims to create the first climate-neutral continent by 2050. An important part of this goal is the circular economy, as outlined in the European Commission’s Circular Economy Action Plan (CEAP) (European Commission, 2024b). The CEAP, adopted in March 2020, is a cornerstone of the EU Green Deal. It protects natural resources, creates sustainable jobs and halts biodiversity loss.

“Circular economy is an economic system that is regenerative by design.”

Attila Turos, World Economic Forum

Source: [Closing the Loop – A Documentary Film About the Circular Economy Revolution](#)

Globally, there is increasing recognition of the need to adopt circular economy principles. Significant progress has been made, with various countries and organisations implementing plans to promote circularity. Building on the 2020 Circular Economy Action Plan, the European Commission is in the process of introducing the EU Circular Economy Act – a legal framework designed to embed circular economy principles like repairability, recyclability, reuse, reduced resource use, and harmonised extended producer responsibility (EPR), into EU product, waste and material policies.

African Circular Economy Alliance

The African Circular Economy Alliance (ACEA) was conceived in 2016 during the World Economic Forum to develop Africa's circular economy ecosystem while capitalising on development opportunities. ACEA is a coalition of African nations with a mission to create a circular economy that promotes economic growth and environmental action. The alliance supports the transition to a circular economy at the national, regional and continental levels through policy development, leadership and advocacy, and advocates support for circular economy businesses and projects (African Circular Economy Alliance, 2024).

According to the Circularity Gap Report 2025 (Circle Economy, 2025), the global economy is not circular, with only 6.9% of material inputs being put back into use. This is down from 9.1% in 2018 and 8.6% in 2020, underscoring a growing problem. The cause is the rising levels of material extraction and consumption.

Over the past five decades, global material extraction has more than tripled, recently surpassing 100 billion tonnes annually. Projections indicate that without significant systemic intervention, this figure will increase by an additional 60% by 2060. This trajectory reflects a structural dependence on virgin resources, with over 90% of materials either lost as waste, dissipated or sequestered in long-lived assets such as infrastructure and industrial machinery, rendering them unavailable for reuse in the near term.

The report emphasises the pivotal role of governmental action in reversing this trend. Governments are uniquely positioned to catalyse the circular transition through the implementation of coherent policy frameworks and multilateral cooperation. Key policy levers include:

- Rebalancing fiscal incentives by shifting tax burdens from labour to resource use;
- Phasing out subsidies that reinforce linear economic models;
- Redirecting public investment toward circular infrastructure, innovation and capacity-building initiatives.

In 2026, the Circularity Gap Report introduced the concept of the value gap, providing, for the first time, a quantified estimate of the economic value lost as a result of prevailing linear economic models. This metric offers a concrete perspective on the scale of inefficiencies inherent in the current take-make-waste system, highlighting how value is dissipated across economic processes.

The losses extend beyond direct financial impacts, encompassing significant environmental and social issues, such as pollution, resource depletion, adverse health and reduced labour productivity. Importantly, the value gap should not be interpreted solely as a measure of loss. It also points to an opportunity for circular economy strategies to retain value, cut waste and support sustainable long-term economic development.

It is estimated that the value gap amounts to €25.4 trillion annually ($\pm$ €4.7 trillion) in avoidable losses linked to linear material use, equivalent to nearly 31% of global GDP (Circle Economy, 2026).

★ KEY TAKEAWAYS

- In a fully circular economy, waste is minimised by designing products and industrial processes to ensure resources remain in continuous use. This approach involves recycling or recovering unavoidable waste or residues.
- Circular economy promotes reduction in resource dependency, which fosters innovation and improves competitiveness.
- The circular economy can be defined as follows. (i) Design and production: new products and assets are created to minimise the consumption of virgin materials and the generation of waste. (ii) Business models and strategies: innovative approaches are employed to maximise the use and extend the lifespan of underutilised or idle products, equipment, buildings and other assets. (iii) Resource and material loops: end-of-life products and materials are recycled to close the loop on resource and material usage.
- Globally, there is increasing recognition of the need to adopt circular economy principles. Significant progress has been made, with various countries and organisations implementing policies and strategies to promote circularity.
- However, it is estimated that the value gap amounts to €25.4 trillion annually (± €4.7 trillion) in avoidable losses linked to linear material use, equivalent to nearly 31% of global GDP.

1.3 Circular strategies and goals

Circular economy strategies in procurement try to meet these goals:

- Reducing resource consumption and waste generation across the product life cycle;
- Extending the life of products, buildings and infrastructure;
- Adopting circular business models such as product-as-a-service (for example, with furniture);
- Promoting resource efficiency by closing material loops.

Procurement can play a big role in specifying the design, material choices, production and construction methods, as well as contracting, monitoring and reporting. Choosing the appropriate circular strategies to meet the sustainable goals will help identify the options available according to the budget, market conditions, supply chain maturity and product availability.

1.3.1 The 10R strategies

The ten R strategies (10Rs) provide a framework to consider options throughout the procurement cycle and project lifetime, regardless of the procurement approach and construction contract model chosen. Table 1.1 shows that the most circular options and significant benefits (such as reduced carbon, lower life-cycle impacts, etc.) are best considered earlier in the project cycle.

Table 1.1 The 10R strategies in relation to the construction life cycle

				Concept / design stage	Procurement phase	Construction phase	Use phase	End of life
Smarter product design and manufacture	R0	Refuse	Reject unnecessary or excessively harmful products	✓	✓	✓	✓	
	R1	Rethink	Rethink functionality, business models and design to reduce environmental impact	✓	✓	✓	✓	
	R2	Reduce	Make product and materials use more efficient	✓	✓	✓	✓	
Smarter use and lifetime extension of products, components and materials	R3	Reuse	Reuse existing elements, components, products and materials after first use	✓	✓	✓	✓	✓
	R4	Repair	Repair and maintenance of assets and products to optimise functional lifetime	✓			✓	✓
	R5	Refurbish	Restore components and products to update functions within existing life				✓	✓
	R6	Remanufacture	Return to as-new or better-than-new quality and performance	✓			✓	✓
	R7	Repurpose	Use discarded products or components for a different function			✓	✓	✓
Close material loops and maximise application	R8	Recycle	Process materials to obtain original (or lower grade) quality					✓
	R9	Recover	Energy recovery through incineration					✓

(Adapted from original by J. Cramer (Cramer, J., 2014))

1.3.2 Circular strategies checklist

Different phases of the project may be covered by more than one contract (for example, a two-stage design and build project) and be beyond the initial procurement exercise (for example, separate operation and maintenance contracts). However, impacts throughout the whole asset life cycle, including end-of-life options, will be influenced by sustainability considerations in the initial procurement exercise. Table 1.2 summarises some considerations at different stages of the project life cycle and how these relate to the circular categories noted in Section 1.3.1.

Table 1.2 Summary of the 10Rs and project life-cycle stage considerations

Strategy	Circular category*	Project life-cycle phase	Description
Refuse	Circular design and production or construction	Needs assessment	Challenging the need for the proposed method, such as renovating an old building instead of building a new one.
Rethink	Circular design and production or construction	Needs assessment, design phase and tender phase	Consider project risk, sustainability and circular options, and costs within budget and design team discussions.
Reduce	Circular support, circular design and production or construction	Design phase	Material choices and substitution options, including consideration of waste, ensuring that components and materials can be reused or fully recycled at end of useful life.
Reuse	Circular support, circular use and life extension	Design phase, construction phase	Options for reusing existing components' elements and materials (such as recycled content) as part of the specification
Repair	Circular support, circular use and life extension	Use phase	Specification for refurbishment and maintenance contracts
Refurbish	Circular support, circular use and life extension	Use phase	Facilities management
Remanufacture	Circular support, circular use and life extension	Use phase	Specifying remanufactured products for reuse with suitable warranties
Repurpose	Circular use and life extension	Use phase	Using end-of-life products and materials in a different way that retains or adds value
Recycle	Circular design and production, circular support, circular value recovery	End-of-life phase	Ensuring that all products that cannot be reused are recycled in local waste management systems.
Recover	Circular value recovery	End-of-life phase	Recovering energy from materials when recycling and all other options are not viable.

* See Section 1.3.1

Recycling concrete

Concrete is one of the most important building materials. At the end of its life, concrete is put in a landfill, buried or recycled into road-based aggregate (RBA), often mixed with other mineral waste materials such as bricks and tiles. Recycling concrete into RBA has important advantages: steel rebars are recovered, crushed concrete is reused and transport of bulk materials (with energy and air quality impacts) is minimal. But new roads need less and less concrete, while the amount of concrete waste is rising.

Different techniques for large-scale concrete recycling are being developed, where concrete is crushed and turned into aggregates for new concrete and a fine cement paste concentrate for making new low-CO₂ cementitious binders (Nordic Council of Ministers, 2023).

★ KEY TAKEAWAYS

The 10Rs strategies can be considered early in the procurement process to:

- optimise overall sustainability and circularity of available options, design and product material choices;
- ensure the design, construction and use of assets enables maximum value of products and materials when no longer required.

Whichever route is chosen, the procurement approach, specifications and contract management allow the maximum consideration early enough in the concept and design stages to ensure the project considers good options for:

- Low carbon and resilience
- Reuse and recovery
- Off-site construction
- Materials resource efficiency
- Waste reduction
- Deconstruction and flexibility

1.4 Circularity in the built environment

The built environment sector is the largest source of greenhouse gas emissions, responsible for at least 37% of global emissions. The built environment includes buildings, roads and other human-made structures. It uses almost half of the materials extracted globally each year (European Commission, 2025b).

The way we design, build and demolish these structures follows a linear take-make-waste model. By applying circular economy principles to the design of buildings and infrastructure, we can reduce greenhouse gas emissions and create more liveable, productive and convenient urban areas.

This approach could cut global CO₂ emissions from building materials by 38% by 2050 by reducing the need for steel, aluminium, cement and plastic. It would also make the sector more resilient to supply chain disruptions and price fluctuations of raw materials. By rethinking how we design our built environment and using new technologies and innovative business models, we can get more value from existing assets, keep resources and building materials in use, and prevent them from becoming waste (Ellen MacArthur Foundation, 2022).

The transition to a circular economy within the built environment will integrate resource efficiency with opportunities to decouple economic growth from carbon emissions. Globally, the circular economy could generate up to \$4.5 trillion in economic benefits between now and 2030. In Europe alone, it is estimated that transitioning to a circular economy could result in a net economic gain of €1.8 trillion per year, representing a potential 7% increase in gross domestic product (World Green Building Council, 2023).

The greatest potential for reducing and avoiding embodied carbon lies in the planning and design stages, emphasising the importance of adopting a whole building life-cycle approach within circular economy design. Extending the life of a building is the most valuable and least wasteful option, with renovations producing 50% to 75% fewer emissions than new constructions. New buildings can incorporate circular design strategies, such as “design for disassembly,” which can lead to a 10% to 50% reduction in greenhouse gas emissions. Early design decisions, developed through procurement requirements, significantly influence the ability to recycle materials later in the building’s life cycle (World Green Building Council, 2023).

1.4.1 The construction value chain

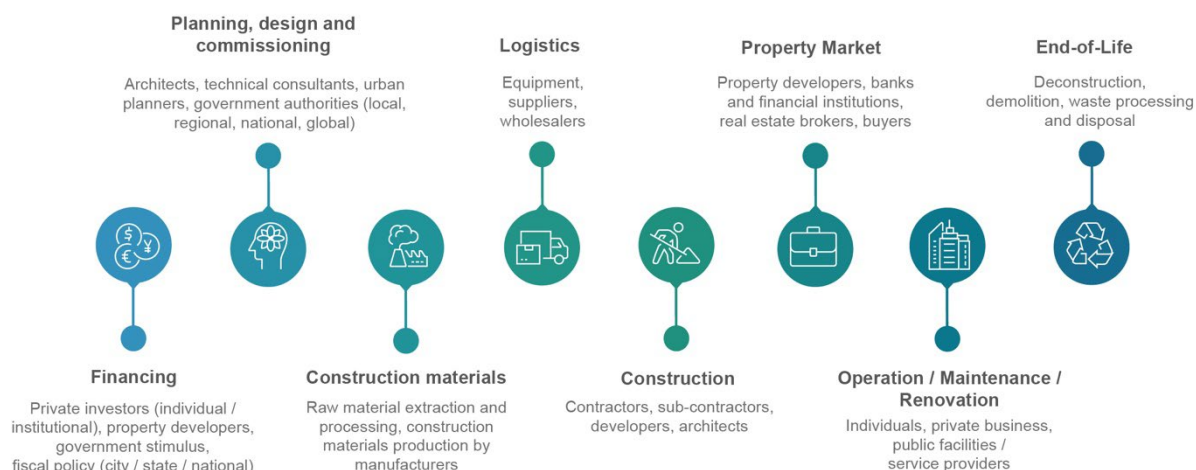
The whole-life carbon assessment of the built environment accounts for approximately 37% of global emissions (World Green Building Council, 2023). The construction sector is responsible for nearly 50% of the total material footprint in the global economy (European Commission, 2025b). This extensive resource consumption underscores the need for more sustainable practices.

Resource use and the environmental impacts will intensify in the coming decades. Half of the buildings that will be needed by 2050 have not yet been constructed. Resource consumption and associated emissions are expected to double by 2060, presenting a critical challenge for sustainability (United Nations Environment Programme, 2024a).

The construction sector is also a vital part of the global economy, representing about 13% of gross domestic product (World Business Council for Sustainable Development, 2020). It is important to integrate circular economy principles to balance growth with sustainability.

Public authorities, as key decision-makers, have a crucial role in steering the built environment towards circularity. They determine what is built and where, how much is being built, and the methods for construction. By prioritising sustainable practices and setting clear guidelines, public promoters can drive the adoption of circular economy principles, fostering a built environment that minimises waste, conserves resources and reduces carbon emissions.

Figure 5 Key stages of the construction value chain's decisions



Source: One Planet Network (2020)

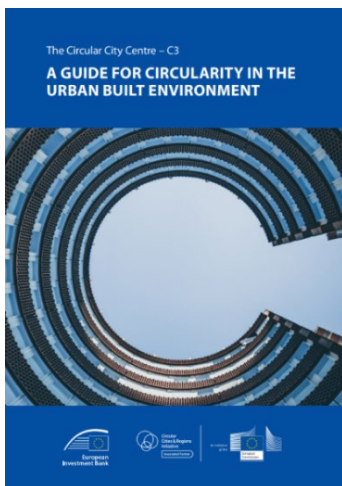
The transition to a circular built environment is significantly influenced at the financing stage and the planning and design phases (Figure 5). The stakeholders involved include public promoters, international organisations, financial institutions and major market players. Their decisions shape the trajectory of the built environment. By embedding circularity into the construction supply chains, these stakeholders can significantly shape the activities along the rest of the value chain, promoting sustainable practices that minimise waste, conserve resources and reduce carbon emissions. Figure 6 summarises different circular strategies in the built environment for design and construction. This integration of circular economy principles is essential for fostering a built environment that supports both environmental sustainability and economic growth (One Planet Network, 2020).

Figure 6 Circular strategies in the built environment for design and construction



Source: Circularity in the built environment: A reading guide (European Circular Economy Stakeholder Platform, 2025).

1.4.2 Cities' role in promoting circularity in the built environment



In 2024, the Circular City Centre – C3 (European Investment Advisory Hub, 2025) published “A Guide for Circularity in the Built Environment,” (European Investment Bank, 2024g), a comprehensive resource for the transition to a circular economy in urban settings. The guide provides forward-looking guidance for cities and regions, helping them implement circular strategies throughout the built environment.

Highlights of the guide:

- **Understanding the value chain:** The guide helps cities and regions understand the built environment value chain, identifying the roles of various stakeholders such as architects, manufacturers, users, facility managers, waste management companies and regulators. This understanding is crucial for implementing effective circular strategies at different stages of a building's life cycle.
- **Circular strategies:** The guide outlines various circular strategies that can be applied at different stages of a construction project, emphasising the importance of integrating these principles from the planning and design stages through to construction, operation and end-of-life management. The guide stresses the need for public-private collaboration to create a circular ecosystem.
- **Stakeholder engagement:** The guide highlights the importance of engaging with different stakeholders to create a circular ecosystem together. This includes fostering innovation through support for small businesses and startups and enhancing knowledge and skills among key stakeholders through training and education programmes.
- **Policy and instruments:** The guide provides an overview of city instruments that can be used at different stages of built environment projects to help develop and implement circular approaches and solutions, ensuring alignment with prioritised areas.
- **Recommendations and next steps:** The guide concludes with key recommendations and action steps for cities and regions to advance their circular transition in the built environment, covering policy and regulatory instruments, investments needed to develop a secondary materials market, public-private collaboration and capacity building.

