

Circular Public Procurement

Challenges, Opportunities and EIB Initiatives



European
Investment Bank | Group

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01

Circular Public Procurement Overview

Circular Economy and the Importance of
CPP

LINEAR ECONOMY



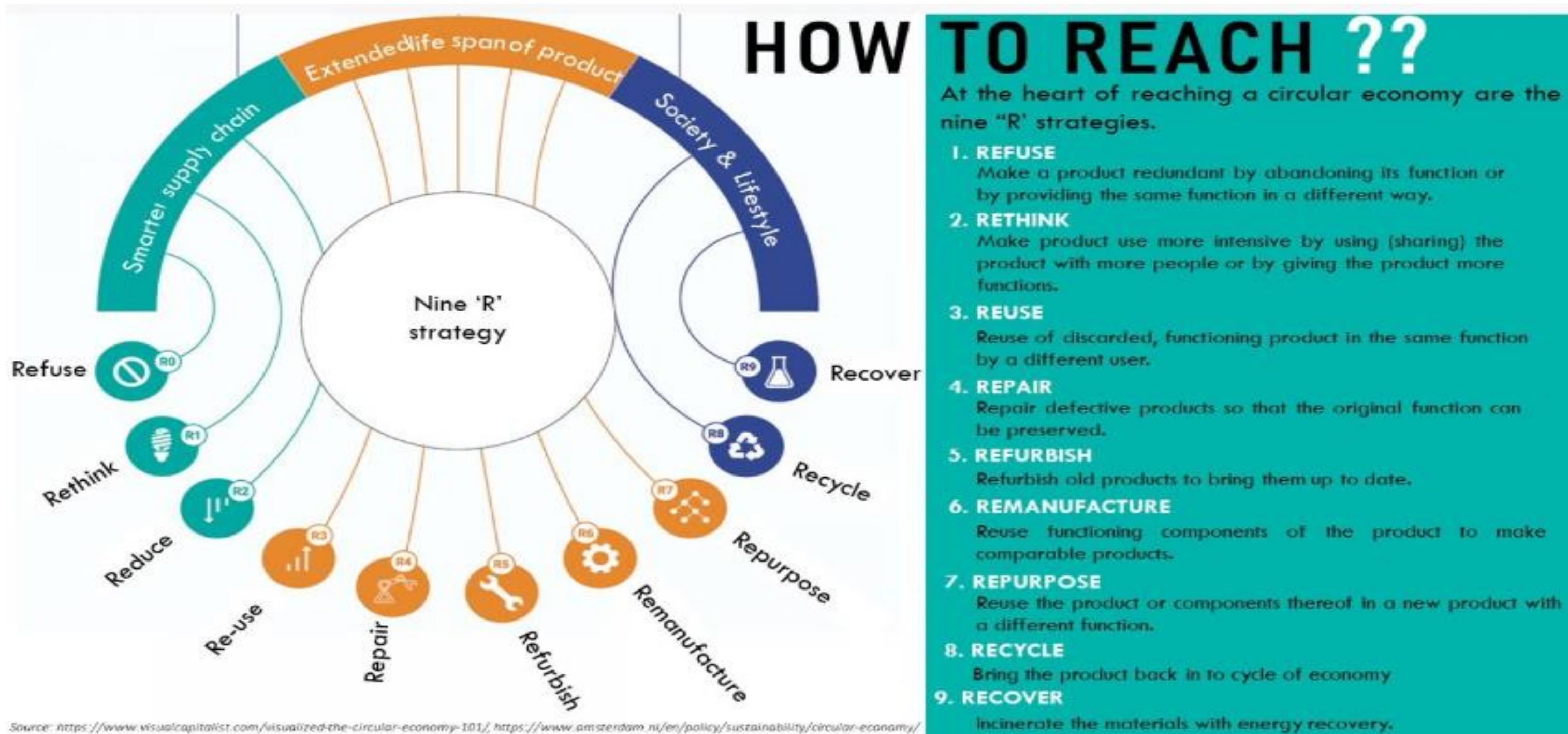
RECYCLING
ECONOMY



CIRCULAR
ECONOMY



Procurement shall enable the 9R's

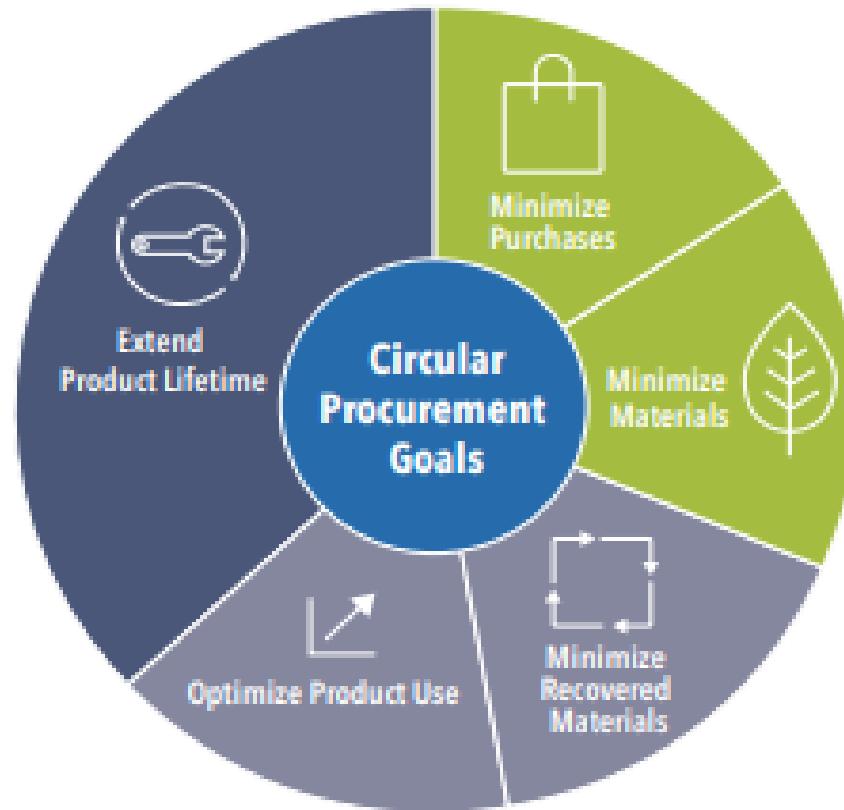




02 CPP – change of mindset

An Overview

CPP – Shift of principles



Source: CCRI, (2023)

From procurement officer to procurement

Successful circular procurement requires collaboration between different departments and roles, making the procurement process that may otherwise be owned by an individual procurement officer, be executed by several different departments

