

Monitoring policy change

**Using circular procurement to reduce the harmful effects of waste
by preventing its generation and encouraging its reuse**

Annual Report

Bulgarian Association of Recycling

Bulgaria, 2022

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1. INTRODUCTION

The European Commission /EC/ defines Circular Public Procurement /CPP/ as 'Circular procurement sets out an approach to green public procurement which pays special attention to "the purchase of works, goods or services that seek to contribute to the closed energy and material loops within supply chains, whilst minimising, and in the best case avoiding, negative environmental impacts and waste creation across the whole life-cycle"¹.

The raison d'être for this policy initiative stems from the fact that public authorities in Europe are major consumers spending approximately 13.4 trillion euros annually representing 14.93% of the EU's gross domestic product². It was therefore deemed appropriate that public procurement be more environmentally sensitive, transform the European economy into a more circular economy. By adopting this approach, Member States are setting an example and acting as a driving force for the private sector to invest and develop circular products and services. CPP offers a set of environmental, economic and social benefits for the private sector, governments and society alike.

Economically, the purchase of CPP compliant products tends to offer the purchaser savings throughout its lifecycle despite having, at times, a higher initial cost. Savings, which may result from lower energy and water consumption to an increased longevity of the actual product, are many a

¹ European Union: Share in global gross domestic product based on purchasing-power-parity from 2017 to 2027, EC, 2020, <https://www.statista.com/statistics/253512/share-of-the-eu-in-the-inflation-adjusted-global-gross-domestic-product/>

² COM (2008) 400, Public Procurement for a Better Environment, p. 4.

time not considered from a financial perspective at the time of purchase. For example, The Ellen MacArthur Foundation /EMF/ estimates that circular economy activities may contribute as much as US\$ 700 million in annual material cost savings to consumer goods production, as well as a 48% reduction in carbon dioxide emissions by 2030³.

Socially, CPP will further improve the quality of life for citizens since it requires bidders to provide cleaning products with reduced use of toxic chemicals, cleaner transportation and the creation of less waste.

Environmentally, CPP addresses issues of deforestation through the purchase of paper from legally harvested and sustainably managed forests, sustainable agriculture by purchasing organically produced food as well as air and noise abatement, amongst others⁴.

2. CONTEXT

The project CircPro /Smart Circular Procurement/⁵ aims promoting the transition to a more circular economy related national and regional decision making by increasing the implementation of the circular procurement. The project is funded by Interreg Europe Program /European Regional Development Fund/ and it gathers 11 partners from 9 EU regions and Norway. Main barriers that hinder the systematic implementation of the circular procurement are general lack of knowledge and expertise, procedural and legal barriers, and procurers' preconceptions about using, as well as lack of, recycled materials. CircPro tackles the challenge to analyze whether Circular Economy /CE/ principles and Circular Procurement criteria could be included into the regional Policy Instruments as a general principle or as an award criterion to encourage applicants to systematically such model of assignment.

³ Towards the circular economy Vol. 1: an economic and business rationale for an accelerated transition, Ellen Macarthur Fondation, 2013, <https://ellenmacarthurfoundation.org/towards-the-circular-economy-vol-1-an-economic-and-business-rationale-for-an>

⁴ GREEN PUBLIC PROCUREMENT NATIONAL ACTION PLAN 2019-2025, Ministry for the Environment, Sustainable Development and Climate Change, Malta, 2018, p.10

⁵ For more information, please visit <https://projects2014-2020.interregeurope.eu/circpro/>

The project also focuses on exchange of experience within and between regions, at regional level by interacting with key stakeholders (procurers, suppliers, academic circles, decision-makers and other valid parties) in regional stakeholders groups, and at interregional level by organizing interregional stakeholders meetings for fostering the interregional learning.

Bulgarian Association of Recycling /BAR/ together with the project international partners aims at promoting the transition to a more circular economy by assisting Bulgaria in its efforts to implement “circular” public procurement as a practice, by raising awareness of the benefits of “circular” procurement, exchanging good practices and assisting contracting authorities and economic entities.

In the course of the project activities, numerous documents were developed, aimed at assisting public contracting authorities in the implementation of public procurement and the use of circular criteria in the tender documentation at all stages of the public procurement.

