

ARTICLE

Executive Summary

The Circular Economy in public policies: the role of certification

The Circular Economy in Europe

In 2010, with the "Europe 2020 strategy" the European Commission, with a programmed intervention of a series of initiatives orienting its activities to the future (the so-called "lighthouse initiative"), opened the way to the theme of the Circular Economy, with the aim of creating an efficient Europe from the point of view of the management of resources.

This involves referring to economic models which are able to make best and longest possible use of the value of the resources throughout their life cycle.

In 2014, in its COM (2014) 398 final, the Commission launched its "Circular Economy Package" based on the idea of incentivizing the development of new raw material procurement logics, project design, production, consumption and waste management, rejecting the typical linear approach of the "take-made-dispose" model on the basis of which raw materials are used only once. In 2015, in an attempt to give form to and implement previous related activities, the Commission published the new "Action Plan for the Circular Economy", containing a series of interventions for focusing Union efforts to facilitate the inclusion of principles of circularity in the internal policies of Member States, with the objective of achieving the goals of fixed sustainability. In defining these actions, which collectively form the "Circular Economy Package", the Commission used as reference the circular economy model drawn up in 2014, concentrating on every step of the production and consumption cycle. Measures were defined for these areas: project planning and design, production process, consumption, waste management and secondary raw materials. There are also some transversal actions which, to enhance those which preceded them, introduce further operative instruments, looking at issues concerning specific sectors deserving special attention, innovations and investment, and the monitoring of progress.

At the time of publication of the present report in April 2018, the Commission gave further impulse to the Circular Economy with the publication of a new policy package, targeting fresh objectives in all the phases of the Circular Economy such as packaging waste percentages for recycling and specific objectives for textile products.

Policy approaches for the Circular Economy

Italy has implemented the lines of action proposed by the Union by means of a series of normative and legislative provisions, starting with the Law 221 of December 28, 2015 "Environmental Connection" which gave rise to a series of Legislative Decrees concerning the protection of the natural environment and sustainable growth. The Ministry of the Environment and the Ministry of Economic Development published a document entitled "Towards a Circular Economy model for Italy" which, as a part of the larger context of the "National strategy for sustainable growth", approved by the government on October 2, 2017, aims at offering support in achieving the aims of the efficient use of resources by means of the creation of more circular and sustainable production systems and incentivization to adopt more careful and knowledgeable consumer habits.

There are many examples in Italy of innovative policies which, concentrating on individual phases of the circular model, promote changes in economic and environmental dynamics.

Within the international context analyzed in the present report, the Circular Economy is seen to be an established reality, even though it may manifest itself under different names. For example, in China the Circular Economy exists through the realization of industrial parks, the strengthening of the industrial symbiosis and the “cleaner production” incentives. Japan does not address the Circular Economy as such, but it has a closely related concept: the Sound Material Cycle Society. In the USA circularity includes such areas as “industrial ecology” and, as in China, it envisages the dissemination of industrial symbiosis initiatives.

The role of Green Public Procurement (GPP)

The logics of circularity confer great importance on the consumption process. In the EU a number of incentives are in place such as the sharing economy, underscoring the need to adopt tools orienting consumers in their purchases and encouraging them to make conscious choices regarding sustainability because green demands engender green offers and, amongst the measures envisaged by the Circular Economy Package, specifically regarding consumer action, the Commission plans to strengthen GPP.

The costs incurred by the public administrative bodies for works, goods and services constitute about 14% of the EU’s total turnover or some 1.8 billion euro per year. Using their purchasing power for choosing works, goods and services with reduced environmental impact, the administrative bodies can make a significant contribution to the sustainability objectives at local, regional, national and international level.

With the COM (2008) 400 the Commission addressed the GPP issue with a document entitled “Public procurement for a better environment”, highlighting the importance of providing common GPP criteria in terms of specific techniques to include in the tender contracts. To do this the EU has prepared a toolkit of environmental criteria in various sectors for Member States to implement, similar to those intended for national application.

The GPP provisions inevitably fall within a wider context than envisaged by the normative requirements for public procurement tenders, and the use of environmental criteria can vary according to the phase of the contract bid in question. These criteria can also be applied in the definition of the object and the specific techniques of the selection and exclusion criteria as well as those for adjudication or for the clauses covering execution.

At European level the situation relating to the application of the GPP in Member States is quite diversified. Amongst the most common reference parameters in comparative evaluations there can be a national GPP action plan, the existence of specific environmental criteria, or a provision for the mandatory application of the GPP.