From transactional to relational

Circular products and use requires long-term relationships between the buyer and supplier in order for value to be preserved, where the role of the buyer is to use the product in a responsible way and the role of the supplier is to ensure that the product life is maximised

From short-term business cases to long-term value creation

Circular procurement is based on life cycle costs rather than initial capital expenditure, which introduces a number of alternative business models

From technical specifications to functional demand

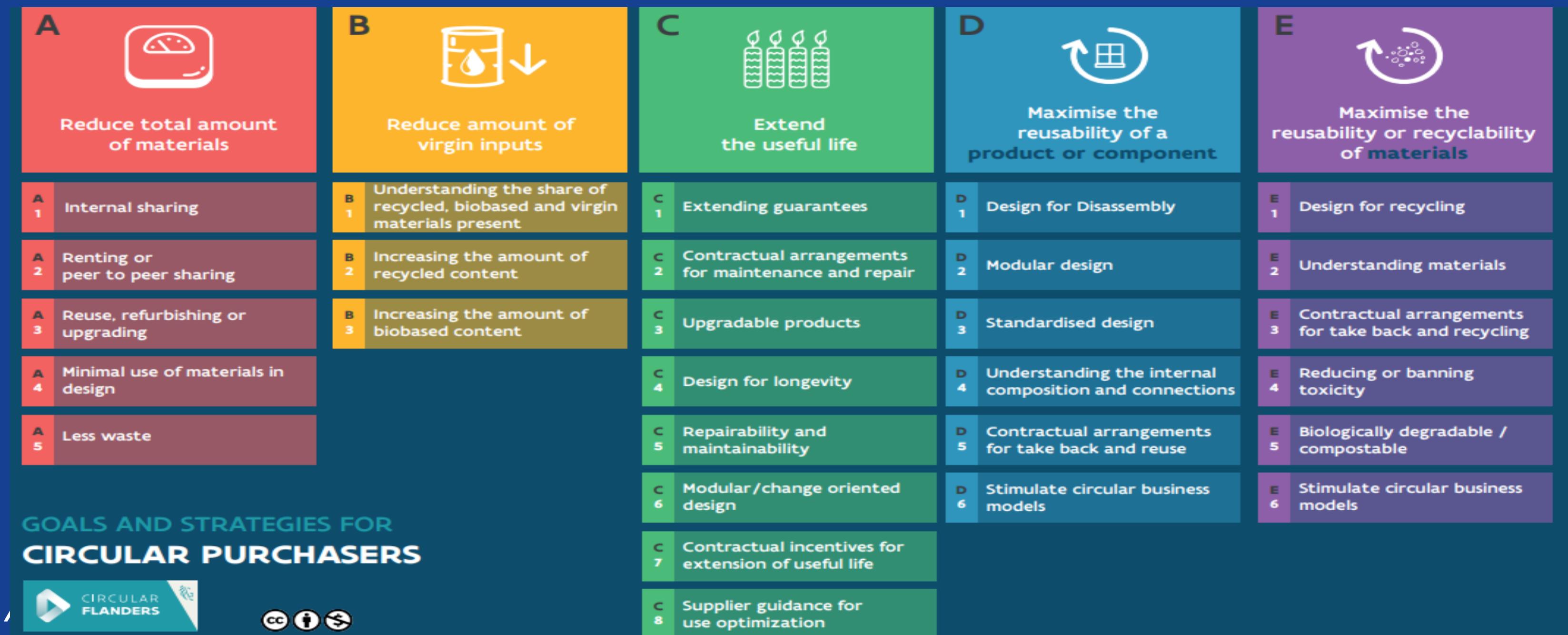
Technical specifications can limit the proposed approach and the creativity and innovation of the suppliers, which is needed to be stimulated in order to develop new solutions for circularity