Critical to the successful implementation of the project was the influence that the project partners had on policy instruments.

3. Development of circular procurement based on Policy change in Bulgaria – National Waste Management Plan 2021-2028 /NWMP/

The state waste management policy is a concept of resource efficiency, aimed at preventing the generation of waste, promoting reuse and recovery through recycling, regeneration or other process of recovery of secondary raw materials, disposal and safe storage of waste, increasing responsibility producers, stimulating investment in the sector, within the available financial instruments.

The waste management policy is implemented by the Ministry of Environment and Water /MOEW/, assisted by the Directorate for “Waste Management and Soil Protection”, in accordance with the legislation of the European Community and the national legislation - Environmental Protection Act, Waste Management Act, regulations, national planning and strategic documents - National Waste Management Plan, National Strategic Plan for Sludge Management from Urban Wastewater Treatment Plants, National Strategic Plan for Construction and Demolition Waste Management and the National Strategic Plan for gradual reduction of the quantities of biodegradable waste intended for landfill.

In the context of the European Commission's policy on waste and the development of a circular economy, the linear economic model of the "take, produce and throw away" type no longer meets the needs of modern society and the limited nature of natural resources. According to the adopted waste hierarchy, priority is given to waste prevention, followed by preparation for re-use, recycling, recovery and finally disposal, as the most undesirable option.

In this sense, the state waste management policy focuses on the integration of new, environmentally and economically sustainable models, where everything that can be recovered and recycled to be converted into energy is separated from municipal waste, in raw materials for industry, in fertilizer for plants, and in the newly built regional landfills to deposit minimal amounts of waste.

Supporting the policies of the MOEW and the main aspects of the national interest, the Bulgarian Recycling Association chose to participate in the CircPro project, with the National Waste Management of Bulgaria /NWMP/, as a policy instrument.

As already mentioned, the NWMP is a key strategic document in the „Waste sector“. It has a key role for the efficient and effective waste management in the Republic of Bulgaria. The plan aims to reduce the harmful effects of waste on the environment and the health of the population, as well as maximizing resource efficiency, opening up new markets and creating new jobs.

An important part of the Plan is the creation of maximum conditions for waste prevention. Within the framework of the NWMP 2021-2028, five programs have been developed, which through their activities lead to the achievement of the specific program goals.

The choice of specific measures and their combination over time represent different alternatives for achieving the set goals:

Strategic Goal 1: Reduction of the harmful impact of waste through preventing their formation and encouraging their reuse:

- ✓ National Waste Prevention Program with
- ✓ Sub-program for the prevention of food waste;

Strategic Goal 2: Increasing the amount of recycled and recovered waste:

- ✓ Program for achieving the objectives for preparation for re-use and for recycling of household waste;

- ✓ Program for achieving the goals for recycling and utilization of construction and demolition waste;
- ✓ Program for achieving the goals for recycling and utilization of “widespread waste” with;
- ✓ Sub-program for management of packaging and packaging waste;

Strategic Goal 3: Reducing the quantities and risk of landfilled municipal waste:

- ✓ Program for reducing the quantities and the risk of landfilled municipal waste;

Based on the activities of CircPro, the information received from the other project partners, the interregional meetings, as well as the meetings with the stakeholders in Bulgaria, the Association prepared a proposal for inclusion of the circular public procurements in the new National Waste Management Plan 2021-2028. To date, the proposal has been accepted and entered into force. The reuse of materials, the observance of the principles of the waste hierarchy, as well as the development of innovative business solutions in the field of the environment are those specific tools of circular procurement that fulfill the goals of the circular economy.

This addition comes at a very important time for the country, when the adoption of the first Strategy for a circular economy is expected. Defining circular procurement as a policy tool for contracting authorities will provide a strong incentive for the use of sustainable criteria in tender documentation, awareness of the life cycle costing model and will create a precondition for the inclusion of circular procurement in a number of other strategic documents.

4. OBJECTIVE AND SCOPE

The main objective of this report is to monitor the current level of CPP in Bulgaria by developing and implementing methodologies for:

1. Measuring quantitative levels of CPP (numbers and value of “circular” contracts as compared to overall number and value of public procurement contracts);
- 2.
3. Evaluation of the phases of the public procurement in which “circular” criteria are most often used;
4. Monitoring CPP on national level.