The C3 guide highlights the role of public procurement to transition to a circular built environment during the planning and decision-making stage. Governments – national and municipal – have both the motivation and the means to invest in new buildings and infrastructure projects. Through public procurement, they can signal a preference and ambition for circular construction projects, encouraging sustainable practices. Circular public procurement can, for example, encourage more sustainable design and include criteria that specify flexible and adaptable design with potential for disassembly, the use of secondary components and materials, as well as local

material sourcing. This approach reduces the material and carbon footprint, extends the life of buildings and components, harnesses regional resources, and supports local economies.

These criteria can be applied to new buildings, renovations and maintenance work. Local governments can play a crucial role by surveying and documenting existing building stock and developing regulations and robust certification schemes for the reuse of secondary materials, particularly structural components. Additionally, they can stimulate secondary material markets by incentivising product manufacturers to develop take-back and leasing schemes, coupled with awareness-raising campaigns for consumers and small businesses. Partnerships and direct investments in storage facilities and processing equipment in key locations further support these efforts. Such practices are increasingly recognised as exemplary ways for public bodies to lead the industry through procurement policies.

1.4.3 Types of construction contract models

- Works contract – the most common method, which separates design from construction and involves a client, consultants and a contractor.
- Design, build and operate – the main contractor designs, builds and may even operate the project, giving the client a single point of responsibility.
- Turnkey – the main contractor is responsible for all stages: project design, financing, procurement, subcontracts and construction.
- Management contracting – the client employs subcontractors directly, with a main contractor managing them.
- Public-private partnership – a contract between the public sector, the building owner and a private contractor to manage and develop an infrastructure project.

Contract models and circularity considerations

Different contract models offer varying opportunities and challenges for integrating circularity into construction projects. The choice should be carefully aligned with the project's scope, the promoter's experience and the circular goals (Organisation for Economic Co-operation and Development, 2012).

Works contracts, often referred to as traditional contracts, allow the promoter to directly define circular requirements in the design and tender documents. This provides strong control and facilitates monitoring of sustainability targets. However, the rigid structure and divided responsibilities can limit the contractor's ability to introduce innovative or life-cycle circular solutions.

In contrast, turnkey contracts offer greater flexibility. This integrated approach can support more cohesive and innovative circular strategies throughout the project life cycle. However, it places higher demands on the contractor's expertise in circular practices. Without clearly defined functional requirements, circularity may be a lower priority than cost or time efficiency.

Regardless of the contract model, it is important to integrate options for circular and sustainable outcomes early in the design, construction and operational procurement processes. This can significantly enhance positive impacts and cost-effectiveness.

★ KEY TAKEAWAYS

- The built environment sector is the largest source of greenhouse gas emissions.
- By applying circular economy principles to the design of buildings and infrastructure, we can reduce the material footprint and greenhouse gas emissions and create more liveable urban areas.
- This approach could cut global carbon emissions from building materials by 38% by 2050.
- Public authorities have a crucial role in steering the built environment towards circularity.

1.5 Why it matters

1.5.1 The triple planetary crisis

The Global Resources Outlook Report (United Nations Environment Programme, 2024b) notes that there is a triple planetary crisis encompassing climate change, biodiversity loss, and pollution and waste. Global resource consumption continues to escalate, with material extraction projected to increase by 60% from 2020 to 2060. Extraction and processing of material resources are responsible for over 55% of greenhouse gas emissions and 40% of particulate matter health impacts. Current levels of resource use are not aligned with the Sustainable Development Goals. The report calls for immediate policy actions to eliminate unsustainable practices and foster sustainable resource utilisation. Central to this transformation is the adoption of a circular economy, which is pivotal in reducing waste and enhancing material resource efficiency.

1.5.2 European Investment Bank

In alignment with the European Commission's Circular Economy Action Plan (European Commission, 2024b), the European Investment Bank is committed to supporting the transition to a circular economy. Our primary objective is to enhance lending to innovative and transformative circular economy projects and to provide advisory services to help project promoters get financing (European Investment Bank, 2020).

“Transitioning to a circular economy is a crucial step towards reducing carbon emissions in the built environment.”

United Nations Environment Programme, 2023

In late 2020, the EIB approved its Climate Bank Roadmap 2021-2025 (European Investment Bank, 2023) and the EIB Group 2024-2027 Strategic Roadmap (European Investment Bank, 2024c). The climate roadmap outlines the EIB Group's goal to support a just transition, environmentally sustainable development and the European Green Deal. It has three key objectives:

1. Mobilise €1 trillion in investment for climate action and environmental sustainability from 2021 to 2030.
2. Increase the amount of financing dedicated to climate action and environmental sustainability to at least 50% by 2025.
3. Ensure that all financing is aligned with the Paris Agreement by the end of 2020.

As part of the EIB Climate Bank Roadmap, the Bank committed to increasing its support for the circular economy. By focusing on the design of products and materials that are durable, reusable and recyclable, emissions can be cut a lot when these details are adequately specified during the procurement process. The EIB Group has also published a Circular Economy Guide (see Section 2.2.1).

The EIB Group Environmental and Social Policy (European Investment Bank, 2022a) is the overarching framework for the Group's commitments, outlining a vision for the critical decade leading up to 2030. This policy places sustainable finance at the core of all EIB activities. The EIB has implemented a set of 11 environmental and social standards (European Investment Bank, 2022b). These standards define the requirements that both the promoter and the project must adhere to through the entire EIB project life cycle.



Circular economy is directly mentioned in Standard 3 – Resource efficiency and pollution prevention. This standard acknowledges the significant role of resource efficiency in helping the environment and fighting climate change while enhancing competitiveness through cost savings derived from improved efficiency, the commercialisation of innovations and superior resource management. This standard encourages the development of innovative business models aimed at increasing circularity. This approach ensures that the value of products is preserved for as long as possible, leading to substantial material savings across value chains and production processes. Additionally, it creates new economic opportunities.

Circular economy as a development strategy

The Africa Circular Economy Facility (ACEF) is a trust fund dedicated to the circular economy. Financing mechanisms like this are important because Africa is poised to become the next frontier for global production, thanks to its abundant and largely untapped natural resources, particularly in energy and agriculture. The continent is experiencing exponential growth in consumer spending, with projections indicating that by 2030, the demand for food in urban areas will reach a value of \$1 trillion. Additionally, by 2030 approximately two billion people will require food, clothing and other essential items. About 1.5 billion people live in Africa today.

This increasing demand necessitates a fundamental shift in production from the traditional linear “extract-use-dispose” approach to a circular “use-reuse-repurpose” model. Such a transition is crucial to minimise resource waste and ensure sustainable development. ACEF supports adopting a circular economy as a development strategy that enables African countries to expand their economies without exceeding planetary boundaries. By focusing on resource efficiency, waste reduction and the regeneration of materials, African nations can have sustainable growth while preserving their natural resources for future generations. This approach also opens up new economic opportunities, fosters innovation and enhances resilience against global market fluctuations (African Development Bank Group, 2024).

Adopting a more circular approach to procurement can also significantly support other EIB environmental and social standards, increasing the bankability of the project. Here are some examples:

Standard 1 – Environmental and social impacts and risks: The circular economy promotes resource efficiency and waste reduction, which directly mitigate environmental and social impacts. By designing products for durability, reusability and recyclability, the circular economy reduces the extraction of raw materials and minimises waste generation. This lessens the environmental footprint of projects but also reduces social risks associated with resource depletion and waste management.

Standard 4 – Biodiversity and ecosystems: The circular economy supports the preservation of biodiversity and ecosystems by closing material loops and reducing the demand for virgin materials, which often leads to habitat destruction and biodiversity loss. By prioritising recycled and sustainably sourced materials, the circular economy helps protect natural habitats and ecosystems.

Standard 5 – Climate change: The circular economy plays a crucial role in mitigating climate change by reducing greenhouse gas emissions associated with resource extraction, production and waste management. Circular practices such as designing for disassembly, reuse, remanufacturing and recycling lower the carbon footprint of products and processes and retain embodied carbon for longer periods. By extending the life cycle of materials and products, the circular economy reduces the need for energy-intensive production of new goods, thereby decreasing overall emissions.

1.5.3 Supporting promoters' circular economy transition

Around the world, countries are increasingly adopting circular economy principles to promote sustainable development, reduce resource extraction and combat climate change. This transition involves setting legislation, building capacity, procuring more sustainably and implementing innovative projects, which are crucial for creating a more sustainable and resilient global economy.

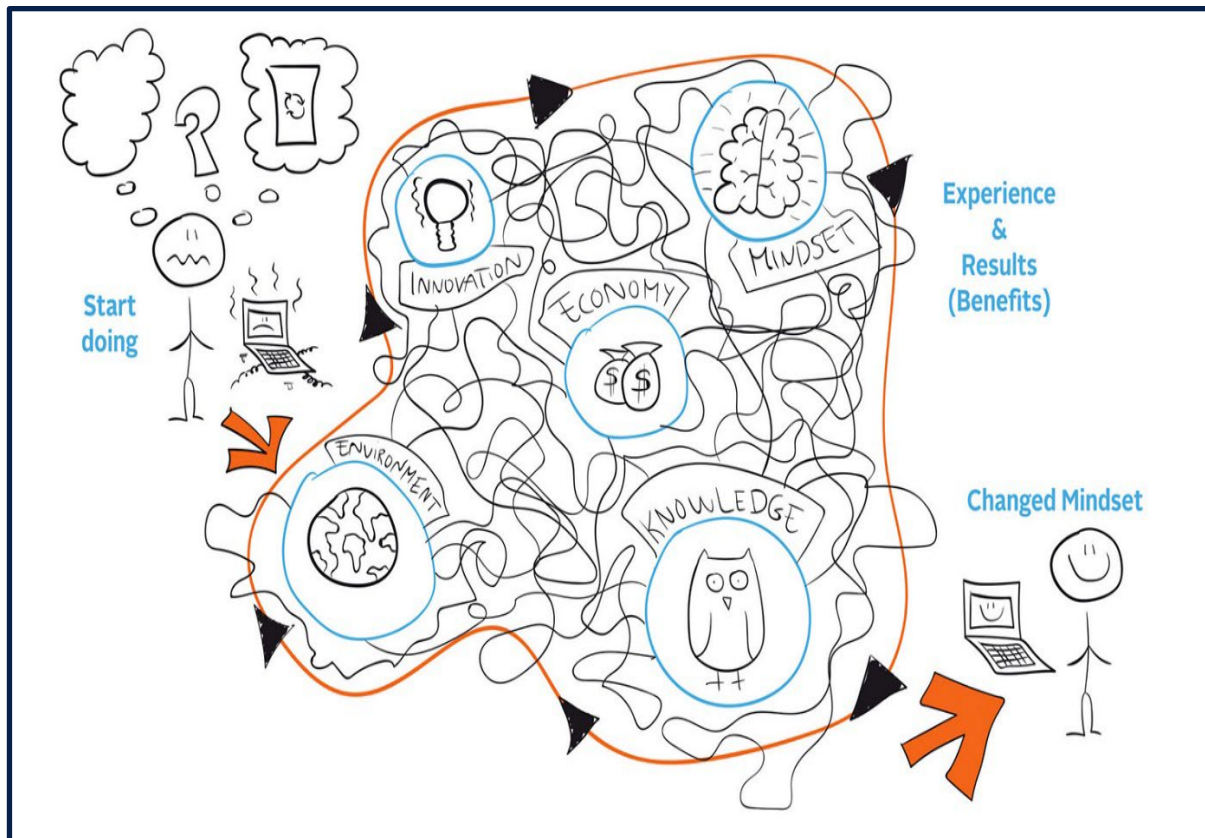
In line with its dedication to advancing the circular economy across all operational regions, the EIB is committed to supporting its promoters in the execution of innovative key projects, which align with the national strategic goals for transitioning to a circular economy model, while also adhering to relevant regulatory and legal requirements. Through this strategic support, the EIB can play a pivotal role in driving the transition to a circular economy. It aims to empower promoters to develop and scale projects that reduce environmental impact, enhance economic resilience and contribute to the sustainable development and circular transition of their regions. This commitment underscores the EIB's role as a leader in promoting sustainable finance and its dedication to fostering a more circular and resilient global economy.

★ KEY TAKEAWAYS

- Global resource consumption continues to escalate.
- The built environment sector is the leading source of greenhouse gas emissions. Transitioning to a circular economy is crucial.
- The EIB is committed to promoting the circular economy across all regions where it operates.
- Countries are increasingly adopting circular economy principles to promote sustainable development.
- The EIB is committed to helping clients develop innovative key projects for the transition to a circular economy

1.6 What is circular public procurement?

Figure 7 From public procurement to circular public procurement: a new mindset



Source: City of Aalborg, 2021

1.6.1 Definition

Circular public procurement can be a key tool to support the implementation of the circular ambitions of the project, and is an approach where public authorities purchase goods, services or works in a systemic way that supports the principles of a circular economy (Figure 7). The European Commission defines circular public procurement as the process by which public authorities purchase works, goods or services that contribute to closed energy and material loops, whilst minimising or avoiding negative environmental impacts and waste creation across the whole life cycle (European Commission, 2017).

Sustainable and circular procurement have different approaches. Sustainable procurement focuses on the overall impact of a product throughout its life cycle, considering factors such as environmental footprint, social responsibility and economic viability. Circular procurement emphasises extending the life of products and reducing waste through reuse, recycling and remanufacturing (Klima Agence, 2025).

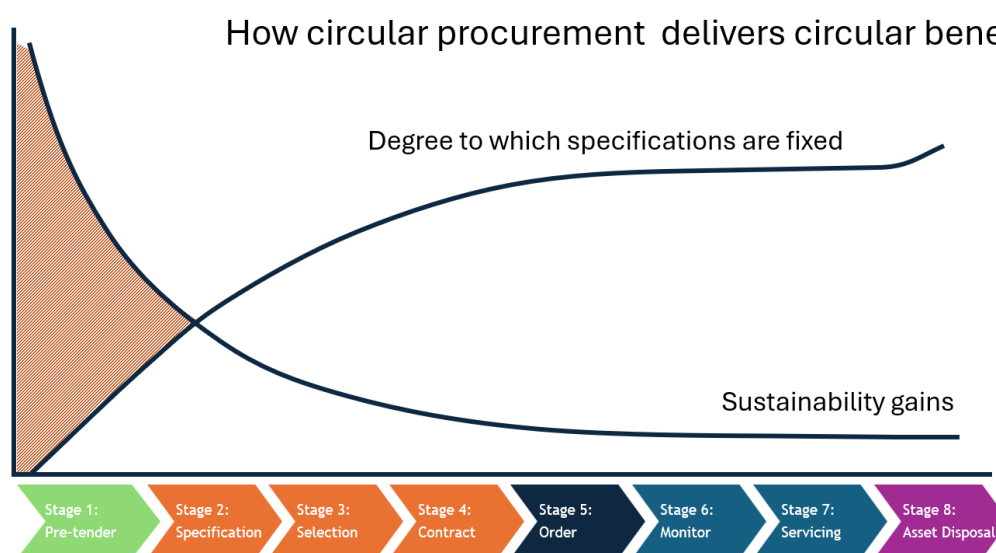
1.6.2 Circular public procurement and the procurement cycle

Circular public procurement must cover the entire procurement cycle to be most effective. This means starting at the initial planning and needs assessment stages, through to the design, sourcing and contracting phases, and finally to the use, maintenance and end-of-life management. By considering the full life cycle, procurement can ensure that products are designed for adaptability, durability, reparability and recyclability, minimising waste and maximising resource efficiency.

The circular benefits are most pronounced at the beginning of the procurement cycle (Figure 8). Pre-tender stages, such as planning and needs assessment, offer the greatest opportunities to embed circular principles. By setting clear and achievable circular goals, setting circular criteria and selecting products designed for adaptability, durability, reparability and recyclability, significant environmental, economic and social gains can be achieved. These initial decisions shape the entire procurement and project implementation process, ensuring that resources are used efficiently, product life is extended and waste is minimised from the outset.

As the procurement cycle progresses, the potential for benefits tends to diminish. During the implementation phase, the focus shifts to executing the plans and managing contracts. There is limited room to introduce new circular strategies outside of the project and contract framework. While maintenance and end-of-life management still offer opportunities for circularity, the decisions made at the beginning have the most impact. Prioritising circular principles early in the procurement cycle is crucial.

