

WEBINAR

# CIRCULAR ECONOMY AND GOVERNMENT PROCUREMENT

*An Opportunity for SMEs*

Thursday, March, 31, 2022  
Noon - 1 p.m. ET



PUTTING CIRCULAR  
ECONOMY CONCEPTS  
INTO ACTION



# CIRCULAR INNOVATION COUNCIL

- Originally the *Recycling Council of Ontario*, established in 1978.
- Initial focus on waste reduction and recycling, and instrumental in establishing the first global Blue Box program in 1984.
- Unique, multi-stakeholder membership including governments, industry, academia and citizens
- Facilitate dialogue between interests to advance solutions



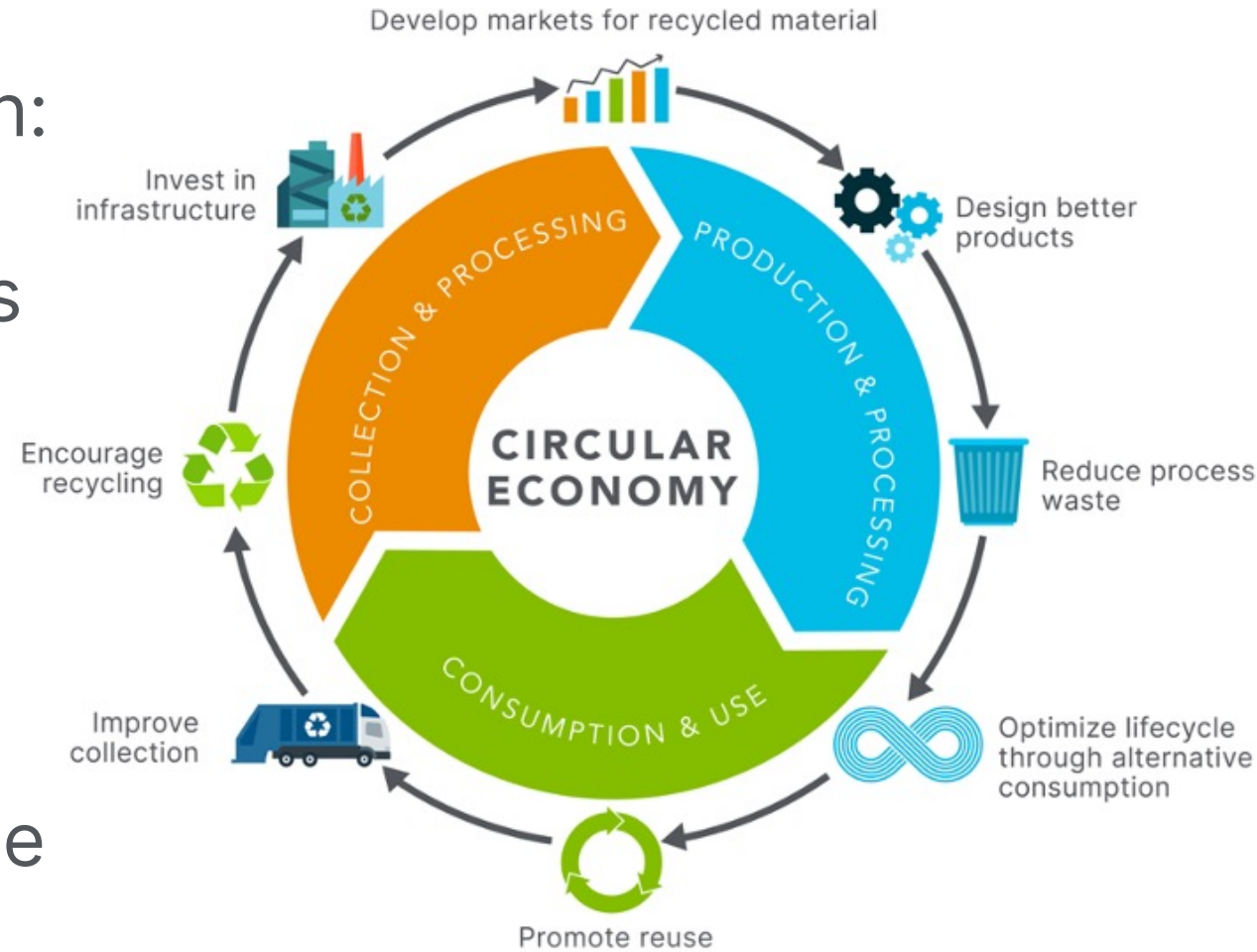
# CIRCULAR ECONOMY AS A CONCEPT

Based on principles driven by design:

- Eliminate waste and pollution
- Circulate products and materials (at their highest value)
- Regenerate nature

Underpinned by transition to renewable energy and materials in addition to 3Rs.