This report provides information on the development of circular public procurement in Bulgaria, in connection with the change of the National Waste Management Plan 2021-2028 /NWMP/ and the

goals set in the Bulgarian Action Plan - percentage of completed circular public procurements on the territory of the Republic of Bulgaria for the period September 2021 - September 2022. The data used are available on the official website of the Agency for Public Procurement and represent publicly available information from the Centralized Register for Public Procurement of Bulgaria⁶.

5. GUIDELINES FOR DETERMINING A CIRCULAR PROCUREMENT

To determine if a contract was to be included in reporting, the following guidelines, which were developed:

- ✓ A contract can be included as a circular procurement if criteria are included which are designed to ensure that the product or service procured will minimising, and in the best case avoiding, negative environmental impacts and waste creation across the whole life-cycle.
- ✓ Circular criteria can be included in the procurement process:

Phase 1 Pre-award stage – change in the internal model of the organization;

Phase 2 Preparatory stage - determining the requirements and needs of the contracting authorities, subject;

Phase 3 Market analysis: Methodology for involving economic operators in the circular procurement process;

Phase 4 – Award procedures;

Phase 5 - Selection criteria and exclusion grounds;

Phase 6 Functional/Technical specifications and labels;

Phase 7 – Award criteria;

⁶ <https://app.eop.bg/today/reporting>

Phase 8 Contract performance terms and conditions⁷;

In relation to the implementation of the ambitious targets introduced by the Green Deal, for the purpose of this report the sectors with the greatest impact on the environment have been taken into account.

Table 1 Priority sectors

SECTOR	SCOPE
TRANSPORT	Purchase of new or used road transport vehicles /cars and vans, buses, and waste collection trucks and other services/.
CONSTRUCTION	Applicable to construction works including buildings and civil engineering works. CPP criteria relate to control of the working environment and address environmental impacts which arise during demolition and construction, including impacts with respect to local ecology, materials and transport, water, noise, waste management and emissions to air.
WASTE MANAGEMENT AND RECYCLIGN	Including collection, disposal and treatment.
FOOD&CATERING SERVICES	Purchase of food and catering services.
CLEANING PRODUCTS & SERVICES	Purchase of cleaning products and services. CPP criteria may be used by authorities purchasing cleaning products directly or where a service contract is being awarded. They may also be included in larger contracts for services such as facilities management or building maintenance.

⁷ Based on BULGARIA Regional guidebook on Circular procurement https://projects2014-2020.interregueurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1637221480.pdf

PAPER	Purchase of copying and graphic paper. CPP criteria contain options for paper from 100% or 75% recycled fibers, as well as for new paper from sustainably managed forests.
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6. TYPES OF PUBLIC PROCUREMENT CONSIDERED IN THE REPORT

Given the development of the annual report, the following types of public procurement will be used:

Table 2 Types of public procurement

TYPE	SCOPE
OPEN PROCEDURE	This is a procedure under which all interested persons may submit a tender.
RESTRICTED PROCEDURE	Procedure where tenders may be submitted only by candidates who have been invited to do so by the contracting authority, following the completion of a selection stage. Any interested person may submit a request to participate in the selection stage.
COMPETITIVE PROCEDURE WITH NEGOTIATION	A procedure where the contracting authority conducts negotiations with the candidates that have received an invitation following the completion of a selection stage. Any interested person may submit a request to participate in the selection stage.
NEGOTIATION WITH A PRELIMINARY INVITATION FOR PARTICIPANTS	A procedure where the contracting authority conducts negotiations with the candidates that have received an invitation following the completion of a selection stage.