Figure 8 Circular procurement benefits



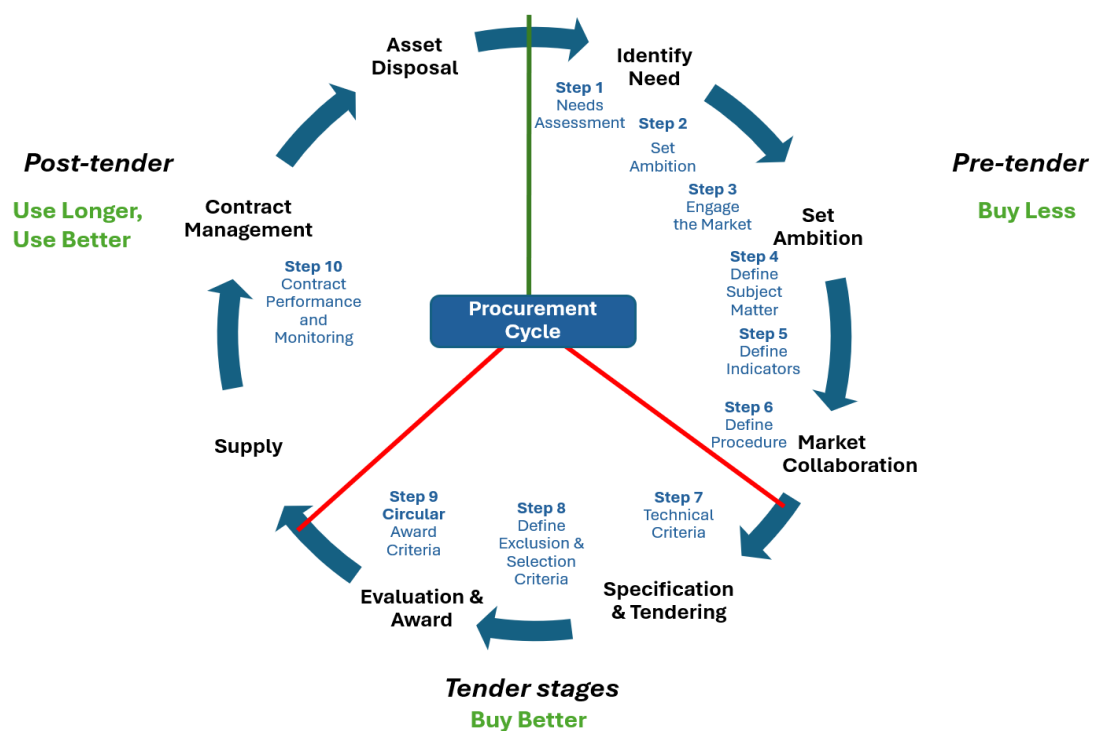
1.6.3 Circular public procurement as a strategy to close product loops and retain value

Circular public procurement closes loops and retains economic value within the system. “Closing the loop” in a circular economy revolves around creating a sustainable system where products and materials are reused, repaired, refurbished and recycled, rather than disposed of after a single use. This contrasts sharply with the traditional linear economy, which follows a “take-make-use-dispose” model, leading to waste and resource depletion.

Closing the loop involves designing products with their entire life cycle in mind, ensuring they can be easily repaired and later disassembled and adapted, and their components reused or recycled. It also includes establishing systems for collecting and processing used products to recover valuable materials.

Circular public procurement addresses product loops throughout the procurement cycle by implementing plans to slow, narrow and close the loop (Figure 9).

Figure 9 The procurement cycle and key stages



Slowing the loop involves using products as long as possible within their functional lifespan and, where possible, extending their lifespans through adaptive and durable design, maintenance and repair services.

Narrowing the loop focuses on retaining products and materials at their highest economic value by improving resource efficiency and reducing material consumption, for example through innovative design and manufacturing.

Closing the loop ensures that products and materials are recycled or repurposed at the end of their functional life, turning waste into valuable resources and minimising environmental impacts from unnecessary use of primary materials.

1.6.4 Circular public procurement as a strategic tool to deliver development goals

Figure 10 The three pillars of sustainability



Source: Dalibozhko, A. & Krakovetskaya, I., 2018

As outlined in Section 1.1, public procurement serves as a potent instrument for achieving a broad spectrum of policy and development objectives for a country or organisation. Circular public procurement marks a significant shift from traditional procurement practices rooted in a linear economic model, transforming procurement into a mechanism that fosters and implements a transition towards a circular economy. When applied strategically, circular public procurement can help meet environmental, social and economic goals by embedding circularity principles into every stage of the procurement process (Figure 10).

1.6.5 Life-cycle costs

To determine the cost of a contract, promoters can request the total cost of goods or services based on the whole life cycle rather than only the purchase price. Using a total cost of ownership (TCO), the life-cycle cost (LCC) or whole-life cost (WLC) model can help promoters identify the most economically advantageous tender (Directive 2014/24/EU of the European Parliament, 2014), support obligations to improve the economic, social and environmental well-being of their area, and get more value for money. The most economically advantageous tender is discussed in detail in Section 2.2.4.

There are several methods for calculating costs, and the Organisation for Economic Co-operation and Development notes that terminology is often used interchangeably, and that definitions of the same methods can vary (Organisation for Economic Co-operation and Development, 2022).

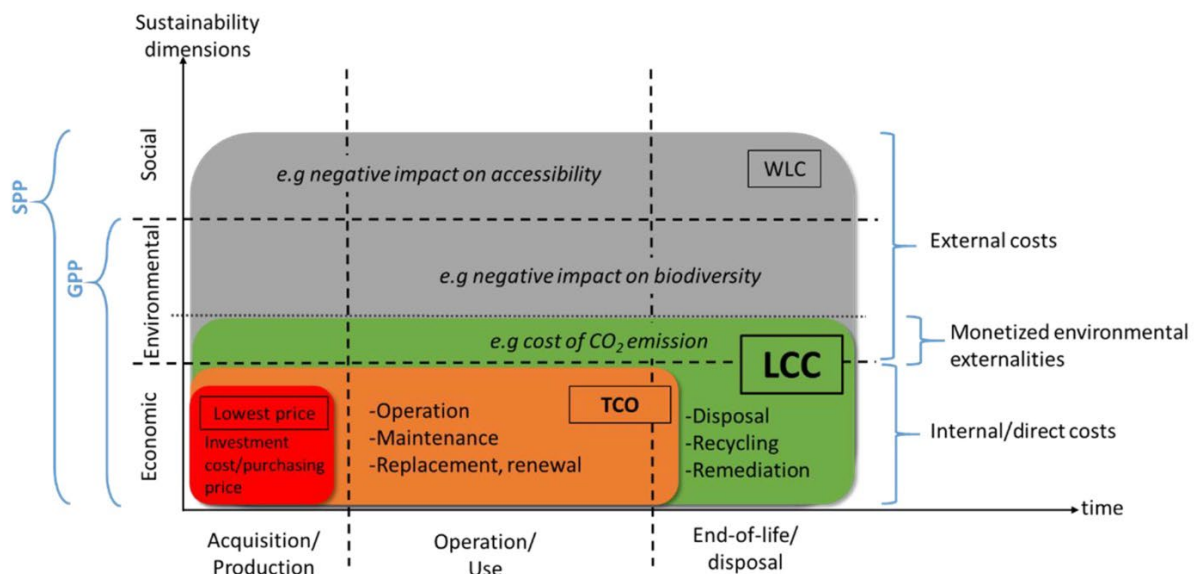
TCO and LCC are similar, focusing on direct costs, whilst WLC includes direct costs and indirect costs such as disposal and potentially also social value (Figure 11).

Total cost of ownership considers the total cost of a product or service from the time of purchase through the entire ownership cycle, which may be shorter than the actual life cycle of the asset. This makes the actual costs between the providers transparent and comparable in contrast with the cheapest purchase price.

Unlike TCO, the life-cycle costing approach considers costs over the entire service life of a product or service. This begins well before the purchase of the product or asset, namely during its planning, development and production or construction phase. The advantage of LCC over TCO is that it enables the evaluation of economic feasibility, and helps optimise the design, operation and maintenance of the asset.

Whole-life cost calculates the total cost value of the goods or services over their full useful life, from cradle to grave, considering all the costs of purchasing, operating, maintaining and disposal, which can include the direct costs of production, purchase, operation and disposal. *Unlike LCC, which may consider only part of the costs, a WLC approach should consider all the relevant costs, including indirect environmental and social costs, relating to the works, goods or services.*

Figure 11 TCO, LCC and WLC



Source: OECD, 2022

In the procurement community, the term LCC is widely used, although it seldom includes a comprehensive assessment of externalities. For the sake of clarity, in Section 2 the term LCC will be used to refer to other cost factors being considered, above lowest price considerations.

★ KEY TAKEAWAYS

- Circular public procurement is a powerful tool to support the sustainable goals of the project.
- It is a big shift from traditional procurement practices.
- The benefits are the greatest at the start of the procurement cycle.
- It closes product loops and retains economic value within the system.
- It helps with **environmental, social and economic goals** by embedding circular principles into every stage of the process.

1.7 Capacity building and collaboration

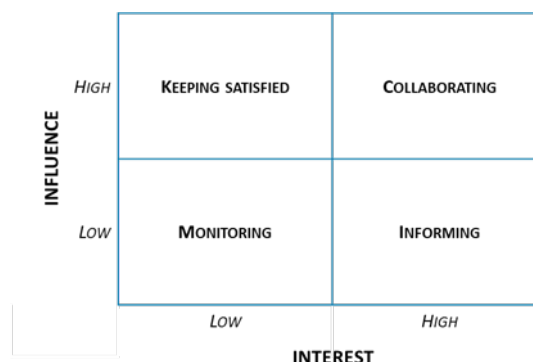
1.7.1 Procurement stakeholders

Major investment projects require collaboration. Internal collaboration helps align the interests of internal stakeholders and the supply chain. This is especially important for large, complex projects that involve multiple contracts and people, such as promoters, planners, design teams, consultants, major contractors, subcontractors. So setting clear circular goals early in the process is necessary. Working with internal stakeholders should involve four steps:

- Identifying internal stakeholders.
- Mapping the interests of different stakeholders and where their input fits in the procurement cycle.
- Involving stakeholders in preparation. For example, using the [RACI tool](#) to identify who is responsible, who is accountable, who needs to be consulted and who should be informed.
- Involving stakeholders in the procurement procedure.

The RACI approach depends on the influence and interests of the different stakeholders in the procurement project. This can be mapped simply as in Figure 12.

Figure 12 Stakeholder influence matrix



Source: Johnson, Scholes & Whittington, 2011

Internal collaboration will also help direct successful market engagement activities at the pre-procurement phase. These activities are discussed in more detail in Section 2.1.3.

1.7.2 Circular ambitions

It is crucial to clearly define the sustainability and circular economy goals for the project's procurement. Typically, the goals can be set from the sustainable and circular strategy of the country or organisation.

Understanding the project's sustainability objectives (for a detailed explanation on circular strategies and goals, see Section 1.3) helps promoters formulate strategies for successful internal collaboration and stakeholder engagement, and it helps define the most efficient market engagement approach (see Section 2.1.3).

Circular projects thrive on strong collaboration among diverse stakeholders. A shared vision and clear sustainability goals unite participants and foster collective responsibility. Broad stakeholder engagement – including government, non-profits, communities, and private sector – ensures varied perspectives are considered. Open, transparent communication supports interdisciplinary approaches and innovative solutions. Resource sharing promotes efficiency and partnerships, while high circularity ambitions drive creativity and innovation. Collaboration delivers mutual benefits such as cost savings, environmental improvements, and enhanced reputations. Finally, these projects build long-term relationships that extend beyond individual initiatives, creating a foundation for future cooperation and a more cohesive approach to sustainability.

Colombia's National Circular Economy Strategy

Colombia's National Circular Economy Strategy is designed to foster long-term economic growth and address environmental challenges. Launched in 2020, the strategy provides a framework for integrating circular practices across the economy. It emphasises the critical role of stakeholder engagement and collaboration. The strategy encourages active participation from everyone, including government agencies, the private sector, academia and civil society. The primary goals are: reducing waste and promoting sustainable waste management, increasing resource efficiency and fostering sustainable production and consumption patterns, promoting eco-design and circular business models, encouraging circular procurement practices and advocating for extended producer responsibility and sustainable supply chain management (Circular Innovation Lab, 2023).

1.7.3 Building capabilities

Section 1.1 shows that procurement has evolved from a “means to an end” to a strategic tool for organisations and countries to meet broader objectives. This shift towards strategic procurement necessitates a broad project team that is knowledgeable and has the resources to implement these strategies effectively.

This competence is critical for circular public procurement and its application in complex building and infrastructure projects. Lack of knowledge among procurement professionals regarding circular economy principles can significantly hurt the sustainability practices in the projects. A lack of knowledge can obstruct efforts to move towards sustainable, circular approaches and it can jeopardise national circular transition goals.

Many procurement professionals are not fully aware of the principles and benefits of the circular economy. There is often a lack of formal training focused on circular economy practices in procurement departments. Without adequate training, procurement professionals may struggle to implement circular procurement strategies.

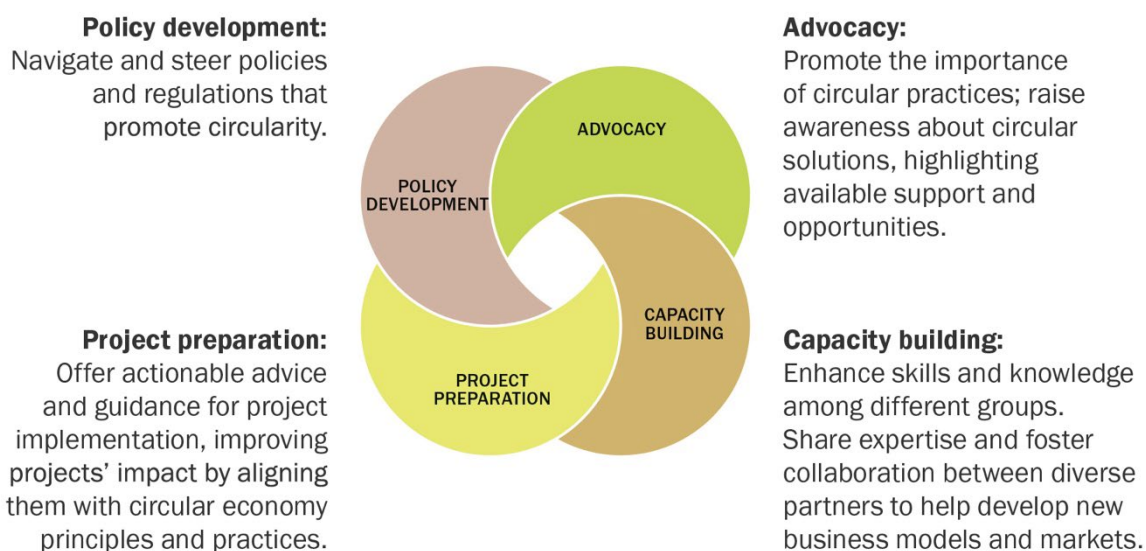
The circular economy requires a departure from traditional procurement practices and involves a more holistic systems-based approach. Procurement professionals may initially find it challenging to understand and apply these new models without proper guidance and support. Implementing circular procurement requires specific tools and resources, such as guidelines, procurement criteria and best practices.

Countries and organisations must invest in comprehensive training, not only for their procurement workforce but for all stakeholders involved in the implementation of key circular projects. This investment can be carried out through targeted training programmes, the development of extensive resources and tools, and fostering a culture of continuous collaboration, learning and innovation among stakeholders and within procurement departments.

The EIB is committed to supporting promoters in the implementation of circular public procurement practices. Advisory support is different from financing support (European Investment Bank, 2024a).

Figure 13 Advisory support from development banks

Advisory support



Source: European Investment Bank, 2024a

The Asia Pacific Green Public Procurement Network

The Asia Pacific Green Public Procurement Network, supported by the United Nations Environment Programme and the Korea Environmental Industry and Technology Institute, is a prime example of knowledge sharing in procurement in Asia and the Pacific. This initiative helps governments in the region to implement sustainable public procurement practices.

The network offers online and in-person training to build the skills of procurement officials, covering areas such as ecolabelling, sustainable procurement criteria and best practices. It helps countries implement sustainable procurement policies, including guidelines, toolkits and standards.