Studies carried out show that Italy is an EU leader in GPP policies and it is the only country to have fully adopted the GPP by means of legislation, and its policies constitute a reference for many countries which are undertaking effective application of the GPP. The new Code for Public Contracts, Law 50 of April 18, 2016, formalizes this obligation within the procurement tender contracts at every administrative level, providing also for the inclusion of the CAM (minimal environmental criteria, specific for certain sectors and formalized in Law Decrees introduced by the Ministry of the Environment).

This led the regional governments to reinforce staff training in GPP, and it incentivizes monitoring activities, resulting in the drawing up of a national system of environmental protection (operative from January 14, 2017) for the monitoring of the application of the GPP in Italy by means of GPP records.

In Germany, Spain and Austria the GPP is applied through a national action plan, but, although environmental criteria for many sectors have been set down, their implementation within procurement tender contracts is not mandatory, but merely a recommendation, even if in Germany there are exceptions regarding central administrative levels for certain categories of products.

The Green Public Procurement is also fundamental beyond the EU by means of various application modalities: in China it is voluntary and occurs in the lists of products "Environmental Labelling Products (ELP)" and "Energy Conservation Products (ECP)". In Japan the many normative requirements concerning GPP issues led, in 1989, to the launching of the EcoMark Programme, providing for mandatory green procurement for government bodies and those working for them. In the USA, as a part of the EPP programme (Environmental Preferable Purchasing), federal agencies are recommended to include environmentally preferable elements in the assignment of tender contracts lasting over twenty years.

If, on one side, lack of training and inadequate monitoring activities are an obstacle to GPP development, on the other its effectiveness is enhanced by the use of third party certification, regarded also internationally as a fundamental instrument for evaluating products within the context of environmental parameters. Certification is used in Germany, Spain, Austria, China, Japan and the USA in all phases of the contract tendering process, except that in China and Japan certification is recognized with regard almost exclusively to the selection procedure (in China) and as a points prize in the adjudication phase (in Japan). Product certification is more widespread in the countries studied than process certification which is uncommon in China and in the USA.

Accredited certification as a policy instrument

The union between Circular Economy and Green Public Procurement policies, and the GPP as a means of effective application of the Circular Economy, led the European authorities to draw up a new concept – that of Circular Procurement, which reflects the need to enable the GPP to increase, both automatically and indirectly, the results regarding the Circular Economy goals. For this purpose, in order to ensure a close relationship between the two issues, the environmental criteria take on a crucial role by containing and giving value to the principles of the circularity of products, such as durability, repairability, reclamation, efficiency of resources, re-use, restructuring and modernization, recycling, and the purchase of products made from recycled materials.

Article 82 of the new Italian Law for public tenders has a key part to play in this, stipulating that the adjudication authorities may require economic operators to present, by means of a test report or certificate issued by a CAB which contains evidence of conformity with the requirements or with the criteria of the technical specifications, the criteria related to adjudication or to the conditions for the fulfillment of the contract. The adjudicator requesting a certificate issued by a CAB shall also accept certificates issued by CABs carrying out equivalent conformity assessments. Article 82 specifies that a "conformity assessment body" means bodies which perform conformity assessments, including calibrations, tests, inspections and certifications accredited against Regulation EU 765/2008.

Irrespective of the type of tender contract (supply, service or work), the application of circularity is always possible as exemplified by the CAMs for the internal furnishing sector (regarding supply and service contracts) and those set for the construction sector (specific to supply and service contracts). With regard to the CAMs, a calculation of the circularity was carried out by means of a research concerning their economic circularity in terms of: durability, reclamation, evaluation of real purchase needs, internal/external re-use, use of products made with primary and secondary materials or containing recycled parts, or requirements favouring the recycling of end-of-life products. Confirming the close link between the GPP and the Circular Economy, the presence of these criteria has been confirmed in both areas (apart from the durability and internal re-use in construction CAMs, as the criteria are applicable to products, rather than services and works). The analysis underscored the elemental role of certification, which, as an instrument for testing, was confirmed in both sectors with regard to selection of candidates, evaluation of compliance with specific techniques, as well as the attribution of points as prizes during the adjudication.

Following a normative path and guided by a sustainable approach to the economy, accredited conformity assessment has found its role in the implementation of policies.

Italy, owing, as we have seen, to its Green Public Procurement obligations set out in Law 50/2016, is a world leader in the development of green policies. Nevertheless in the conformity assessment CAMs issued by an accredited CAB or laboratory in accordance with Regulation EU 765/2008, application is in many cases flawed or incomplete. This is especially true of the CAMs which preceded the "Environmental Connection" Law of December 28, 2015. This creates obstacles to the efficiency of the accreditation system and compromises the potentialities for the simplification and improvement of the purchasing process of the public administrative authorities.

Starting from this position, in the fourth part of the research we formulate policy proposals for giving full value to accredited conformity as a policy instrument.

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