<p>NEGOTIATION WITH PUBLICATION OF A PROCUREMENT NOTICE</p>	<p>A procedure where the contracting authority conducts negotiations with the candidates that have received an invitation following the completion of a selection stage.</p>
<p>COMPETITIVE DIALOGUE</p>	<p>A procedure where the contracting authority engages in dialogue with candidates, who have been admitted following the completion of a selection stage. The purpose of the dialogue is to determine one or more of the proposed solutions, which are in compliance with the requirements of the contracting authority, after which the respective candidates are invited to submit their final tenders.</p>
<p>INNOVATION PARTNERSHIP</p>	<p>In the innovation partnership the contracting authority conducts preliminary negotiations with candidates, admitted following the completion of a selection stage, for the purpose of establishing a partnership with one or more partners that will be tasked with the implementation of a certain type of research and development activity. The specifics here are related to the fact that the contracting authority is required to justify the necessity for the receipt of an innovative product, service or works as well as the inability to acquire it through available market solutions.</p>
<p>NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION</p>	<p>A procedure in which the contracting authority conducts negotiations with one or more preselected persons in order to determine the terms and conditions of the public contract. This procedure is applied only in the cases exhaustively listed in the law.</p>
<p>COMPETITION FOR A PROJECT</p>	<p>A procedure in which the contracting authority acquires a plan or project (mainly in the fields of urban planning, architecture, engineering or data processing) selected by an independent jury based on a competition with or without awards. The competition for a project can be open or restricted.</p>
<p>NEGOTIATION WITHOUT PRIOR INVITATION TO PARTICIPATE</p>	<p>A procedure in which the contracting authority conducts negotiations to determine the terms of the contract with one or more specified persons.</p>

DESIGN CONTEST	A procedure under which the contracting authority acquires a civil works, architectural, engineering or data processing related design. The design is selected by an independent jury and following a contest with or without rewards. The design contest may be open or restricted with each contestant allowed to present only one design.
PUBLIC COMPETITION	A procedure where all interested parties may submit a tender. It is conducted only in case the indicative value of the public contract is under the thresholds defined in the law.
DIRECT NEGOTIATION	A procedure where the contracting authority conducts negotiations with one or more preselected persons for the purpose of determining the terms and conditions of the public contract. It is conducted only in case the indicative value of the public contract is under the thresholds and only if specific circumstances exhaustively listed in the law are present.

7.

APPROACHES TO CIRCULAR PUBLIC PROCUREMENT

At least four different approaches were recognised in connection with this report that facilitate closed loops (based on Circular Public Procurement in the Nordic Countries, 2017).

Table 3 Approaches to circular public procurement⁸

APPROACH	SCOPE
<p>Procurement including GPP based “circular” criteria</p>	<p>Improved products and services are procured by adding GPP and circular criteria to the tender competition:</p> <ul style="list-style-type: none"> • Prevention of waste; • Recyclability; • Share of recycled materials; • Reusability; • Avoidance of certain hazardous chemicals.
<p>Procurement of new “circular” products and materials</p>	<p>New products are purchased and / or developed through innovative public procurement. These products are significantly better in terms of:</p> <ul style="list-style-type: none"> • Recyclability; • Share of recycled materials; • Long lifespan; • Disassembly, etc.
<p>Procurement of services and new business concepts</p>	<p>Product-service systems are procured, and new approaches are applied that promote circular aspects:</p> <ul style="list-style-type: none"> • Combined product service business models; • Leasing concepts; • Renting; • Shared use; • Buy-per-use;
<p>Procurement promoting circular ecosystems</p>	<p>Procurement stimulates the development of industrial symbiosis and other circular ecosystems:</p> <ul style="list-style-type: none"> • Develop or support closed loops; • Support industrial symbiosis based collaborative network; • Create new Networks and alliances;

⁸ Based on Circular Public Procurement in Nordic Countries, 2017

8. REPORTING REQUIREMENTS

For the purposes of this report, a template has been developed. The template is available in Appendix 1. The reported information is current for the period September 2021 - September 2022 and reflects all executed public procurements, after the entry into force of the New Waste Management Plan 2021-2028, on which the CircPro project has an impact. The report takes into account public procurements made by public contracting authorities, using the legal definition given for "public contracting authority" by the Public Procurement Act /Art. 5/ for the purposes of the study:

- ✓ the President of the Republic of Bulgaria;
- ✓ the chairman of the National Assembly;
- ✓ the Prime Minister;
- ✓ the ministers;
- ✓ the ombudsman of the Republic of Bulgaria;
- ✓ the governor of the Bulgarian National Bank;
- ✓ the chairman of the Constitutional Court of the Republic of Bulgaria, the administrative heads of the bodies of judicial power that manage independent budgets, as well as the administrative heads of the prosecutor's offices in the country;
- ✓ regional governors;
- ✓ the mayors of municipalities, regions, town halls, as well as the deputy mayors, when they are in charge of the budget;
- ✓ the chairmen of state agencies;
- ✓ the chairmen of the state commissions;
- ✓ executive directors of executive agencies;

9. FINDINGS

The data was collected on the basis of the information published in the Central Public Procurement Register of Bulgaria, and the results cover only the contracting authorities who meet the legal requirements for "public body".