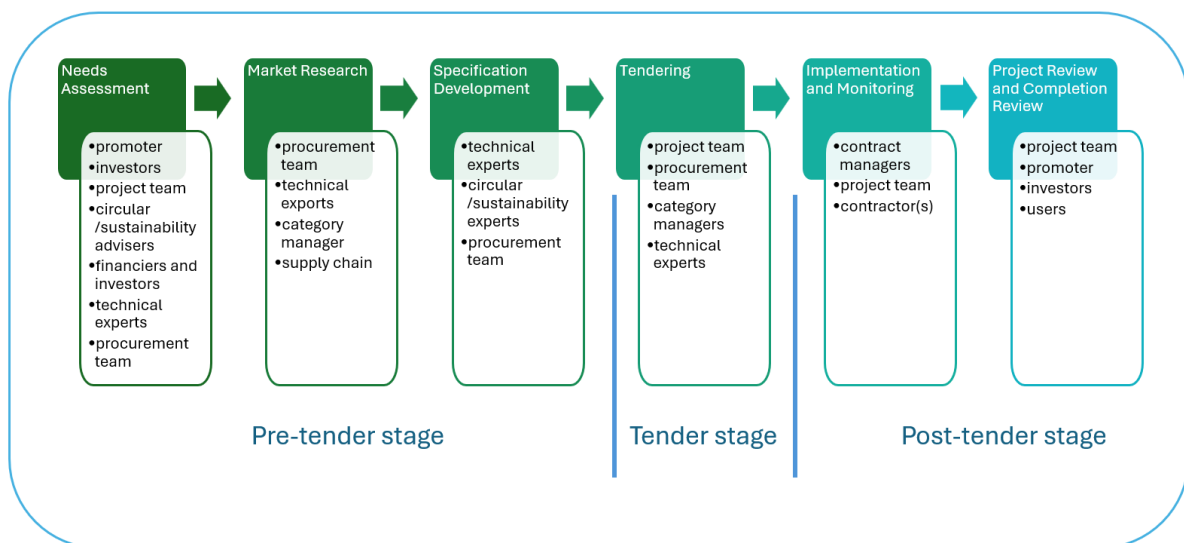
Knowledge sharing is a critical component of the network's activities, using regional policy dialogue, webinars and newsletters. This helps to disseminate best practices and innovative approaches to sustainable procurement. Furthermore, the network supports the development of national factsheets and the measurement of progress towards sustainable procurement goals.

These efforts have significantly strengthened the capabilities of procurement professionals in the region (United Nations Environment Programme, 2024c).

1.7.4 Collaborating across the procurement cycle

Market engagement is required across all three stages of the procurement cycle (Figure 14). Different rules will apply, in line with competition law, but the earlier market consultations can be undertaken, the easier it is to set realistic circular goals for the project and identify circular and sustainable solutions.

Figure 14 Examples of stakeholders at different stages of the procurement cycle



★ KEY TAKEAWAYS

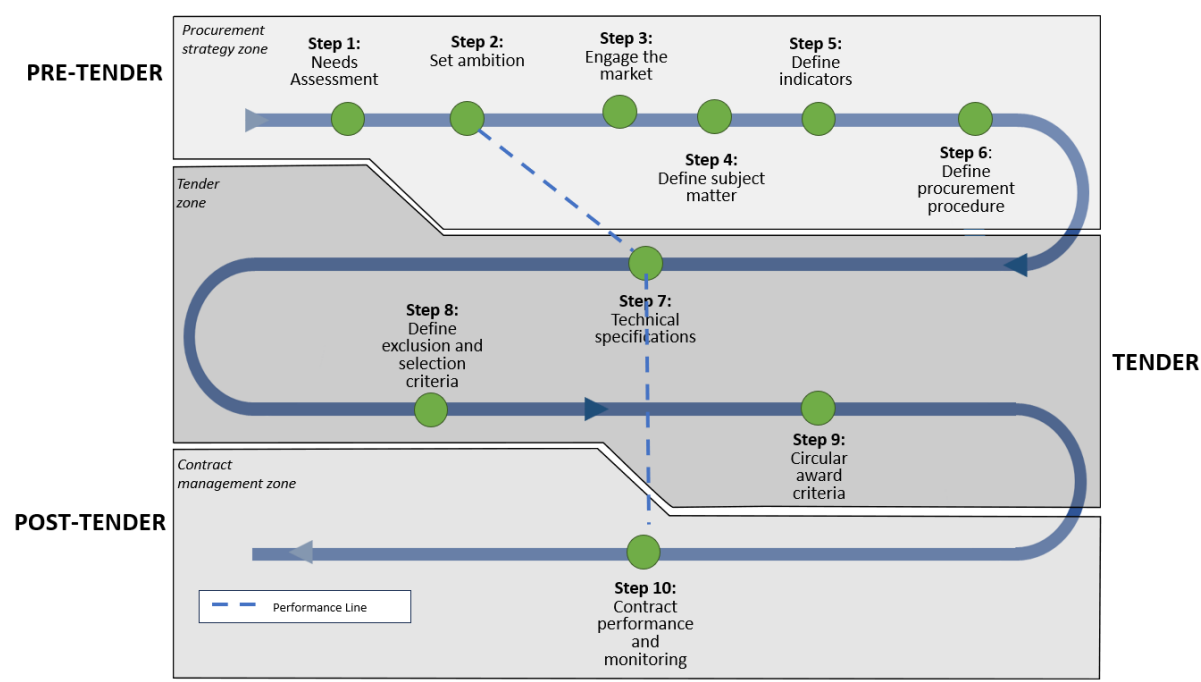
- Engage internal stakeholders from the outset to align interests on complex projects.
- Set clear circular economy ambitions early to guide strategy and engagement.
- Understanding sustainability targets helps shape internal collaboration and market approach.
- Train procurement teams and all stakeholders involved in circular projects.
- Identify who to consult at each stage of the procurement cycle for smooth implementation.
- The EIB is committed to helping promoters adopt and implement circular public procurement practices.

2 CIRCULAR PUBLIC PROCUREMENT THROUGHOUT THE PROCUREMENT CYCLE

Circular Procurement Action Framework

The Circular Procurement Action Framework (Figure 15) operates within national legislative and regulatory frameworks for procurement. It is aligned with the EIB Guide to Procurement and other EIB policies, such as the EIB environmental and social standards.

Figure 15 - Circular Procurement Action Framework



Each of the following sub-sections contains an Action Framework (Figure 15) to guide promoters in integrating circular and sustainable ambitions throughout the entire procurement cycle of the project. Each of the steps is detailed further in each corresponding sub-section below.

2.1 Pre-tender stage

2.1.1 Needs assessment

The needs assessment is a fundamental starting point to identify the goods, services and resources required and ensure that the project meets all demands. As Section 1.3.2 notes, the pre-tender stage is critical in defining circular and sustainable goals. The needs assessment is the start of the procurement cycle (Figure 16) and has a profound effect on the environmental, social and economic impacts of the goods procured. It also influences how these goods are used and then disposed of. The needs assessment must take into account the circular and sustainable objectives of everyone involved in the project.

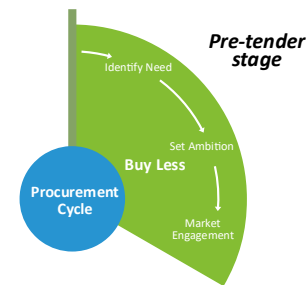
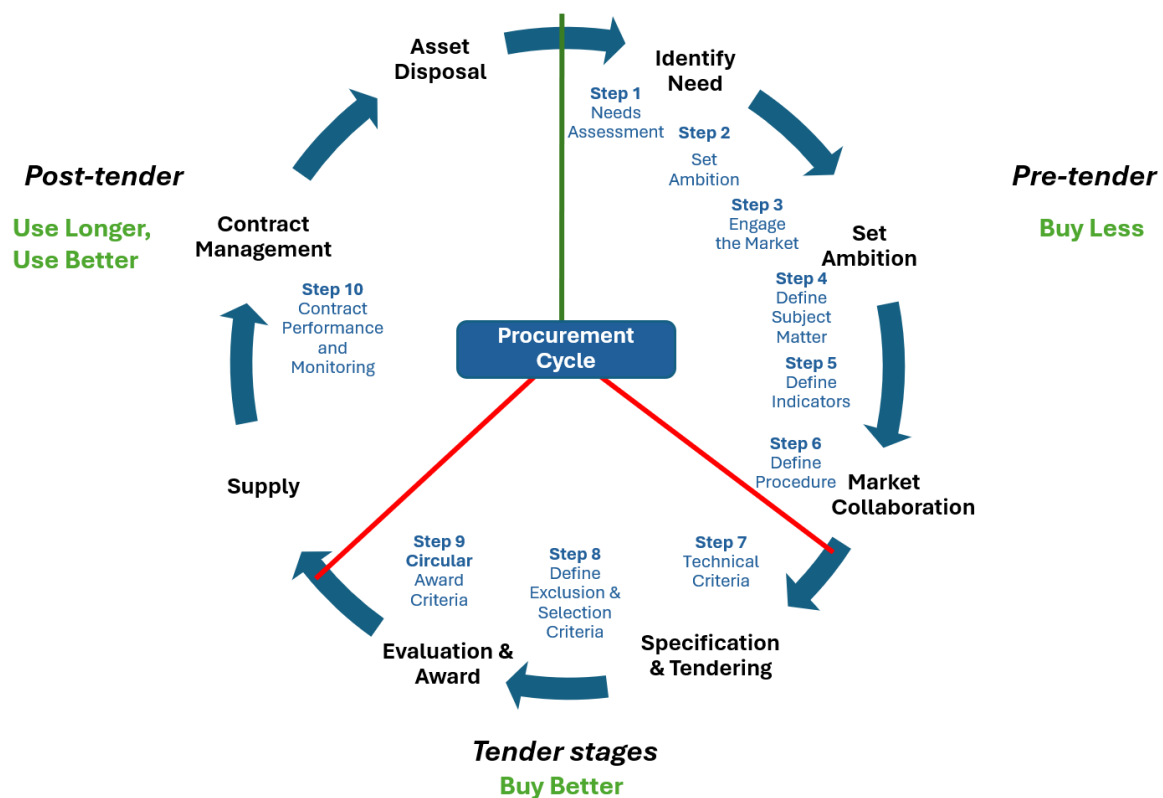


Figure 16 Procurement cycle



When planning a circular public procurement process, it is crucial to begin by clearly identifying the actual needs. Before proceeding with any procurement, it is essential to evaluate whether the procurement is genuinely necessary. This involves a thorough assessment of the requirements of the stakeholders concerned, such as the promoters and the final beneficiaries. Conducting a needs assessment is a critical first step in the planning and procurement process of any project – and it holds particular significance in the context of circular initiatives. At its core, a needs analysis is the systematic process of identifying, assessing and prioritising the actual requirements of a project or organisation, with the goal of informing effective and strategic action.

For circular projects, this process goes beyond identifying what is needed. It starts with the simple question – is it needed? It involves evaluating how those needs can be met in circular ways, such as minimising resource consumption, extending product life cycles, promoting reuse and repair, and reducing waste. This means considering not only the functional requirements of goods, services or works, but also their environmental and social impacts across the entire life cycle.

This initial assessment ensures that resources are allocated efficiently and sustainably, minimising unnecessary expenses and waste.



Step 1 of the circular public procurement framework – Identify the need

During the needs assessment stage, the promoter may pose these questions:

Elements	Response
What are the specific needs of stakeholders, such as the promoter and final beneficiaries?	
Is this procurement necessary?	
How can the procurement practices incorporate circular principles?	
What are the environmental and social impacts of the procurement?	
Can the contracts or supplier relationships be improved for circular procurement?	

2.1.2 Defining the circular ambition and strategy

At the project preparation stage, the promoter should identify the level of circular ambition in the project. This involves assessing the potential for integrating circular economy principles, including resource efficiency, waste reduction and the reuse and recycling of components and materials. The promoter must evaluate how procurement can best be used to implement these circular ambitions.

Promoters should consider circular ambitions and considerations and include these in their project procurement strategy and planning as early as possible. The procurement strategy should be formulated based on an objective assessment of the promoter's needs and the specific characteristics of the project. The promoter must also ensure that all circular procurement strategies are clearly communicated to all stakeholders.

Defining the right circular ambition for the project procurement requires a number of considerations (see Figure 17 for examples). [In the following section, you will find some that the promoters can consider.](#)

2.1.2.1 [Complying with EIB, local and national requirements](#)

In Section 1.5.2, we discuss the EIB requirements and standards that the promoter and the project must follow during the entire life cycle. When setting the circular ambition of each project, promoters must follow these requirements to make sure the project is eligible for EIB financing.

[“Transitioning to a circular economy is a crucial step towards reducing carbon emissions in the built environment.”](#)

Many countries are using circular economy principles to foster sustainable development, minimise resource extraction and address climate change. This entails enacting legislation, enhancing capabilities, adopting sustainable procurement practices and planning innovative projects. When defining the circular objectives of a project, promoters must consider the national legal framework. It is essential that the project's circular ambitions meet the legal requirements, local and national environmental standards, and sustainability reporting requirements. Below are some key components often included in such frameworks.

1. Circular economy strategies and action plans

Many countries have developed comprehensive plans to transition towards a circular economy. These documents outline the goals, priorities and specific measures to be implemented. For example:

- National circular economy strategy – sets the overall vision and targets for circular economy practices.
- Action plans – detail the steps to meet the strategy's goals, often including timelines and entities involved.

2. Waste management regulations

Waste management is a cornerstone of the circular economy. Regulations may include:

- Waste reduction laws mandate the reduction of waste at the source.
- Recycling and reuse policies.
- Extended producer responsibility makes companies accountable for the life cycle of their products, including end-of-life management.

3. Sustainable public procurement policies

Public procurement policies can increase demand for sustainable products and services:

- Incorporating circular criteria – Require that products and services procured meet circular economy standards.
- Promoting green procurement – Encourage the purchase of environmentally-friendly products.

4. Resource efficiency and eco-design regulations

These regulations improve the efficiency of resource use and promote the design of products that are easy to repair, reuse and recycle (see Section 2.2.1.4 below). For example:

- Eco-design directives set requirements for the design of products to minimise their environmental impact.
- Resource efficiency standards establish benchmarks for the efficient use of resources in production processes.

2.1.2.2 Adopting circular principles

When setting the circular ambition of a project, the promoter and other stakeholders must make sure they meet EIB financing requirements, and they must adhere to these rules throughout the entire project life cycle.

- ✓ Find ways to mitigate impacts throughout the product life cycle – from raw material extraction to disposal, with an emphasis on the reduction of waste and recycling (the 10R strategies). See Section 1.3.1.
- ✓ Encourage closed-loop products, materials and supply chains by encouraging contractors to develop closed-loop systems where products can be returned, refurbished or recycled. These may not be immediately available in the supply chain, but there are opportunities to develop ideas during the project's implementation.

2.1.2.3 Environmental responsibility and goals

The promoter may consider:

- Strategies to:
 - extend the life cycle of the product or facility;
 - increase utilisation rates. For example, accommodating several functions in one space;
 - introduce nature-positive and regenerative solutions;
 - enable adaptability potential during the use phase.
- Estimating the waste reduction potential of the project. For example, by requiring or encouraging circular designs, construction methods, products and services that are reusable, recyclable or compostable; and minimising the generation of waste throughout the procurement cycle.
- Determining the carbon footprint reduction potential of the project. For example, the options to reduce emissions during manufacturing, transportation and delivery.
- Ensuring material and water conservation. Requiring contractors to follow practices that conserve natural resources through the adoption of circular principles.
- Assessing what environmental certifications can apply to the project and make the evaluation of tenders easier. For example, specifying type 1 (third party) ecolabels or certifications that demonstrate adherence to sustainability standards.