A comparison of procurement approaches

	MARKET CONTACT	CRITERIA	COST	COLLABORATION	CONTRACT
TRAD.	<ul style="list-style-type: none"> • FOCUS ON SUPPLIER • LIMITED MARKET CONTACT 	<ul style="list-style-type: none"> • FIXED SET OF REQUIREMENTS • SELECTION BY EXCLUDING, BASED ON RISKS • TECHNICAL SPECS 	<ul style="list-style-type: none"> • FOCUS ON SHORT-TERM COSTS • LOWEST PRICE 	• TRANSACTIONAL RELATION	<ul style="list-style-type: none"> • PRODUCT OWNERSHIP • NO END-OF-LIFE ARRANGEMENTS • NO SPACE FOR DEVELOPMENT
SUST.	<ul style="list-style-type: none"> • FOCUS ON SUPPLY CHAIN • REGULAR MARKET CONTACT 	<ul style="list-style-type: none"> • REQUIREMENTS BASED ON EXISTING SUST. LABELS • SELECTION ON SUST. PRACTICES • MORE FUNCTIONAL SPECS 	<ul style="list-style-type: none"> • FOCUS ON TCO / TCU • BALANCE PRICE/QUALITY 	• TRANSACTIONAL RELATION	<ul style="list-style-type: none"> • PRODUCT OWNERSHIP + USE • NO END-OF-LIFE ARRANGEMENTS • (MOST OFTEN) NO SPACE FOR DEVELOPMENT
CIRC.	<ul style="list-style-type: none"> • FOCUS ON SUPPLY CHAIN • INTENSIVE MARKET CONTACT, ALSO ON CRITERIA 	<ul style="list-style-type: none"> • LIMITED SPECS: CRITERIA ON VISION AND AMBITIONS • MAXIMUM FUNCTIONAL SPECS 	<ul style="list-style-type: none"> • FOCUS ON TCO / TCU • FOCUS ON QUALITY 	• LONG-TERM RELATION	<ul style="list-style-type: none"> • PRODUCT OWNERSHIP + USE • END-OF-LIFE ARRANGEMENTS • SPACE FOR DEVELOPMENT

Where shall you start?

Remember to engage with the market !