A wide variety of data is available with respect to the different groups. This probably reflects the different legislation in the sectors and the possibilities that public contracting authorities have to set circular criteria in their public procurement.

Publicly available information, based on an internet survey, indicates that for past years / period 2010-2020/, the total share of public procurements that contain green/sustainable/circular criteria is around 10-14%. The data collected in connection with this report show that this share increased for the period 2021-2022 and reached an average value of 20.62%.

In relation to the most promising sectors, the highest results are clearly observed in the procurement of supplies and services related to transport and construction. The trend is related to the ambitious legislative framework that Bulgaria is forming, in line with the latest European tendencies. Part of the strategic documents in these two spheres is the National Waste Management Plan 2021-2028, in which the requirements for the use of circular public procurement were included, as an opportunity to move to a circular economy and efficient use of resources.

Deliveries of electric buses for the transport of citizens and state administration, are part of the good practices that Bulgaria has in terms of reducing the carbon footprint. In addition, the inclusion of an extended guarantee in the request of the contracting authorities is noticeable, which implies complex criteria for the evaluation of tender proposals.

A good practice that stands out is the initiative of the city of Sofia - "Green transport on demand". As a pilot, the service is offered in one district of the capital and is run by 55 electric buses. Passengers "draw" their routes through a smart application depending on individual needs.

The main goal is to make public transport in Sofia more attractive and convenient, so that the city can deal with the main factors affecting air quality: the excessive use of private cars and traffic jams.

Additionally, models for low-emission areas of the city, green corridors, and a scheme for prioritizing mass transport are provided. In terms of activities and services, in the construction sector, Bulgaria has developed a legislative framework regarding the use of recycled construction materials in the construction of new buildings and roads financed with European funds. The National Waste Management Plan 2021-2028 defines a number of measures to reduce the impact of the sector on the environment and the health of citizens. As part of the CircPro Project Action Plan, the Bulgarian Recycling Association is involved in this process by developing a guide aimed at public procurement contractors for construction, repair and reconstruction of buildings. The document is of a voluntary nature and contains the revised policy of Bulgaria in the sector, as well as an overview of recycled construction materials. The manual is available on the website of the Bulgarian Recycling Association <https://bar-bg.org/en/>

Effective waste management is made up of different activities, which implies a complex approach by public contractors. In order for a raw material to be returned to the production cycle, it must be properly recycled. And to be recyclable, the waste must be disposed of separately. The public procurement for composting equipment and separate collection of biodegradable waste for households and municipal administration has been identified as a good practice. Thanks to the completed public order, it is expected that nearly 150 tons of waste will be prevented, separately collected and/or recycled, or prepared for reuse.

The share of circular public procurement for cleaning products and services is maintained for the reported period. For several years now, various ministries have had a good practice of awarding public contracts for cleaning products with a reduced impact on the environment. This is one of the product groups where 100% circular public procurement is observed, as such criteria are laid down in all phases of public procurement.

A minimal share of circular public procurement is accounted for in the procedures that public authorities have announced for the supply of food, catering and copy paper.

Since 2016, deliveries of recycled paper are mandatory for ministries and state agencies, based on concluded framework contracts. The lack of sufficient public information regarding such public

procurement at the time of the 2021-2022 report is explained precisely by this – the framework contracts were concluded earlier, and deliveries are made periodically.

The case is different with the circular criteria for the supply of food and catering services. Only 8% of all performed public services contain sustainable criteria. The data can be explained by the fact that Bulgaria is still at the initial stage of developing legislation aimed at reducing wastage and preventing the formation of food waste.