2.1.2.4 Applying a life-cycle economic assessment approach

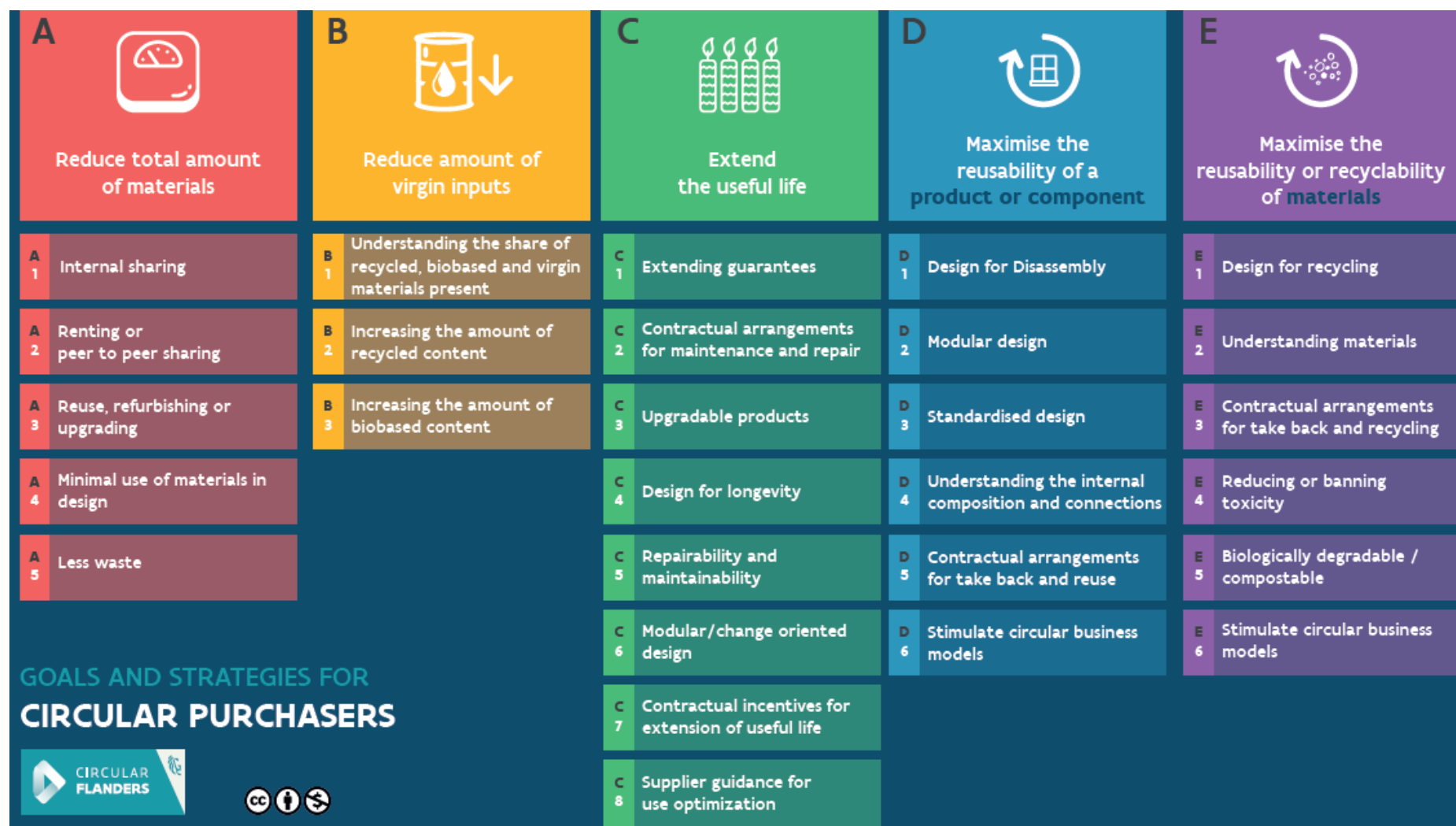
The promoter should consider the economic viability across the lifetime of the asset. This includes the costs of the asset during the operational phase, the residual value and costs of disposal. Addressing sustainability issues during the project procurement, use and disposal stages will help determine any extra costs. See Section 1.6.5 for a detailed explanation.

2.1.2.5 Ensuring social responsibility

Social responsibility and circular procurement both aim for sustainable and ethical practices. By integrating social responsibility into this process, organisations ensure that procurement protects the well-being of communities and workers. Issues to consider include:

- Ethical labour practices to ensure that contractors adhere to fair labour standards, including fair wages, safe working conditions and no child or forced labour.
- Diversity and inclusion to support gender, ethnicity and social diversity.
- Human rights through adherence to international labour standards throughout the supply chain. As part of the EIB Environmental and Social Covenant, contractors commit to the Fundamental Conventions of the International Labour Organization, and pledge not to employ child labour or forced labour.

Figure 17 Circular procurement goals and strategies



Source: [Circular Flanders](#)



Step 2 of the circular public procurement framework – Set the goals

When defining the circular goals, the promoter may consider the following sustainability elements.

Elements	List how the element is considered in the circular goals and procurement strategy
Summarise the circular objectives of the project:	
• Environmental impact mitigation and carbon reduction	
• Social benefits	
• Economic benefits, including whole-life cost savings, total cost of ownership.	
What are the circular ambitions of the project or the national policies on circular economy and sustainability that apply to the project?	
Alignment with EIB environmental and social standards	
Alignment with local and national environmental legislation, regulations and sustainability reporting	
Scope of environmental responsibility	
• Waste reduction potential	
• Carbon footprint reduction potential	
• Material and water conservation	
• Environmental certifications	
Ensuring social responsibility	
• Ethical labour practices	
• Diversity and inclusion	
• Human rights	
Mitigating sustainability risks	
• Manufacturing and production	
• Construction	
• Operation	
• Disposal	
Applying life-cycle economic viability	
Circular economy focus:	
• Product life-cycle impacts and mitigation (10Rs)	
How can the project's needs be met with existing circular products or services?	
What are the opportunities to reduce the quantity of materials needed through design or process changes?	

2.1.3 Market engagement

This involves carefully reviewing the circular needs of all stakeholders, and assessing the opportunities and risks associated with applying circular economy principles within goods, services and works. It is essential to evaluate the market and potential supply chain and to identify contractors who can fulfil these circular requirements.

2.1.3.1 Market engagement throughout the procurement cycle

Market engagement can be carried out with different purposes in mind. As well as helping to structure a procurement exercise, it can identify sustainable and circular outcomes for a key strategic project before the tender exercise begins and encourage the market to innovate for future demand. Market engagement does not start and end with the specific procurement exercise, as the examples in Table 2.1 below highlight. Different mechanisms are used for different phases of the procurement cycle.

Table 2.1 Market engagement options across the procurement cycle

Pre-tender phase	Tender phase	Post-tender phase
• Publish procurement plans in advance to inform the market of upcoming opportunities. • Attend trade shows. • Organise a buyer event for interested bidders to identify proposed solutions before the specifications stage. • Undertake a market consultation process – to determine market maturity and interest, for example. • Meet with peer organisations and industry bodies. • Hold briefing meetings with potential bidders who are interested in submitting a response. • Issue a request for information or prior information notice. • Provide a pre-tender briefing to potential bidders who are interested in the contract opportunity.	• Hold tender stage meetings to allow detailed questions from potential bidders (in line with procurement rules). • Send a list of all questions and answers to potential bidders who have expressed interest in the exercise. • Give a briefing to shortlisted bidders.	• Let bidders know who has been successful, including contract award notice. • Debrief bidders and ask questions about their views on the process. • Contract and supplier management – progress reporting and performance improvement. • Strategic supplier management. • Maintain market awareness and competitor offerings.

(adapted from the EU GPP Toolkit Module 6 (European Commission, 2017))

2.1.3.2 Definitions and distinctions

Market engagement is important at each stage and takes different forms depending on whether you are gathering market intelligence, working with potential bidders or dealing with potential suppliers and contractors post-contract (Table 2.1).

According to the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises (Organisation for Economic Co-operation and Development, 2023), market engagement should be timely, accessible and done in good faith to address the interests of all involved, particularly for high-impact topics such as human rights and environmental conservation. The OECD also emphasises the importance of due diligence in market engagement, which involves addressing risks to people and the environment associated with the procurement process.

Whatever type of market engagement, the promoter must ensure that it does not lead to unfair advantages or disadvantages. Market engagement should be transparent, fair and use equal treatment, and the results should not give an unfair advantage to anyone. The same information must be given to everyone, and parties must be given sufficient time for the procurement exercise.

Table 2.2 Benefits and risks in market engagement

Benefits	Risks
• Understand market players and develop specification and sustainability criteria. • Choose best procedure for the procurement (see Section 2.1.6). • Encourage more competition, including from small businesses. • Decide on lots, contract duration, service model and performance indicators. • Allow bidders more time to start thinking about the bid. • Send message that the procedure will be open and transparent.	• Bidders may influence the specification or criteria unduly if the consultation is not wide enough or if market supply is restricted. • May delay start date for procurement if not planned into procurement strategy. • In some cases, risk of collusion may increase, or there could be a failure to protect an organisation's intellectual property rights or sensitive information. • Procurement team may be influenced by those who are most vocal during the engagement. • Current contractors will know their potential competition. • Bidders may think they have been put at a disadvantage if the process does not follow the principles of equal treatment, transparency and non-discrimination.

Source: Adapted from European Commission GPP Training Toolkit – Module 6 (European Commission, 2017)

2.1.3.3 Avoiding risks

Market engagement undertaken at the pre-tender stage will help to validate the procurement strategy and will help identify changes to be made. A lack of market engagement can lead to a poor understanding of market capability and potentially add risk to the procurement process. This can result in poor results and lower value for money, particularly in terms of sustainability, whole-life benefits and total cost of ownership (Table 2.2). Market engagement will also help determine the capabilities of the supply chain (see Section 2.1.3) to offer a circular and sustainable project, which may influence the choice of the procurement procedure (Section 2.1.6). To avoid problems in market engagement, the promoters can take these steps:

- Advertise the market engagement and allow all interested parties to participate.
- Decide how to deal with confidentiality and intellectual property and inform participants of this.
- Make the process clear to all potential contractors or suppliers.
- Ensure that information is made available to everyone and give adequate time for responses.
- Make it clear at the pre-tender stage that the tender process is separate, will not be restricted to those participants, and that all participants will be informed when it starts.
- Develop the best format for meetings. One-on-one meetings may be better than open days if there is a risk of collusion or interference. However, open days encourage networking, which can lead to more sustainable solutions.
- Keep a record of all market engagement activities to enable transparency.



Step 3 of the circular public procurement framework – Engage the market

The promoter can consider the following questions to determine the level of market and stakeholder engagement:

Element	Response
What circular products and services are available in the market?	
Are there suppliers who specialise in circular economy practices for this project?	
How mature is the market to provide innovative circular solutions?	
Can potential suppliers meet the circular procurement criteria?	
What level of expertise and experience do suppliers have for these circular products or services?	
What type of market engagement is best for this project – open market consultation, request for information, supplier workshops?	
What are the potential risks of working with the market at different levels, such as supplier response, lack of suitable products?	
How can we reduce the risks and maximise opportunities through effective market engagement?	
What key stakeholders need to be involved in the market engagement process?	
What budget and resources are available for market engagement activities?	
How will we use the insights gained from market engagement to help our procurement strategy?	
How will we evaluate the effectiveness of our market engagement activities?	

2.1.4 Defining the subject matter

The subject matter of a contract defines the goods, services or works that a promoter needs to procure. At this stage, the contract implementation duration and value will also be determined. The subject matter is often the first step in the procurement process. However, this should only be undertaken after defining the need and engaging the market.

Defining the subject matter is critical for several reasons:

1. Supporting the definition of technical specifications and selection criteria at the tender stage: By clearly defining the subject matter, contracting authorities can determine the specific criteria to be included in the technical specifications and criteria. Please note that award criteria need to be linked to the subject matter of the contract.
2. Selecting the appropriate procurement procedure (see Section 2.1.6) and contract type: A well-defined subject matter allows for the selection of the best procurement procedure and contract type. This ensures that the procurement process is efficient, transparent and compliant with the regulations.
3. Incorporating sustainable criteria: Defining the subject matter provides an opportunity to integrate sustainability into the procurement process. By linking the subject matter with sustainable factors, such as circular goals, this promotes the procurement of goods that contribute to the sustainable objectives of the contract.

When a promoter incorporates circular or sustainable considerations into the contract's subject matter, it makes bidders understand the significance of this issue at the beginning. Choose a circular title for the contract to clearly send the message that sustainability is important. Example: Circular Affordable Housing Project.

When defining the subject matter of the contract, it should align with the principles of public procurement, such as non-discrimination, equal treatment, transparency, proportionality and mutual recognition.



Step 4 of the circular public procurement framework – Define the subject matter of the contract

The promoter can consider the following questions to determine the subject matter of the contract:

Element	Response
What is the subject matter of the contract?	
What is the estimated duration and estimated value?	
How can circular considerations be added to the contract title?	

2.1.5 Defining the indicators

Key performance indicators (KPIs) for circularity and sustainability should be aligned with the circular ambitions and strategies (Section 2.1.2). Circular KPIs shall be included throughout the procurement process to ensure that objectives are met and that performance is tracked. Indicators should relate to the strategies chosen to meet the circular goals.

The European Investment Bank published a climate action and environmental sustainability guidance report that lists eligible sectors and eligibility criteria (European Investment Bank, 2024d) and sets out how EIB-supported activities should be interpreted. This guidance contains a variety of indicators that enable tracking and reporting of finance in terms of the EIB climate action target (Joint Climate Finance Tracking Group of MDBs and the International Development Finance Club – IDFC, 2023). A list of 16 commonly used indicators has been proposed, including eight that relate to sustainability (European Investment Bank, 2024e).

In addition to tracking climate finance, indicators help determine the impacts of sustainability in the procurement process. Adopting a circular approach to procurement, especially at the pre-tender stage, can ensure that the circular and sustainable indicators are embedded at the correct procurement stage.

Typical circular economy indicators include the items listed in the table below.

Table 2.3 Common circularity indicators

Indicator	Measurement Criterion
Materials footprint	Tonnes per economic unit of total amount of raw materials used
Waste reduction	% decrease in waste generation % of non-hazardous waste prepared for reuse or recycling
Water conservation	% decrease of water consumption in metric tonnes
Recycled material usage	% of raw materials from recycled content
Carbon footprint	CO ₂ emission reductions from circular initiatives life-cycle assessment, global warming potential calculation
Product life cycle	Increase in durability, refurbishment or remanufacturing rates
Training	% of contractor or supplier trained in circular and sustainable practices

It may not be possible to identify all indicators at an early stage. So, a requirement to identify indicators should be included in the technical requirements (Step 7), for example, as part of a sustainable development plan for the project.

Table 2.4 provides a list of examples of circular indicators and metrics that can be considered when developing the project procurement strategy.

Table 2.4 Example indicators and metrics relating to circular goals

Circular goal ¹		Circular category ²	Indicator example	Description	Example metric	Source
A 	Reduce total amount of materials	Circular design and production	Carbon reduction	CO ₂ reduction relative to defined baseline.	GWP / kg CO ₂ e (Primary indicator from life-cycle assessment used to assess climate impact.)	(Intergovernmental Panel on Climate Change, 2023)
				Reduce carbon emissions by the end of the project, compared to conventional construction methods, using circular economy practices.	Percent (%)	(CIRCult, 2026)
		Circular design and production	Materials reduction	A reduction in primary raw materials in the product or construction project.	By volume or mass in percent over traditional techniques	(Circular Flanders, 2018)
B	Reduce amount of virgin	Circular design and production	Materials resource efficiency	The use of primary raw material in the construction of the building is minimised through the use of secondary raw materials	A combined total of concrete, natural or agglomerated stone, a maximum of 70% of the material	(European Union TDA 2023/2486, 2023)

	material inputs	Circular use and life extension			comes from primary raw material.	
				EU-level suite of indicators 2.2 (design for adaptability), 2.3 (design for deconstruction) and 2.4 (design for reuse) respectively. Construction designs and techniques support circularity via the incorporation of concepts for design for adaptability and deconstruction.	See source for details.	(Joint Research Centre, 2021)
C  D  E	- Extend useful life - Maximise reusability and recyclability of products and materials	Circular design and production	Materials reduction	A reduction in primary raw materials in the product.	By volume or mass in percent over manufacturers' standard warranty	(Circular Flanders, 2018)
		Circular use and life extension		Avoided waste rate – the amount of waste not generated in the first place; for example, through material reduction, efficient production, redesign, recycling and reuse.	Waste avoided / total potential waste as a percentage (%)	(Organisation for Economic Co-operation and Development, 2024)
				Waste generation per unit of output	Kilograms per thousand US\$	(Organisation for Economic Co-operation and Development, 2024)

			Waste reduction	Waste diversion rate	Percentage of waste diverted from landfill.	(European Union TDA 2023/2486, 2023); (Organisation for Economic Co-operation and Development, 2024)
				Materials reuse rate	Percentage of waste reused or repurposed within the project.	(Organisation for Economic Co-operation and Development, 2024)
				Waste intensity	The waste generated in relation to a specific measure, such as floor space or cost per m ² .	(Organisation for Economic Co-operation and Development, 2024)
D 	Maximise reusability and recyclability of products	Circular use and life extension	Waste management	All construction and demolition waste (CDW) is treated in accordance with waste legislation.	Compliance with criterion	(Joint Research Centre, 2021)
				Preparation for reuse or recycling of the non-hazardous CDW is at least 90% by mass in kilograms of total.	Compliance with target	(European Union TDA 2023/2486, 2023)

E 	and materials	Circular value recovery		Recycling rate	Percentage of total waste recycled rather than disposed of in landfills or incinerated.	(European Union TDA 2023/2486, 2023)
	Additional indicators of social benefits from circular goals:					
	Extend useful life	Circular support	Social value	Number of local people directly employed on the project relative to an established target.	Compliance with target established at project outset	(Organisation for Economic Co-operation and Development, 2021b)
				Number of traineeships provided relative to given target.	Compliance with target established at project outset	(Organisation for Economic Co-operation and Development, 2021b)

	• Maximise reusability and recyclability of products and materials			Share of contracts awarded to disadvantaged groups. Share of disadvantaged people employed within contract.	Compliance with target established at project outset	(Organisation for Economic Co-operation and Development, 2021b)
1. Figure 16, Section 2.1.1 2. Table 1.2 (Section 1.3.2)						

The early stages of the procurement process should also ensure that, alongside indicators, measures are put in place to manage and recycle waste at end of life, including decommissioning.