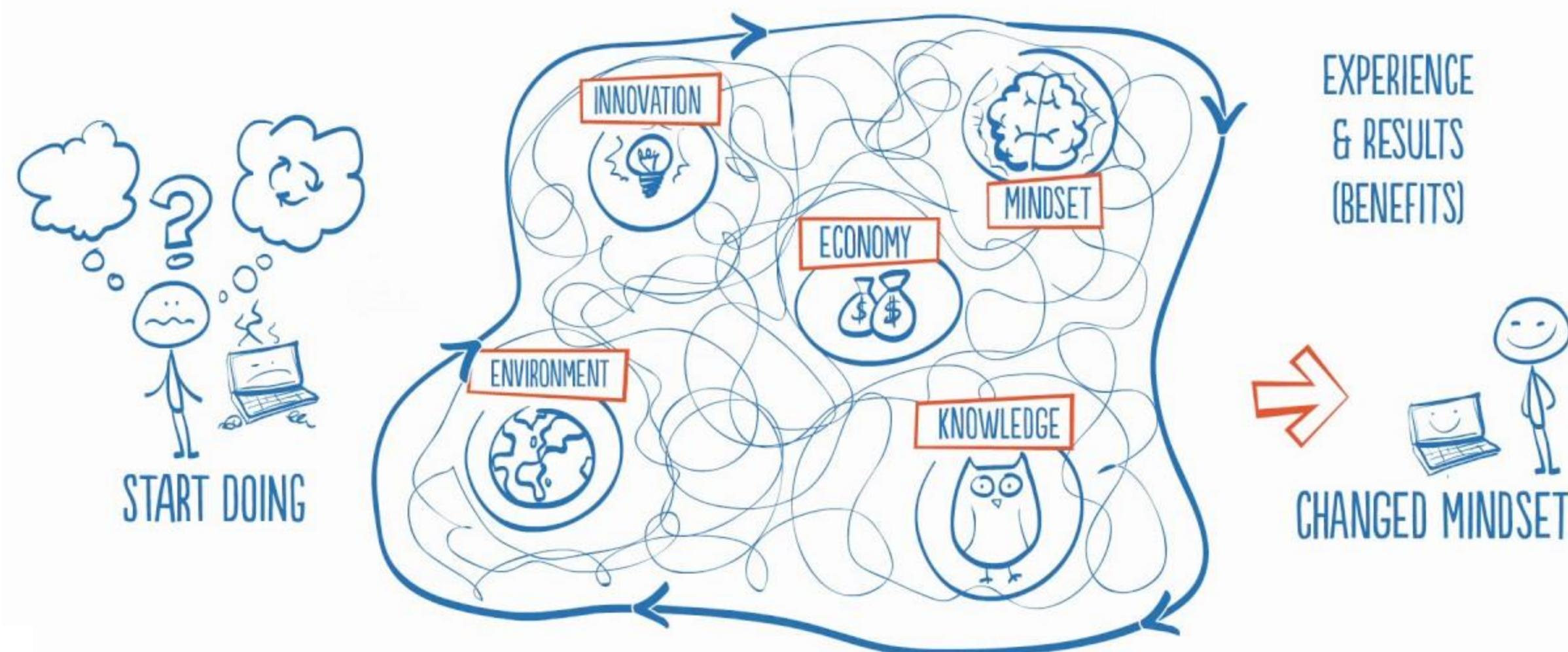


03

Challenges of CPP

Overview of current barriers

THE ROAD TO CIRCULAR PUBLIC PROCUREMENT



Governance and Regulatory

- Lack of mandatory sustainable procurement requirements
- Uncertainties in public procurement law
- Non- alignment of environmental and economic targets with procurement policies and practices
- Lack of strategic pressure or political leadership regarding CPP

Technical Barriers

- The purchaser's requirements are unclear or presented in vague terms;
- Importance of product characteristics that sustainability measures can influence
- Procurements are locked down in the planning phase
- Lack of measuring tools

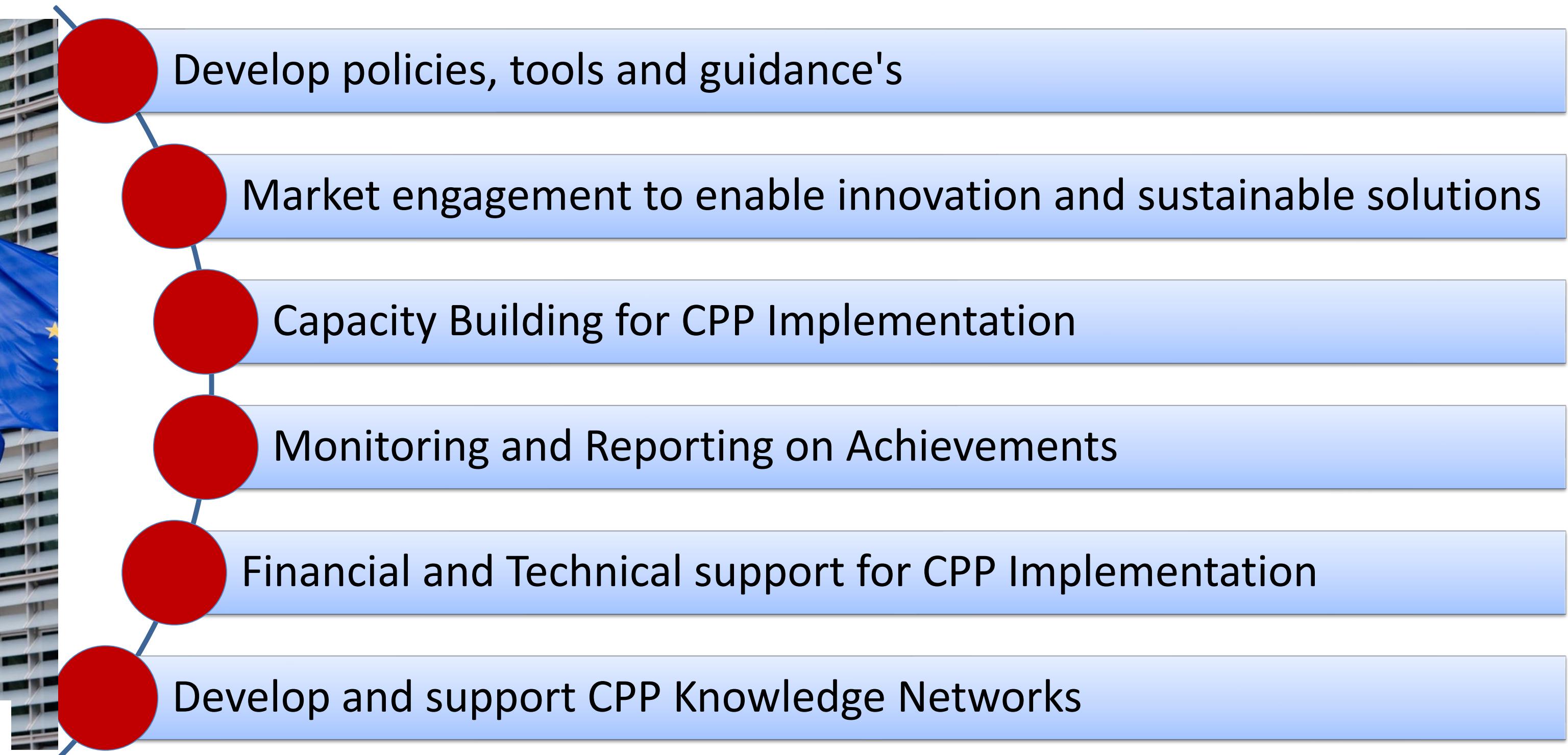
Work Force Barriers

- Lack of information and circular economy expertise;
- Organisational restrictions
- Lack of knowledge regarding circular procurement
- Fear of change
- Competing procurement objectives