Table 4 Results by sectors

September 2021 – September 2022	Total number of public procurement by priority sector	Total number of public procurement by priority sector which have incorporated CPP	Share of CCP
SECTOR			
TRANSPORT	264	59	22,4%
CONSTRUCTION	287	75	26,1%
WASTE MANAGEMENT AND RECYCLIGN	281	70	25%
FOOD&CATERING SERVICES	138	11	8%
CLEANING PRODUCTS & SERVICES	61	9	14,8%
PAPER	60	1	2 %* ⁹
Total:	1091	225	20,62%

⁹ All ministries and state agencies in Bulgaria are excluded from the data, as they have a legal obligation to use 100% recycled paper. Deliveries are based on a framework contract and are made periodically.

10. LEARNINGS

The data in Table 4 show that there are clear opportunities to increasing CPP implementation by public bodies. Challenges in terms of the collation and reporting of data exist and need to be overcome to form a complete picture of CPP activities. The percentage of procedures that include CPP are low with an overall average of 20, 62%. However, it is likely that the true figure is higher and that the reporting of CPP spend has been underestimated. This assumption is based on:

- ✓ the fact that some municipalities have not yet implemented national strategic documents (e.g. the National Waste Management Plan 2021-2028) in their local policies;
- ✓ the huge difference in sectors (e.g. "construction" and "food and catering");
- ✓ the fact that when publishing a public procurement, public authorities are not obliged to note whether it contains circular criteria.

The data collected as part of this reporting cycle shows that spending public funds to support the circular economy is paying off in Bulgaria. However, increasing good practice in this area is a challenge because there is still a lack of a legislative framework that obliges contracting authorities to monitor the % of completed public procurements with circular criteria. It is possible that there are many more cases of sustainable procurement, but no information is available about them.

11. CONCLUSION AND RECOMMENDATIONS

In the implementation of the CircPro Project Action Plan, the Bulgarian Recycling Association took the first positive step to collect annual data on the implementation of CPP. Many public bodies are working to include PPPs in their public procurement process and have included details of CPP when publishing their procedures for products, services and construction. The published figures are not yet complete enough to draw concrete conclusions about the use of circular criteria in public procurement. However, it is clear from the data in Table 4 that the share of circular orders

has increased compared to the reported data of previous years. Further engagement with all stakeholders is needed to support efficient and effective data collection annually.

To this end, it is recommended that all public authorities:

- ✓ Assign appropriate resources at a senior level with responsibility to ensure CPP is incorporated into their procurement processes;
- ✓ Update their procurement procedures to include CPP;
- ✓ Ensure that the relevant staff receive training in CPP;
- ✓ Include information on CPP implementation in contract registers.

These recommendations will be necessary to ensure that the inclusion of circular criteria becomes an integral part of the public procurement process to facilitate the Green Deal's requirement for efficient use of public funds as a method of reducing the harmful effects of waste by preventing its generation and encouraging its reuse.

It is recommended that support for this work be provided by:

- ✓ To introduce legislative changes in the Public Procurement Law. The inclusion of definitions regarding green/circular procurement will help public contracting authorities to use such criteria more often in tender documents without worrying that they are "discriminatory";
- ✓ To use all approaches of circular procurement, including Procurement of new "circular" products and materials, Procurement of services and new business concepts and Procurement promoting circular ecosystems;
- ✓ Public authorities with more experience in using circular criteria should share this experience with other public authorities with less experience. In addition, specific guidelines to be included in public procurement templates;
- ✓ To introduce a system for reporting circular public procurement, which would guarantee the full evaluation in every single sector and by every single public body;

Consultation with key stakeholders is also needed to agree the allocation of roles and responsibilities regarding CPP training, guidance, monitoring and reporting into the future.

12. APPENDIX 1 – REPORTING TAPLATE

September 2021 – September 2022	Total number of public procurement by priority sector	Total number of public procurement by priority sector which have incorporated CPP	Share of CCP
SECTOR			
TRANSPORT			
CONSTRUCTION			
WASTE MANAGEMENT AND RECYCLIGN			
FOOD&CATERING SERVICES			
CLEANING PRODUCTS & SERVICES			
PAPER			
Total:			