The indicators and adaptation solutions implemented should be consistent with local, sectoral, regional or national adaptation strategies. Where possible, they should use nature-based solutions (Organisation for Economic Co-operation and Development, 2024).

Sustainability is also concerned with measuring whether the benefits of an activity are likely to continue after the project funding is complete (World Circular Economy Forum, 2024). Useful questions include:

- 1. How did the benefits of a programme or project continue after donor funding ceased?
- 2. What major factors influenced the sustainability of the programme or project?



Step 5 of the circular public procurement framework – Define the indicators

The following questions help determine the indicators to use in the circular procurement strategy.

Element	Response
Considering the circular goals defined in Step 2, what are the proposed indicators for each ambition?	
How will those indicators be included in the tender stage?	
What metrics and key performance indicators will be used to track circularity during contract performance?	
How will data be collected and reported to ensure transparency and accountability?	

2.1.6 Define the procurement procedure

Informed by the market engagement exercise and the subject matter definition, the promoter shall consider the most appropriate procurement method (see Table 2.5) to ensure alignment with the circular goals, while considering the following topics:

- Legal and regulatory compliance – ensure the chosen method complies with national procurement directives, local regulations and the EIB Guide to Procurement.
- Complexity of the project – the budget and the timeline.
- Supplier capabilities – proven experience with circular economy practices. Restricted procedure and framework agreements can help to select suppliers.
- Innovation potential: For projects requiring innovative solutions, an innovation partnership is ideal to foster collaboration and develop new products or services.
- Risk management – market maturity and track record of suppliers. Framework agreements can mitigate risks by establishing long-term relationships with trusted suppliers.
- Market conditions – the availability of suppliers and the level of competition. An open procedure can be beneficial in a competitive market to attract a wide range of bids.

Table 2.5 Main procurement procedures

Procurement procedure	Description	Advantages for circular public procurement
Open procedure	Any interested party can submit a tender.	Ensures transparency and broad competition.
Restricted procedure	Only pre-selected candidates are invited to submit tenders.	Allows for focused selection of suppliers with proven experience in circular economy practices.
Competitive procedure with negotiation	Allows for negotiation with suppliers after the initial tender submission.	Beneficial for complex projects where circular solutions may need refinement through dialogue.
Competitive dialogue	Used for particularly complex contracts requiring discussion with candidates.	Ideal for projects needing innovative circular solutions, allowing in-depth discussions to develop the best approach.
Innovation partnership	Develops innovative products, services or works not yet available on the market.	Encourages creation of new, sustainable solutions through collaboration between public authorities and suppliers.
Framework agreements	Agreements with one or more suppliers for a set period.	Provides flexibility and establishes long-term relationships with suppliers committed to circular economy principles.



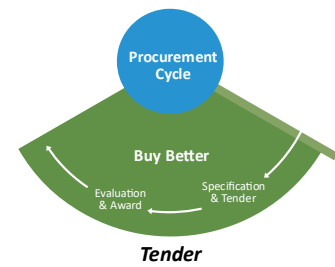
Step 6 of the circular public procurement framework – Define procurement procedure

Taking into account the circular ambitions, the promoter shall define in this step the best procurement procedure.

Element	Response
Considering the circular goals and objectives defined in Step 2, what procurement procedure and type of contract will offer the best results?	
Does the procedure allow bidders to propose circular and innovative solutions?	
Is the procedure aligned with the EIB Guide to Procurement and national legislation?	

2.2 Tender stage

Tender criteria ensure that public procurement processes are fair, transparent and competitive. These criteria assess and compare the bids submitted by different suppliers. The main goal is to get the best value for money while adhering to principles such as non-discrimination, equal treatment and transparency. The criteria can include various factors such as price, quality, technical merit, aesthetic and functional characteristics, environmental and social aspects and life-cycle costs. By considering these diverse factors, contracting authorities can make well-rounded decisions that align with broader strategic objectives, including sustainability and innovation.



In practice, the criteria must be clearly defined and communicated to all potential bidders in the procurement documents. This ensures that all participants understand how bids will be assessed. The criteria should be objective and measurable to ensure a fair comparison of bids. Additionally, EU procurement directives emphasise the importance of proportionality, meaning that the criteria should be relevant and proportionate to the subject matter of the contract. This approach helps to prevent undue advantage or disadvantage for bidders, fostering a competitive and open market environment.

Promoters should be careful not to confuse the different criteria (Figure 18). Table 2.6 provides some examples of how sustainable procurement can be included in different types of criteria.

Figure 18 Types of procurement criteria



Source: European Commission (2018)

Table 2.6 Sustainable criteria at different stages of the tender process

Criteria	Purpose	Example	Further information
Technical specifications or terms of reference	Define the subject matter of the contract. Only products or services meeting the technical specifications or terms of reference can be considered for a contract.	Aggregates must contain a minimum of 20% recycled content.	See Section 2.2.1
Exclusion grounds	The exclusion grounds assess whether a bidder is eligible for the procurement process.	Under the EIB Guide to Procurement, paragraph 1.7, tenderers and subcontractors must comply with labour laws and national and international standards of health and safety, including International Labour Organization conventions and standards and agreements on environmental protection.	See Section 2.2.2 EIB Environmental and Social Standards (2022)
Selection criteria	The selection criteria assess whether the bidder has the legal and financial capabilities, along with the technical and professional expertise, to successfully execute the contract.	The main contractor must demonstrate competence and experience in similar low-carbon projects.	See Section 2.2.3
Award criteria	Are the criteria used by contracting authorities to evaluate and select the most economically advantageous tender? The primary goal is to ensure that the contract is awarded to the tender that offers the best value for money.	Points will be awarded in proportion to the reduction of CO ₂ emissions per tonne of aggregates.	See Section 2.2.4
Contract performance clauses	Contract performance conditions may be included in the contract.	During contract implementation, the contractor will monitor and report on actions involving excavated materials and soil.	See Section 2.3.1

2.2.1 Technical specifications

The technical specifications, or terms of reference in the case of consultancy services, are a key section in the procurement procedure. They provide the market with a clear and comprehensive description of the promoter's requirements, enabling bidders to propose solutions that meet these needs. Circular factors can be included in the technical specifications, when defining the goods, services or works to be procured.

Technical specifications will be incorporated into the final contract and are crucial in ensuring the selected supplier meets the expectations. They set the mandatory requirements for the goods, services or works being purchased, meaning that the contract and contract performance need to ensure that all the requirements set in the technical specifications are met.

As explained in Section 2.1.4, technical specifications or terms of reference must be linked with the subject matter of the contract. This means that when including circular aspects in the technical specifications, those cannot relate to general corporate policies or practices of the bidder, but must be specific to the goods, services or works being purchased.

There are two main types of specifications: input-based or output-based.

1. Input-based. Prescriptive or technical specifications: These provide detailed instructions to perform a specific task. Typically, these are associated with award criteria based on the lowest price.
2. Output-based. Performance-based specifications: These focus on the results or deliverables in business terms, rather than specifying the technical details of how the outputs should be accomplished. This approach allows tenderers to propose innovative solutions that the promoter might not have considered. The performance-based specifications are usually recommended when aiming to incorporate circularity into the procurement process, as they promote innovation.

Table 2.7 – Comparison between prescriptive and performance-based specifications

	Prescriptive specifications	Performance specifications
Definition	Specifies exact processes, methods, materials or standards to be followed.	Defines the desired outcomes or results.
Focus	Input-focused	Output-focused
Risk allocation	Higher risk borne by the buyer.	Higher risk borne by the supplier.
Supplier involvement	Limited opportunity for supplier innovation or alternative solutions.	Encourages supplier creativity and innovative approaches.
Orientation	Focused on how and what is to be delivered.	Focused on what is to be achieved, not how it is done.
Flexibility	Low – prescriptive and rigid.	High – allows for adaptable and innovative solutions.
Suitability for circularity	Less conducive to circular approaches due to rigid specifications.	Highly suitable for circular procurement by enabling life-cycle thinking and innovation.

Source: Adapted from CIPS (Chartered Institute of Procurement and Supply, 2025)

2.2.1.1 Performance-based specifications

Performance-based specifications (PBSs) allow for flexibility in how the goals are met and are concerned with measurable outcomes. PBSs focus on the desired performance outcomes and criteria that the product or system must meet, and they specify how the product should perform in various conditions and what standards must be met. PBSs provide bidders with flexibility to propose solutions and be innovative. However, within the context of circular procurement, their use must be targeted to offer both environmental and social benefits (Table 2.8) (International Institute for Sustainable Development, 2014). Clear criteria on how outcomes will be measured need to be included to allow transparency in the evaluation process. PBSs should be drafted in clear language to avoid ambiguities.

Table 2.8 Benefits and risks of performance-based specifications

Benefit	Challenges
The use of performance-based specifications (PBSs) can foster innovation.	PBSs represent only one element of the puzzle to encourage innovation.
PBSs force the promoter to conduct needs analyses.	PBSs also shift the emphasis to the evaluation stage, and the evaluation panel must be sufficiently knowledgeable to verify the solutions offered.
They can find the best option in the market.	The market needs to be mature enough to offer a range of circular solutions.
They support sustainable procurement.	PBSs do not ensure environmental or social benefits. This must be targeted.
PBSs can positively change ownership patterns and encourage closed loops.	

Performance-based specifications can be used in a variety of ways:

- Procurement of products or services
- Procurement of infrastructure
- Design competitions
- In performance-based contracts. For example, a design, build and operate agreement.

In practice, technical specifications and PBSs are often used in parallel. It would be common to find performance-based specifications alongside technical specifications in a tender. ISO 20400 (International Organization for Standardization, 2017a) notes that a combination of performance and functional requirements are preferred as they enable bidders to propose the most efficient technical solution, leading to sustainability benefits such as better energy performance, reduction of waste, better safety for users, universal design. Performance-based specifications are usually used in competitive dialogue and innovation partnerships procurement procedures.

Procurement should be driven by the underlying need rather than by the routine acquisition of predefined products. Taking a broader view of the problem or requirement can open the door to more sustainable solutions. By adopting a functional approach, promoters can encourage market creativity, reduce resource consumption and lower costs.

Sometimes, traditional technical specifications are necessary. For example, when specific environmental criteria must be met. In such instances, a hybrid approach may be appropriate, combining functional goals with targeted technical requirements to ensure both innovation and compliance with sustainability objectives (Directive 2014/24/EU of the European Parliament, 2014).

2.2.1.2 Technical specifications

Technical specifications provide measurable requirements – in this case circular and sustainable requirements – against which bidders can be monitored, and they detail the physical characteristics and manufacturing methods. Value chains are still developing capabilities in sustainability and circular approaches, so this provides clear requirements and consistency. Technical requirements can also detail the minimum compliance criteria. If they are not clear and correct, they will lead to unsuitable offers (European Commission, 2016).

The European Commission

The European Commission has developed a comprehensive set of green public procurement (GPP) criteria for Member States. Many EU countries have developed publicly available online criteria wizards based on these criteria. For example, the Irish government has an English-language tool covering products and services across 11 sectors (Government of Ireland, 2024). The Dutch government has an online tool covering 47 product groups and over 800 criteria across three different levels, from basic to circular (Ministry for Infrastructure and Water Management, 2024).

Sustainability and circular specifications should relate to the characteristics of the works, supply or service being purchased – and not to the general capabilities of the bidder. Additionally, they may be formulated using references to international or national standards and terms of performance or functionality. They may also refer to criteria that are defined in labels such as type 1 ecolabels (see Table 2.9 below).

Table 2.9 Different types of technical specifications

Specification type	Description	Advantages
Product and material specifications	Technical requirements that focus on materials and products used.	Ensures sustainable materials, drives eco-friendly demand, meets environmental goals.
Production and construction process specifications	Requirements focused on production that can be used to outline sustainable production and construction methods.	Promotes sustainability, long-term benefits, encourages circular practices.
Standards-based specifications	Requirements that refer to compliance with specifications set out in established standards, such as ISO and type 1 ecolabels.	Clear benchmark, ensures compliance, simplifies evaluation.

2.2.1.3 Variants

Promoters can consider requesting variants. The possibility of variants helps to explore market alternatives and fosters innovation by enabling contractors and suppliers to present solutions that are more in line with circular economy principles. This approach results in more sustainable and efficient products and services. Variants offer flexibility, allowing bidders to propose alternatives that save more resources or are more environmentally friendly, which is especially significant in circular procurement.

Allowing variants enhances competition among bidders, as it allows them to differentiate their offerings based on unique, sustainable features, resulting in better value for money and more sustainability. It also ensures that suppliers can tailor their proposals to specific project or contract requirements, potentially offering more effective and sustainable solutions.

When requesting variants, promoters shall consider these points (Directive 2014/24/EU of the European Parliament, 2014):

- Promoters can allow or require tenderers to submit variants but must indicate this in the contract notice or request of expression of interest. Variants are not permitted without such indication and must be related to the contract's subject matter.
- Promoters permitting variants must clearly define the minimum requirement and any additional requirements, as well as specifying the procedure for submitting such variants within the tender documentation. They must also indicate if variants can only be submitted with a non-variant tender.
- The award criteria must apply to both variants and non-variant tenders that meet the minimum requirements.
- Only variants meeting the minimum requirements required by the promoters can be considered.

2.2.1.4 Verification

It is important to set clear, justifiable and ambitious environmental criteria for products and services. These criteria should be based on a life-cycle approach (see Section 1.6.5) and supported by robust evidence. Each criterion has its own verification that must be included in the tender documentation or contract performance clauses. Procurers should make clear what needs to be verified during the evaluation and selection stage and what needs to be verified during contract execution. In general, the simpler the criterion the easier the verification. Conformance with third-party standards and labels is typically a good approach. Further information on these issues can be found in Sections 2.2.1.4.1 and 2.2.1.4.2.

**If particular standards, national or otherwise, are adopted,
the tender documents must state that other equivalent standards will also be accepted.
References to trademarks or other designations that would lead
to discrimination between suppliers must be avoided.**

(European Investment Bank, 2024f)

2.2.1.4.1 Standards

Standards play a major role in influencing the design of products and processes. Many standards include environmental characteristics such as material use, durability or consumption of energy or water. References to technical standards, including such environmental characteristics, can be made directly in the specification, helping to define the subject matter in a clear way.

International Standards

The International Organization for Standardization (ISO) collaborates with other international and regional standards bodies, such as the International Electrotechnical Commission, which focuses on standards for electronic technologies.

Regional standards bodies often complement ISO guidelines, but they also may have standards tailored to their specific regions. Other regional standards bodies include:

- CEN (European Committee for Standardization)¹ – develops standards for the European Union and European Economic Area.
- ANSI (American National Standards Institute)² – represents the United States in ISO guidelines but also develops its own standards in North America.
- EASC (Euro-Asian Council for Standardization, Metrology and Certification)³ – provides standards for the Commonwealth of Independent States.

¹ <https://www.cencenelec.eu/about-cen/>

² [ANSI Introduction.](#)

³ [EASC | Home.](#)

There are also several building certifications, such as [cradle-to-cradle](#),⁴ [LEED](#),⁵ or [BREEAM](#),⁶ within the construction sector that support circularity. Public procurers can embed requirements for these certifications in the technical specifications to ensure that the materials and building design meet a certain standard. Sector experts can help authorities decide which certifications ensure that the project meets sustainability objectives.

2.2.1.4.2 Labels

Product labels can be used in two ways in technical specifications:

- Help promoters draw up technical specifications and define the characteristics of the goods or services that are being purchased.
- Check compliance with these requirements, by accepting the label as proof of compliance with the technical specifications.