Market Barriers

- Lack of standards and certificates
- Price and inappropriate price differentials
- Unavailability in the market of sustainable products
- Lack of public-private collaboration

How can MDB's support the mainstreaming of CPP?



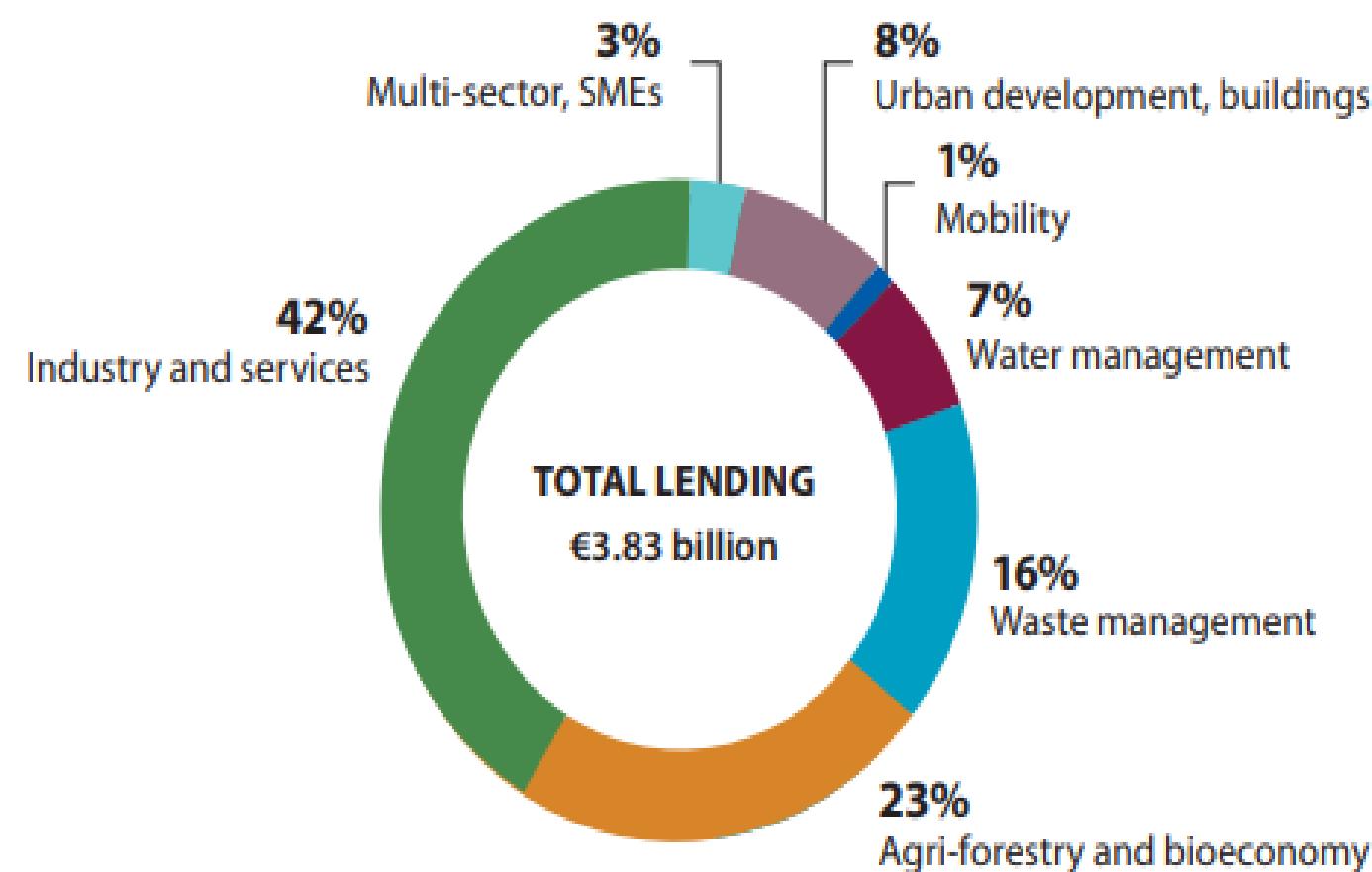


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Circular Economy and CPP at the EIB

EIB CIRCULAR ECONOMY LENDING

BY SECTOR 2019-2023

**For a total number of 142 Operations**

The EIB is also an active member of the multilateral development bank (MDB) circular economy working group

EIB Circular economy initiatives**The Joint Initiative on Circular Economy (JICE)**

This is a partnership between the European Union's largest national promotional banks and institutions and the European Investment Bank to invest at least €16 billion in the circular economy by 2025.

The EIB Circular Economy Guide: Supporting the circular transition

A living document that aims to promote a common understanding of the circular economy, and raise awareness about and promote circular solutions. The Guide provides information about EIB's lending and advisory activities in this field, and communicates our vision of how the EIB can further support the transition to a circular economy.

The Circular City Centre - C3

C3 is a competence and resource centre within the European Investment Bank, which aims to support EU cities in their circular economy transition by:

- Sharing resources and practical information to support city-level circular action
- Providing circular city advisory to support cities in their circular transition
- Raising awareness about relevant advisory and funding opportunities for circular projects

EIB Road Map to mainstream CPP

- ✓ Draft of Internal and External Guidance Note regarding Circular Public Procurement (CPP);
- ✓ Preparation of a Circular City Centre - C3 Guidance document on CPP;
- ✓ Developing a CPP Module to be offered as part of the C3 Circular City Advisory Programme;
- ✓ Training and Capacity building on CPP for internal audience and borrowers.

What's the
next step?





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Mainstreaming Gender Responsive Public Procurement

Sonia Rodrigues da Fonseca
Procurement Office
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“Achieving gender equality and empowering women and girls is the unfinished business of our time, and the greatest human rights challenge in our world”

Antonio Guterres, 2018

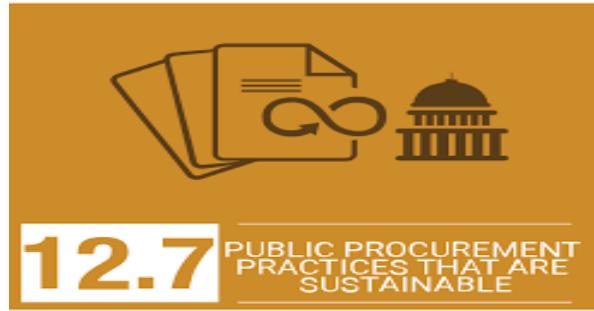
- ❖ At the current rate of progress, it will take **131** years to reach full gender equality
- ❖ **No country** has yet achieved full gender parity
- ❖ Women on average enjoy **just 64%** of the legal protections that men do
- ❖ Globally women earn just **77 cents for every \$1** paid to men
- ❖ Women make up almost half (49.3%) of total employment across non-STEM occupations, but just **29.2% of all STEM workers**

Source: [Women, Business, and the Law 2024 \(worldbank.org\)](https://www.worldbank.org) and [Global Gender Gap Report 2023 | World Economic Forum \(weforum.org\)](https://weforum.org)

Acting now to advance gender equality could add \$13 trillion to global gross domestic product (GDP) by 2030.



Procurement as a strategic tool



It is estimated that globally the value of public procurement amounts to **US\$13 trillion per annum** or 15-20% of the global GDP.

The strategic use of public procurement, can enable the fight **against gender inequalities and women empowerment**.

Multilateral Development Banks (MDBs), due to their level of public and private investment worldwide have the power to play an important role in promoting gender equality in their operations -> In 2020, 36 development banks (including the EIB), signed the **Paris Development Banks statement on Gender Equality and Women's Empowerment**

EIB Gender Strategy

The EIB Group Gender Strategy

Investing in Gender Equality and Women's Economic Empowerment



Protect

Upholding the rights of women and girls

Impact

Enhancing the impact of our operations on gender equality

Invest

Investing in women entrepreneurship and economic empowerment

EIB Gender Equality Tag

EIB Financing for Gender Equality Tag

Principal
Gender Equality Tag
(aligned with OECD G2)



Gender Equality is the main intended impact of the operation with the overall objective of the project being to enhance gender equality and/or narrow a recognised gender gap

Significant
Gender Equality Tag
(aligned with OECD G1)



The operation / project includes specific features / activities that will enhance its direct impact on gender equality

No Significant Contribution to Gender Equality



The operation will not significantly contribute to gender equality and/or has not been assessed from this perspective (irrelevant)

2023 Results

EIB financed **63 projects** that significantly contributed to gender equality and women's economic empowerment, providing €5.8 billion of investment, out of which **€2.4 billion outside EU**.

EIB financed **31 projects** to the tune of **€650.8 million** dedicated to women entrepreneurs, women led companies and businesses supporting job opportunities and providing services to women through local banks, microfinance institutions and private equity funds **in line with the 2X Challenge criteria**, outside the European Union



2X Challenge

The EIB was the first multilateral development bank to join the 2X Challenge launched in 2018 to accelerate private sector investments in support of women in low- and middle-income countries using a common set of criteria known as the **2X criteria**.