In the technical specifications, label requirements must pertain to criteria directly related to the contract's subject matter and should appropriately define the product being procured. Labels must be:

- Based on objective and non-discriminatory criteria.
- Established in an open and transparent manner.
- Accessible to all interested parties.
- Set by an independent third party, ensuring that the bidder seeking the label cannot influence the criteria.

In Europe, the most common label certification is the EU ecolabel (European Commission, 2025c). The EU ecolabel is a globally known, voluntary scheme promoting goods and services that clearly demonstrate environmental excellence, based on standardised processes and scientific evidence. Around the world, there are numerous similar schemes regarding environmentally-friendly products. When the promoter includes the reference to a certain ecolabel, it should state that equivalent ecolabels will be accepted.

2.2.1.5 Environmental product declarations

Environmental product declarations (EPD) are another form of verification at the product level. EPDs provide transparent, third-party verified information about the environmental impact of a product throughout its life cycle (Bau EPD, 2025). They follow international standards like ISO 14025 and are based on a life-cycle assessment, which evaluates the environmental footprint from raw material extraction to disposal. When they follow international standards, they can ensure consistency and comparability in environmental reporting. In many regions, EPDs are voluntary, meaning not all products have them. EPDs also focus on environmental impact and may not cover social or ethical aspects of sustainability.

⁴ **Cradle to Cradle Products Innovation Institute.** (2025). *The standard*. Cradle to Cradle Certified®. <https://c2ccertified.org/the-standard>.

⁵ **US Green Building Council.** (2025). *LEED rating system*. US Green Building Council. <https://www.usgbc.org/leed>

⁶ **BRE Group.** (2025). *BREEAM – The world's leading science-based suite of validation and certification systems for a sustainable built environment*. <https://breeam.com>.



Step 7 of the circular public procurement framework – Technical specifications

The promoter can consider the following questions in developing technical specifications:

Elements	Comment
Based on the circular goals and scope of the procurement, which kind of specifications – input or output (performance-based) – will be used?	
What circular and sustainable criteria are relevant to the procurement phases and have been included? For example: • Carbon reduction • Environmental • Materials resource efficiency and closing material loops • Social value (training, jobs, local suppliers) • Life-cycle cost approach	
Are you referring to standards, labels or environmental product declarations? Are those internationally recognised and provided by an independent party? Have you stated that equivalent standards are also accepted?	

2.2.2 Exclusion grounds

As mentioned in Section 2.2, the purpose of exclusion grounds is to identify bidders which are not eligible to participate in the procurement procedure and should therefore be excluded. In a restricted procedure, exclusion grounds are applied in the first stage of the process (prequalification).



Under the EIB Guide to Procurement, the Bank will not make funds available to an entity that is subject to financial sanctions by the European Union.⁷ Bidders sanctioned by the European Union or the United Nations are not eligible for EIB finance.

Exclusion Policy
February 2018

Under its exclusion policy⁸, the Bank may declare a party ineligible for any EIB project or relationship with the Bank. A list of excluded entities can be found here: [Exclusion](#).



Other exclusion criteria related to sustainability are:

- Non-compliance with national, EU or international environmental laws;
- Grave professional misconduct;
- People trafficking or child labour;
- Significant deficiencies in performance under a prior contract, which led to termination or sanctions;
- Misrepresentation of any item above or inability to submit supporting documents.

The EIB Guide to Procurement requires that bidders and subcontractors comply with labour laws and national and international standards of health and safety, including those contained in International Labour Organization conventions and international standards and agreements on environmental protection.

For operations beyond the European Union, promoters must include in procurement documents and resulting contracts a provision requiring tenderers and contractors to complete and submit an environmental and social covenant. A template for this covenant is provided in Annex 6 of the EIB Guide to Procurement. The Bank reserves the right not to finance any contract where the bidder or contractor has not submitted a signed covenant to the promoter.

⁷ <https://www.eib.org/en/publications/exclusion-policy>.

⁸ <https://www.eib.org/en/publications/exclusion-policy>.

2.2.3 Selection criteria

As mentioned in Section 2.2, the purpose of selection criteria is to identify bidders that can fulfil the contract and accomplish the expected results.

Selection criteria must adhere to the principles of transparency, equal treatment and non-discrimination. They should be proportionate to the contract, linked to the subject matter of the contract and written clearly and simply to avoid ambiguity and misunderstandings that can jeopardise the procurement process.

In two-stage procedures, they can be used to shortlist the number of candidates invited to tender. In open procedures, they can be assessed on a rated basis or a pass/fail basis.

Selection criteria usually assess:

1. Suitability to pursue professional activity;
2. Economic and financial capacity;
3. Technical and professional ability.

The most relevant selection criteria for circular public procurement purposes typically relate to technical and professional abilities, such as:

- Environmental management systems and schemes (such as EMAS, ISO 14001)
- Conformity assessment certificates and environmental product declarations
- Supply chain management and tracking systems
- Human and technical resources
- Past experience and references
- Educational and professional qualifications of staff (European Commission, 2016)

2.2.3.1 Technical and professional ability

To confirm that bidders can meet the sustainable and circular requirements, their previous experience and human and technical resources should be evaluated. Environmental technical capability can include technical competence and past experience in minimising waste, avoiding pollutant spills, reducing fuel consumption, protecting natural habitats or constructing facilities that meet specific green certifications.

The tendering stage focuses on the capability and commitment of the bidder to meet specific requirements, including sustainability requirements. It is important to ensure that all policies, such as sustainable public procurement, are respected and that there is open and fair competition among bidders.

Official employer certificates and records of previous contracts can be requested. For example, an environmental criterion can be used to ask for past experience of companies in carrying out contracts with similar environmental requirements, and certificates of satisfactory execution can be requested. For circular requirements, technical capacity selection criteria can assess bidders' experience in reducing energy consumption and greenhouse gas emissions, applying circular economy principles in project implementation, using climate-friendly materials and minimising waste generation. However, remember that, as for selection criteria, there needs to be a link to the subject matter of the contract being procured.

Once the tender documents are published, only minor adjustments can be made to the main selection criteria. Significant changes may necessitate the cancellation of the procurement procedure.

The selection criteria can be evaluated using:

- Pass or fail requirements (usually for open procurement procedures)
- A weighting system
- An assessment methodology for more complex contracts

The selection of bidders and the awarding of the contract are distinct stages in the procurement process. Selection involves determining which bidders can fulfil the contract based on the selection criteria.

2.2.3.2 Environmental management systems

Environmental management systems (EMS) are tools that improve the overall environmental performance of the committing organisation. They ensure effective implementation of an environmental management plan and compliance with environmental policy targets (European Environment Agency, 2025). They allow organisations to have a clear picture of their environmental impacts and to target those that are significant. An EMS can be used as a selection criterion to verify the bidder's environmental expertise and professional ability to implement the contract. EIB Standard 1 for operations outside the European Union requires the promoter to establish an integrated environmental and social management system.

Eco-Management and Audit Scheme

The Eco-Management and Audit Scheme is primarily used by organisations for locations in the European Union or the European Economic Area. But it can be used for other locations. It is always verified by a European accreditation body. In 2023, some 4 053 organisations worldwide were registered with the Eco-Management and Audit Scheme, involving 12 745 sites.

Source: European Commission, 2025d

ISO 14001 environmental management system

ISO 14001 is an internationally recognised standard for environmental management systems. It provides a framework that organisations follow to manage their environmental responsibilities. Key components include:

- Environmental policy
- Planning
- Implementation and operation
- Checking and corrective action
- Management review

According to the 2023 ISO Survey, 526 046 organisations worldwide were registered for ISO 14001 certification.

Source: International Organization for Standardization, 2017b

Table 2.10 EMS at different stages of the procurement cycle

Stage	Comment
Market engagement	During the market analysis, check whether companies are EMS-registered and verify with the certification body that issued the EMS certificate. Accredited certification bodies often have online directories where you can verify a company's certification.
Technical specifications	• The tendering authority may accept an EMS environmental statement as evidence of certain environmental technical specifications. The environmental statement must contain corresponding statements that align with the requirements or guidelines of the environmental assessment process. • The authority may request that resources be put in place to implement a project-specific EMS which complies with ISO 14001.
Selection criteria	• If a certified EMS, such as an environmental management and audit system (EMAS), is required as part of the technical and professional performance, this can be verified by the EMAS registration. • If compliance with environmental management measures is required as part of the technical and professional performance, this can be verified by an EMS registration or by statements in the EMS environmental statement. • For specific environmentally relevant activities, the EMS registration would be suitable as verification that the company offering the service has not violated environmental regulations.
Award criteria	The tendering public authority may accept an EMAS environmental statement as evidence of environmental award criteria. The environmental statement must contain statements that align with the requirements of the environmental assessment process.
Contract performance conditions	The EMS environmental statement is potential evidence of the implementation of environmental management measures.

Adapted from Green Public Procurement Guidelines for Buildings (Deutsche Umwelthilfe e.V., 2024)



Step 8 of the circular public procurement framework – Define the exclusion and selection criteria

The promoter can consider the following elements when establishing exclusion and selection criteria:

Elements	Comment
Exclusion criteria – Are the criteria in line with the EIB Guide to Procurement and do they address environmental and social aspects?	
Is the EIB Environmental and Social Covenant part of the tender documents and are the bidders required to sign it and include it as part of tender submission?	
Selection criteria	
Previous experience – Do the selection criteria address circular and sustainable past experiences? Are they linked with the subject matter of the contract?	
Key staff – Are the supplier’s personnel qualified to deal with the environmental and circular elements of the contract? Is this linked with the subject matter of the contract?	
Key equipment – Does the supplier have the necessary technical equipment or facilities for environmental protection? Is this linked with the subject matter of the contract?	
Environmental management systems – Are they being requested as part of the selection criteria? Are they linked with the subject matter of the contract and proportionate? Does the tender state that equivalent measures will also be accepted?	

2.2.4 Award criteria

As explained in Section 2.2. the purpose of award criteria is to evaluate and select the most economically advantageous tender. The primary goal is to ensure that the contract is awarded to the tender that offers the best value for money. After selecting bidders who meet the exclusion grounds and the selection criteria, contracting authorities must choose the best proposal based on the award criteria. Like the selection criteria, the award criteria must be established beforehand, published in the procurement documents and ensure fair competition.

The EIB Guide to Procurement says the tender award may be based on the lowest price of the compliant and technically responsive tenders or on the most economically advantageous tender (MEAT), applying a number of criteria adapted to the contract in question. Such criteria include price, payment terms, construction or delivery period, technical merit (proposed staff, equipment, construction method and planning, technical characteristics), environmental characteristics, technical compatibility with other equipment, availability of service and spare parts, operating and maintenance costs.

The award criteria must be indicated in the procurement notice and quantified in the tender documents. The award criteria must be applied in full, without omission or addition, when evaluating tenders. When no criteria are indicated, the lowest price will be used.

2.2.4.1 Most economically advantageous tender

In a procurement process that includes circular ambitions, the price should not be the only factor considered for a contract award. This means that the MEAT approach is usually used in circular public procurement. MEAT enables a wide number of circular and sustainability ambitions and conditions to be included for assessment, possibly alongside a life-cycle costing approach.

MEAT must include the price or cost, using a cost-effective approach (such as life-cycle cost). Typically, MEAT combines quality and price as a ratio and is assessed by scoring the quality (Q) element of a tender, scoring the price (P) element of a tender, and then adding Q and P to reach an overall score.

Award criteria shall reflect the circular ambitions of the project. The indicators determined in Step 5 (see Section 2.1.5) may be used as award criteria. Labels (see Section 2.2.1.4. 2) can also be used to verify compliance with the award criteria. Award criteria cannot relate to general corporate policies or practices, but must be specific to the goods, services or works being purchased. This is due to the need to make a link to the subject matter of the contract.

Circular considerations in the award criteria may include factors such as emissions, minimum energy efficiency standards, resource utilisation (such as recycled or reused materials), and the evaluation of the product's environmental performance. Promoters may require minimum requirements in the technical specifications and award above performance as part of the award criteria.

The award criteria, including any sub-criteria and their weightings, must be disclosed in the procurement notice and the tender documents. These criteria shall not have been previously applied as selection criteria and must comply with the core principles of procurement – namely, non-discrimination, equal treatment and transparency.

The weighting of the established award criteria should be aligned with the project's priorities. It is crucial to appropriately weight any circular-related criteria to ensure that the procurement efforts are not in vain. In practice, the balance between price and quality may still result in contracts being awarded based on price. It is essential to ensure that the weighting for circularity and sustainability within the quality criteria is substantial enough to differentiate bidders who can offer more sustainable and circular results.

Examples of award criteria:

- ✓ The percentage of biodegradable materials and components shall be above 20%.
- ✓ The percentage of recycled or reused materials – in building construction: 10% awarded points to bidders that achieve more than 30% by value of recycled materials for main building elements. The recycled content is calculated as an average mass balance of recycled materials.
- ✓ Award points to percentage decrease in waste generation.
- ✓ The percentage of non-hazardous construction waste generated by the project and diverted from landfill, by volume or tonnage.
- ✓ The tenderers explain how they will manage the waste or secondary raw materials and reuse the materials.

2.2.4.2 Life-cycle costs in the award criteria

As presented in Section 1.6.5, promoters can request the total cost of the required assets, goods or services based on the whole-life cycle, rather than only on the purchase price. This is especially important in circular considerations because the investments usually have higher initial costs but lower life-cycle costs (European Commission, 2025e).

Life-cycle cost refers to all costs during the lifetime of the product, work or service (European Commission, 2025e):

- Purchase price and all associated costs (delivery, installation, insurance, etc.);
- Operating costs, including energy, fuel and water use, spares and maintenance;
- End-of-life costs (such as decommissioning or disposal) or residual value (revenue from the sale of the product).

Promoters are often concerned with the cost of sustainability, as they work under tight budgets. The use of life-cycle costing will support the decision to consider sustainable factors as, while initial investment costs may be higher, often when other costs such as operating costs are taken into consideration, the situation may reverse.

Life-cycle cost may include the cost of externalities such as greenhouse emissions. Using life-cycle costing is a good approach for promoters, regardless of their environmental or circular goals. By implementing life-cycle costing, public purchasers consider the costs associated with resource use, maintenance and disposal, which are often not included in the initial purchase price. This method frequently creates “win-win” scenarios where environmentally friendly products, works or services cost less in the long run. The primary areas for savings throughout the life cycle of a product, work or service include (European Commission, 2025e):

- Energy, water and fuel
- Maintenance and replacement expenses
- Disposal costs

Life-cycle costing can be used at the planning stage, by giving promoters an overview of the costs during the entire life cycle of the product. This cost also can be used at the award stage to support the evaluation of the proposals.

There are a wide range of life-cycle cost tools for different products. The European Commission has developed a series of sector-specific life-cycle cost tools freely available at:

<https://circabc.europa.eu/ui/>.

Promoters can use any life-cycle tool for the procurement process.

When considering life-cycle costs, promoters must include in the tender documents the calculation tool that will be used and the weighting applied.



Step 9 of the circular public procurement framework – Award criteria

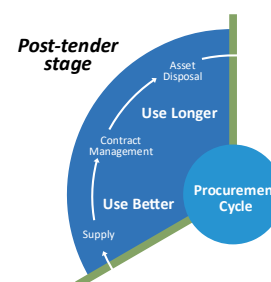
The promoter shall consider the following questions when developing award criteria for the tendering of the design and construction phases:

Elements	Comment
Is the most economically advantageous tender approach being applied to the award criteria?	(If not, why?)
How does the price-quality ratio reflect the circular and sustainable ambitions in the circular procurement strategy?	
How have circular and sustainable requirements been incorporated into the award criteria?	
Is the life-cycle cost considered? Are the calculation method and weighting included in the tender documents?	

2.3 Post-tender stage

2.3.1 Contract performance and monitoring

Effective contract management is crucial to the procurement cycle. It necessitates the inclusion of monitoring and reporting conditions within the contract implementation, such as key performance indicators, adherence to technical requirements and performance improvement measures. This encompasses clear roles, responsibilities and accountability (see Section 1.7.1). It is essential that any circular requirements and criteria established at the tender stage are translated into contract performance conditions. This guarantees that the sustainability goals and standards set during the tender process are effectively implemented and maintained throughout the project's life cycle.



To meet the project's circular goals, it is essential to integrate them into the contract performance clauses and monitoring requirements.

Promoters may establish specific terms in the contract related to the contract performance, provided these conditions are connected to the contract's subject matter (see Section 2.1.4) and are specified in the procurement notice or the procurement documents. These conditions may include sustainable and environmental considerations (European Investment Bank, 2024f). Establishing performance criteria for circular and sustainability conditions is essential to ensure that the contract's implementation aligns with the circular requirements set forth during the pre-tender and tender stages. These criteria should also include provisions for remedies and penalties if the required performance is not met.