1 ENTREPRENEURSHIP & OWNERSHIP

Share of women ownership 51%
OR
Business founded by a woman 50%

2 LEADERSHIP

Share of women in senior management Varies*
OR
Share of women on the Board or Investment Committee Varies*
*See country & sector specific thresholds

3 EMPLOYMENT

Share of women in the workforce Varies*
AND
One "quality" Employment indicator beyond compliance Yes/No
*See country & sector specific thresholds

4 SUPPLY CHAIN

Commitment to women in the supply chain Yes/No
AND
One "quality" Supply Chain indicator beyond compliance Yes/No

5 PRODUCTS & SERVICES

Product(s) or service(s) enhance(s) well-being of women/girls and/or drives gender equity Yes/No

6 PORTFOLIO

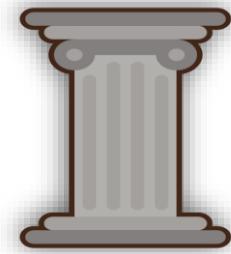
Investments through financial intermediaries that are aligned with the 2X Criteria through the intermediary's portfolio



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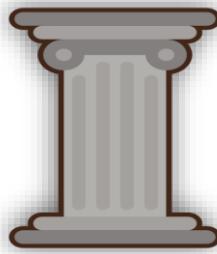
GRPP Identified Enabler Pillars

Legal and Regulatory Framework



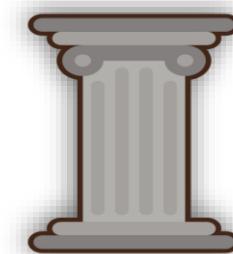
Cross-referencing gender objectives in the public procurement policy, and refer to public procurement as a tool to advance gender equality within gender policies, **promoting collaboration** between gender bodies and contracting authorities

Procurement Planning and Strategy



Assessment, using a gender-inclusive lens, of the needs of the final beneficiary, evaluate the gender impacts and risks, and understand the market structure and capacity in terms of available solutions.
Gender-budgeting, by deciding to set-aside a share of the contracts to WOB

Procurement Process

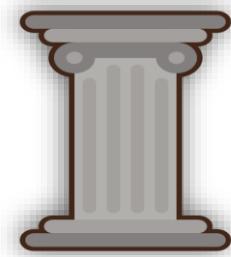


Gender Considerations to be included as part of:

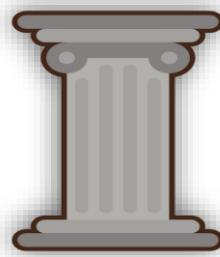
- Exclusion Criteria
- Selection Criteria
- Award Criteria
- Contract Clauses

GRPP Identified Enabler Pillars

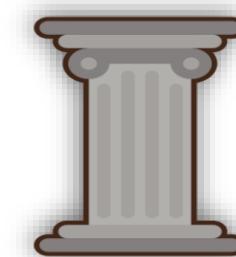
Training and Awareness



Monitoring and Reporting



Women-Owned-Business Identification



GRPP **training and capacity building**, awareness sessions and supporting tools such as Guidance Notes covering gender equality and gender mainstreaming for contracting authorities.

Market outreach out events to private sector.

Measuring and monitoring of the impact of GRPP is key to understand not only the success of the implemented policies, but to identify barriers to women-led business to access procurement opportunities

Women face specific challenges to access procurement opportunities, as lack of financial capital, social capital and networking and lack of managerial experience. **Contracting Authorities must identify which of their suppliers are WOB**, to understand the barriers they face.

EIB multilayer approach to mainstream GRPP

Linking EIB Procurement Policy with EIB Gender Strategy

Assessment of the **Institutional and Policy Framework of the Borrower's Country** to understand whether the country has enacted laws, policies, and regulations to promote gender equality through public procurement

Systematic Assessment at **Project-level**, using a gender-inclusive lens, of the needs of the final beneficiary, evaluate the possible gender impacts and identify if and how, the project will promote gender-related objectives and how procurement can support it

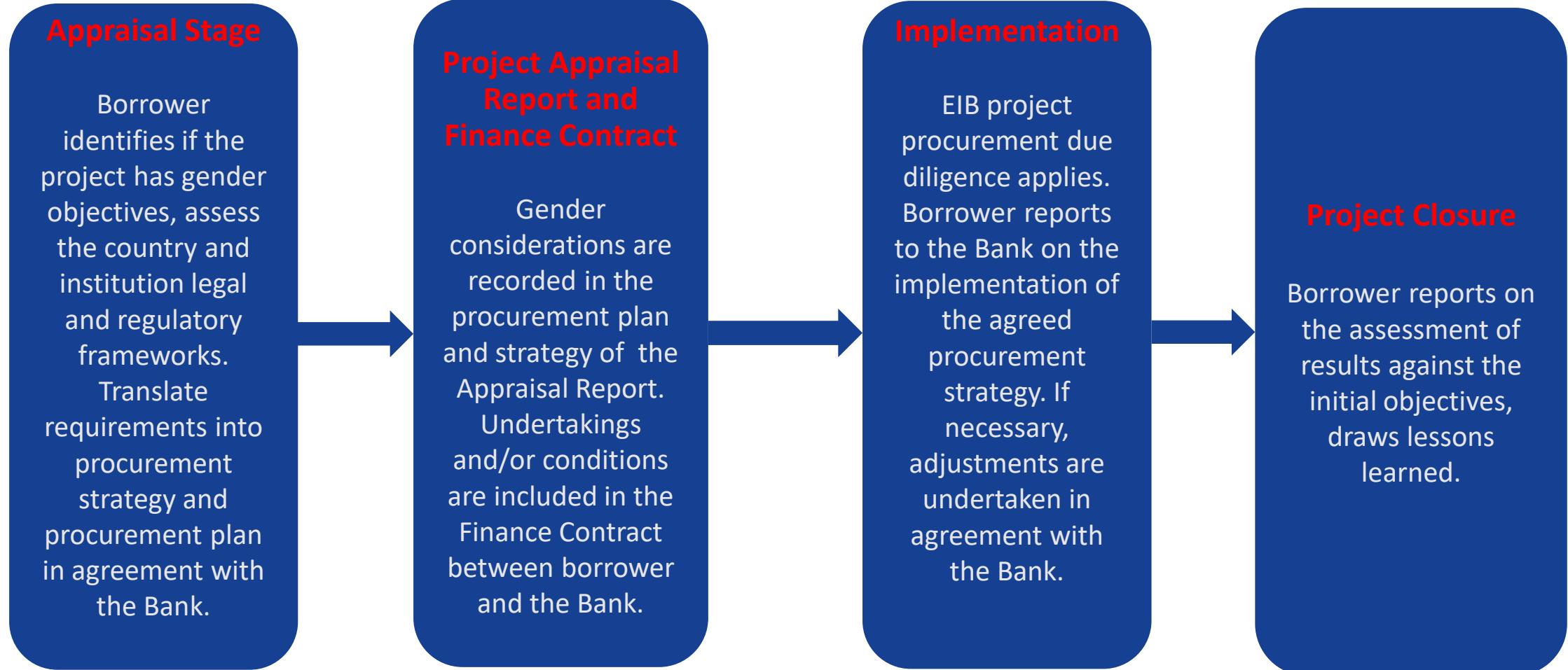
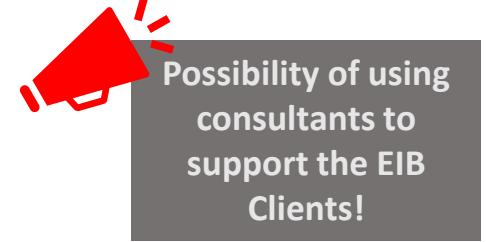
Capacity Building and Training of Borrowers Contracting Authorities – Guidance Notes, Trainings and knowledge exchange sessions

Market Outreach- understand the market and identify the challenges faced in the country by WOB to access procurement opportunities, to disseminate opportunities and monitor WOB-related statistics.

Monitoring and Reporting: effectively collect data regarding GRPP implementation in the projects EIB finances, compile best practices and lessons learned to inform possible policy and practice adjustments.



GRPP throughout the procurement cycle



Examples of EIB Financed projects

Woman-led Ukrainian fund supports tech firms in Ukraine and Moldova

Horizon Capital Growth Fund IV – the latest fund managed by Horizon Capital, a woman-led and co-founded firm based in Kyiv, Ukraine – invests in fast-growing tech and export-oriented companies in Ukraine and Moldova, building on the region's rich engineering talent base.

The fund will benefit from a €25 million investment from the EIB's EU for Ukraine Fund.

The fund has been awarded **2X Challenge** flagship fund status.

Its manager is committed to promoting and maintaining gender balance within the fund and throughout its portfolio. The fund offers support to its portfolio companies in implementing gender-smart practices, at least 30% of its executive team are women and at least 30% of its investments qualify for the 2X Challenge.



Examples of EIB Financed projects

Increasing security in Barcelona's public transport network

The EIB invested €25 million in Barcelona's rolling stock in 2023 and signed an advisory service agreement under the InvestEU Advisory Hub with Barcelona's public transport operator, Transports Metropolitans de Barcelona (TMB) to further strengthen the security of its transport network against all forms of harassment.

As 20.1% of cases of sexual assault or harassment in Barcelona take place on public transport, the agreement includes a special focus **on addressing gender-based sexual harassment often experienced by women**, members of the LGBTIQ+ community and other vulnerable groups.

The EIB has supported TMB in assessing the impact of harassment and expanding prevention measures already in place, such as the installation of real-time video surveillance systems and LED lighting and the introduction of awareness campaigns, among others. **EIB will be publishing key findings and lessons learnt to support other public transport providers.**

Further info at: [Switching tracks on harassment \(youtube.com\)](https://www.youtube.com/watch?v=JyfJyfJyfJy)





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