It is important that any tender criteria applied during the tender stage are translated into the contract performance clauses and included in the monitoring and verification process.

Example:

Award criteria	Contract performance clause example	Monitoring
The percentage of recycled content shall be above 20%, measured by mass	Contractors must submit reports using the agreed indicator on the percentage of recycled content for the main building. Penalties are imposed for falling below target.	Quarterly submission of reports with calculations on the indicator.

Environmental management systems (see Section 2.2.3.2) also can be included as contract performance clauses, to verify the implementation of environmental management considerations. Additionally, labels (see Section 2.2.1.4.2) can be included in the contract clauses to verify compliance.

It is essential that circularity and sustainability indicators (refer to Section 2.1.5), which are considered during the pre-tender stage, incorporated into tender documentation, and referenced within the tender response, are also embedded in the monitoring and reporting requirements of the contract management plan. These requirements should clearly outline potential penalties and remedial actions in the event of underperformance. This approach ensures the best value.

2.3.2 Effective contract monitoring

As highlighted in Section 1.7, good collaboration among all key stakeholders is crucial throughout the procurement cycle. During the contract implementation stage, it is essential to clearly communicate all historical information regarding the contract to stakeholders. This includes contract terms and conditions, circularity goals, agreements, deliverables and other details, ensuring that all parties fully understand the objectives.

Effective contract management ensures that the circular economy objectives identified during the pre-tender phase are implemented throughout the contract life cycle. This includes verifying that the circular strategies, such as those that close material loops, are practical and deliver the intended results. Contracts should incorporate clear and enforceable procedures for the maintenance, repair and end-of-life disposal of circular products.

To effectively implement the contract, it is necessary to define clear roles and responsibilities within the team. This helps to streamline processes, reduce confusion and enhance accountability. Promoters must ensure that the contract manager has the skills and experience to meet the circular objectives of the project. Individuals must be proficient in contract management but also knowledgeable about sustainable practices and circular economy principles.

Communication and collaboration among stakeholders are vital. Regular updates, meetings and feedback sessions can address issues promptly and keep everyone aligned with the project's goals. A collaborative environment helps stakeholders overcome challenges and drives the project towards successful completion.



Step 10 of the circular public procurement framework – Contract performance and monitoring

The promoter shall consider the following questions in developing performance requirements for the design and construction phases:

Elements	Comment
Do the performance and contract management clauses reflect the project's circular ambitions?	
Does the contract include penalties or other remedies in case the performance requirements are not met?	
Are the tender criteria included as contract performance clauses?	
Are the key indicators, considered at the pre-tender and tender stage, included in the monitoring and reporting requirements?	
Are procedures in place for maintenance, repair and end-of-life disposal?	
Is there a robust contract management plan, including clear roles and responsibilities?	

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ANNEX 1 – CIRCULAR PUBLIC PROCUREMENT FRAMEWORK IN REAL LIFE

Here are examples for each action step in Section 3.

Step 1: Needs assessment

Alliander's head office (Duiven, Netherlands)

The utility company Alliander needed to upgrade its head office in 2015. It chose to renovate six buildings rather than build new ones. The decision was based on an ambitious document, encouraging innovative circular processes.⁹ The goals were:

1. Circular construction
2. Save energy
3. Pleasant working environment
4. Connect with the surrounding area

Step 2: Set the goals

't Centrum circular office building (Flanders, Belgium)

't Centrum is a circular office building in Flanders.¹⁰ It uses a conscious choice of materials, techniques and innovation. The building, including the roof, can be dismantled and reused. The foundations can be easily recovered and reused. A brief vision document was written for the market, containing **four goals**:

1. Sustainability and circularity
2. Flexibility: ability to respond to spatial and functional changes
3. A healthy and comfortable working environment
4. Set a circular example for the construction sector

Step 3: Engage the market

Market readiness analysis (Colombia)

The Colombia National Agency for Public Procurement – Colombia Compra Eficiente serves as the country's central authority for public procurement. It developed the *Guidance for the Preparation of Sector Studies*, which emphasises that a market readiness analysis is fundamental to the effective implementation of Sustainable Public Procurement (SPP). Given that SPP operates within the dynamics of supply and demand, the guidance underscores the importance of maintaining ongoing, direct engagement with bidders to foster an expanded and responsive supply base.”¹¹

⁹ <https://issuu.com/3xnarchitects/docs/buildingacircularfuture/161>.

¹⁰ <https://www.kampec.be/en/projects/t-centrum>.

¹¹ ANCP-CCE (2022) Guidance for the Preparation of Sector Studies
[2022-Guia-para-la-elaboracion-de-Estudios-de-Sector-CCE-FICP-GI-18.pdf](#) (In Spanish).

Sustainable preschool using ecolabel standard (Hyvinkää, Finland)

The city of Hyvinkää set up a range of sustainability goals to help build the preschool.¹² Key requirements included a highly durable building with low-energy consumption, providing a healthy indoor environment, with limited repair requirements to reduce maintenance costs. Hyvinkää conducted an extensive market dialogue process before the procurement. The first step was to publish a request for information to assess the level of interest in the project. The market engagement explored a range of ways to reduce the environmental impact of the building. This included off-site manufacturing techniques, resulting in a 10% saving in material waste. Material used in the project, such as wood, had a low carbon footprint. The building was designed to enable disassembly and re-construction and extend the life of its components.

Step 4: Subject matter

Environmental Protection Agency (Ireland)

The Irish Environmental Protection Agency notes that a tender title can help set a clear goal for the market. One example is this title: “The Construction of a New Building to High Energy and Environmental Performance Standards.”¹³

Step 5: Indicators

The Lighthouse wooden apartment building (Joensuu, Finland)

The Lighthouse used the European Commission’s “levels” reporting framework to demonstrate carbon-emission reductions during construction as well as carbon storage during the life of the building.¹⁴ The project used automated level indicator calculations from building information modelling and carbon emission information from environmental product declarations. Resource efficiency calculations used the mass of building materials based on the bill of materials. Wood was the main construction material. The carbon stored in the wood offsets 88% of the greenhouse gases emitted during the construction. The wood required 50 truck deliveries, compared with 270 deliveries required for concrete construction.

Step 6: Define the procurement procedure

Circular London Accelerator (England)

The London Waste and Recycling Board (now called ReLondon) used a restricted procurement procedure for the Circular London Accelerator project,¹⁵ which promotes circular economy principles in public procurement. The procurement process began with a prequalification phase that allowed suppliers to express interest and then assessed their abilities to offer innovative and circular results. The restricted procedure allowed for close collaboration between the public sector and key stakeholders, including businesses, NGOs and innovation hubs. This ensured that

¹² [Procuraplus case study Hyvinkää.pdf](#).

¹³ EPA – Environmental Protection Agency: Irish GPP criteria: Office building design, construction and management. Available at: [EPA GPP Criteria Office 2023_06.pdf](#).

¹⁴ [mjostaarnet-case.pdf](#).

¹⁵ [LWARB: turning London into a circular city » Circular City Funding Guide](#).

the final solution adhered to circular economy principles (such as waste reduction, material reuse and product life extension). The restricted procedure allowed the procurement team to focus on contractors that met high sustainability standards and that had the ability to close material loops, minimise resource use and ensure product end-of-life management.

Step 7: Technical specifications

Kantoor2023: A sustainable and circular building (Brussels, Belgium)

Kantoor2023 used the Flemish government's sustainability tool GRO and TOTEM (tool to optimise the total environmental impact of materials) to define mandatory requirements. This included:

- Waste prevention: Re-use and rational use of materials. An inventory of all materials in the existing buildings was required, so bidders had to indicate which elements of materials they planned to reuse or recycle.
- The aim of energy neutrality.
- Design for disassembly.¹⁶

Step 8: Selection criteria

Hospital demolition with 100% recycling of materials (Bratislava, Slovakia)

Slovakia's Health Ministry decided to demolish the Rázsochy Faculty Hospital in Bratislava's Lamač district.¹⁷ It required the bidders to demonstrate their technical and professional abilities by setting quality standards in the selection criteria. The bidders had to:

- Provide evidence of a management system that takes environmental protection into account in the field of demolition, earthworks and construction waste recycling.
- Demonstrate experience by submitting a list of previous experience using environmental measures, showing that at least one demolition job of a similar size had been carried out.
- Submission of an ISO 9001:2009 (or equivalent) quality management, safety and security standard in the field of demolition, earthworks and construction waste recycling.
- Submission of a transport plan to reduce the impact on the environment.

The M7 High-Speed Framework Pavement Scheme – using the CO₂ Performance Ladder (Ireland)

A CO₂ Performance Ladder was introduced in the Netherlands in 2009, developed by ProRail, the Dutch government agency responsible for maintaining the country's railways. Hundreds of public and private organisations are using this to lower their carbon footprint. It rewards companies that reduce emissions by offering them a competitive edge in public procurement. It has led to measurable carbon reductions across industries and has been widely adopted by Dutch contracting authorities. It is now being used in several other European countries, including Ireland. Transport Infrastructure Ireland, the state agency dealing with road and public transport,

¹⁶ Green Public Procurement Guidelines for Buildings (2024) [SURF_Green_PublicProcurement_Guidelines_for_Buildings_EN.pdf](#).

¹⁷ Green Public Procurement Guidelines for Buildings (2024) [SURF_Green_PublicProcurement_Guidelines_for_Buildings_EN.pdf](#).

integrated the CO₂ Performance Ladder as a green public procurement tool in the tender document for the High Speed Framework Pavement Scheme.

Upon completion, the contractor reduced emissions by 84.5% in scope 1 and 2, and 20.3% in scope 3, achieving a CO₂ equivalent total reduction of 311 tonnes.¹⁸

Step 9: Award criteria

Kantoor2023: A sustainable and circular building (Brussels, Belgium)

The bids were evaluated based on the following criteria (% of the total score for each criterion):

- Quality criteria are divided into three sub-criteria (45 %):
 - Spatial and social added value, architectural quality and functionality (20 %)
 - Circular use of materials, energy neutrality and maintenance (20 %)
 - Plan of approach: project management, planning and organisation (5 %)
- Total cost (50 %)
- Location (5%).¹⁹

Step 10: Contract performance clauses and monitoring

Ludwig-Börne school expansion (Frankfurt am Main, Germany)

The contract was monitored using the checklists provided in the guidelines for economical construction. It was stated that if the consumption level exceeded the requirements by 10%, the architects need to justify this change.²⁰ If the excess consumption was caused by the supplier, penalties can be assessed.

Net-zero energy through construction procurement (Prague, Czechia)

The Supreme Audit Office decided to build its first permanent headquarters on a reused brownfield site in the centre of Prague.²¹ A design-build procedure used sustainability criteria in technical specifications and the tender evaluation (award), including a requirement to have either a quality management system, EMAS or environmental management system equivalent to ISO14001. The sustainable construction saved 22.5 tonnes of CO₂. Environmental benefits resulting from the design phase using building information modelling (BIM) included almost net-zero energy consumption.

¹⁸ [The M7 High Speed Framework Pavement Scheme – Using the CO2 Performance Ladder to harness the power of procurement. – Irish Green Building Council, The M7 High-Speed Framework Pavement Scheme – Using the CO2 Performance Ladder to harness the power of procurement. – Irish Green Building Council.](#)

¹⁹ Green Public Procurement Guidelines for Buildings (2024) [SURF Green PublicProcurement Guidelines for Buildings_EN.pdf](#).

²⁰ Green Public Procurement Guidelines for Buildings (2024) [SURF Green PublicProcurement Guidelines for Buildings_EN.pdf](#).

²¹ Green Public Procurement Guidelines for Buildings (2024) [SURF Green PublicProcurement Guidelines for Buildings_EN.pdf](#).

ANNEX 2 – ADDITIONAL RESOURCES

OECD information on sustainable procurement

A large database of reports guidance, research papers, policy papers and briefs, with global case studies is available from the Organisation for Economic Co-operation and Development.²²

UN Environment Programme (UNEP)

A large database of publications, guidance and case studies on circular economy and sustainable public procurement is available from the UNEP Resources Platform.²³ The UNEP also hosts the One Planet Network (OPN),²⁴ a global community of governments, businesses, civil society and academia that implements the 10-Year Framework of Programmes on Sustainable Consumption and Production (SDG12). The OPN includes the Sustainable Public Procurement (SPP) programme,²⁵ a global public and private group of parties that works together on sustainable public procurement ideas. The OPN offers a database of guidance, policy briefings, case studies and tools.²⁶

European Commission

The European Commission has a Green Public Procurement Training Toolkit²⁷ resource hub that supports procuring goods and services with a reduced environmental impact life cycle. This includes criteria examples, EU ecolabel manuals for a variety of categories²⁸ and a Good Practice Library of case studies.²⁹

ICLEI Europe

The International Council for Local Environmental Initiatives helps cities and regions embed sustainable, circular and innovation procurement in their work. It offers projects such as the Procura+ Network³⁰ and the Global Lead City Network on Sustainable Procurement.³¹ ICLEI also manages the Sustainable Public Procurement Platform.³² This database includes a variety of guidance, policy briefs and case studies for implementing circular practices across the procurement cycle.

Criteria

In addition to the European Commission's green public procurement voluntary criteria, a number of European countries have created online criteria tools in English as well as national languages.

²² For example: [Going Green – Best Practices for Sustainable Procurement](#).

²³ [Resources | UNEP](#).

²⁴ [One Planet Network](#).

²⁵ OPN [Sustainable Public Procurement \(SPP\) programme](#).

²⁶ OPN [searchable SPP knowledge base](#).

²⁷ [GPP Training Toolkit – European Commission](#).

²⁸ European Commission [criteria examples and EU ecolabel manuals for a variety of categories](#).

²⁹ European Commission [Good Practice Library of case studies](#).

³⁰ ICLEI [Procura+ Network](#).

³¹ ICLEI [Global Lead City Network on Sustainable Procurement](#).

³² ICLEI [Sustainable Public Procurement Platform](#).

Two examples include the Dutch MVI Criteria Wizard³³ and the Irish government GPP criteria tool³⁴. The Dutch government also has an online platform for getting started on circular procurement.³⁵

The CO₂ Performance Ladder was developed by ProRail, the Dutch railway infrastructure manager in 2009. Hundreds of public and private organisations use it to lower their carbon footprint. It rewards companies that take concrete steps to reduce emissions by offering them a competitive edge in public procurement. More than 8 000 organisations already have a CO₂ Performance Ladder certificate and more than 300 contracting authorities use the CO₂ Performance Ladder in tenders in seven countries.³⁶

Ecolabels

The online Ecolabel Index³⁷ claims to be the largest global directory of ecolabels, tracking 456 ecolabels in 199 countries, and 25 industry sectors. The Green Ecolabelling Network³⁸ represents many of the larger ecolabels. It also shares resources on sustainable procurement and ecolabels.³⁹

Further information on EU ecolabels can be found on the European Commission's website.⁴⁰

Life-cycle costs

There are many life-cycle cost tools and resources available for evaluating the cost of ownership of products over their entire life. The European Commission's sector-specific calculation tools⁴¹ help public procurers calculate life-cycle costs, including purchase price, operating costs and end-of-life costs. They also consider environmental externalities. The European Commission's Interreg programme⁴² provides a comprehensive overview of life-cycle cost concepts and applications for public procurement.

The Circular City Centre – C3

[The Circular City Centre – C3](#) is a competence and resource centre at the European Investment Bank (EIB). C3 is implemented in cooperation with the European Commission, in the framework of [The Circular Cities and Regions Initiative](#) (CCRI), with financing from the InvestEU Advisory Hub.

C3 supports EU cities in their circular economy transition by offering guidance documents and tools, webinars and workshops. It also provides two advisory programmes that help cities advance towards impactful circular projects ready for financing and implementation.

C3 has also published a guide on [Circular public procurement in cities](#) that provides cities with the insights and tools they need to use procurement as a means to accelerate the circular economy.

³³ Dutch government [MVI Criteria Wizard](#).

³⁴ Irish government procurement office [Irish government GPP criteria](#).

³⁵ Dutch government [getting started on circular procurement](#).

³⁶ [CO₂ Performance Ladder](#).

³⁷ [Ecolabel Index](#).

³⁸ [Green Ecolabelling Network](#).

³⁹ GEN [resources on sustainable procurement and ecolabels](#).

⁴⁰ European Commission [EU Ecolabels](#).

⁴¹ European Commission [LCC Calculation Tools](#).

⁴² European Commission Interreg programme [LCC Methodology and Resources](#).

CIRCULAR PUBLIC PROCUREMENT

EIB guidance note