Redefine growth focusing on positive society-wide benefits.



# BENEFITS

## Environmental



- Reduced reliance on virgin materials
- Better efficiency of existing resources
- Create market demand increased for recycled materials and content
- GHG / waste / water usage reduction
- Limit single-use where possible
- Mitigate climate change

## Economic

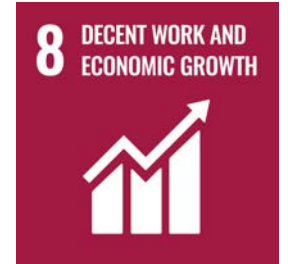


- Local employment opportunities
- Innovation is stimulated
- New revenue streams created
- Improved fiscal responsibility and economic growth
- Avoidance of purchase or maintenance
- Savings on disposal and management
- Mitigate climate change

## Social



- Local employment opportunities
- Overcome barriers to employment
- Gender equity / equality
- Engage marginalized communities
- Fosters unique public and private partnerships



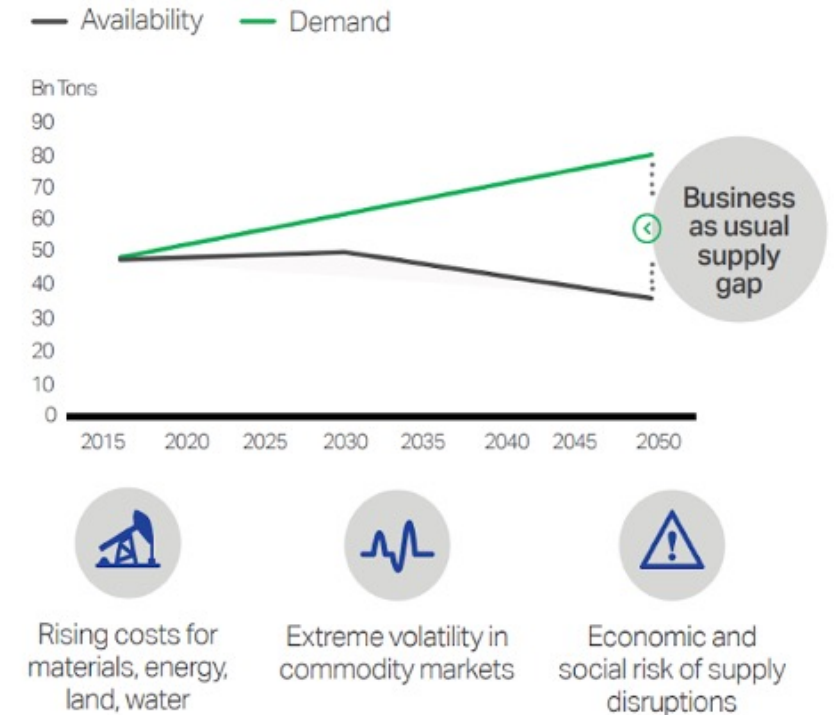


# ACCELERATE CANADA'S CIRCULAR ECONOMY

- Current linear 'take-make-waste' economic model driving spiraling climate, biodiversity, pollution, and related global equity crises.
- Only **~8.6 % of extracted resources are cycled back into the economy** (60.6% is landfilled or leaked).
- Global **use of material resources** are projected to **double** between 2015 and 2050.
- In 2019, over 92 billion tonnes of materials were extracted and processed, contributing to about half of global CO2 emissions.

## The gap between sustainable resource availability and demand

Resource supply/demand imbalance 2015-2050



Source: Accenture Strategy, "Circular Advantage."

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# HOW CIRCULARITY DELIVERS ON CLIMATE COMMITMENTS

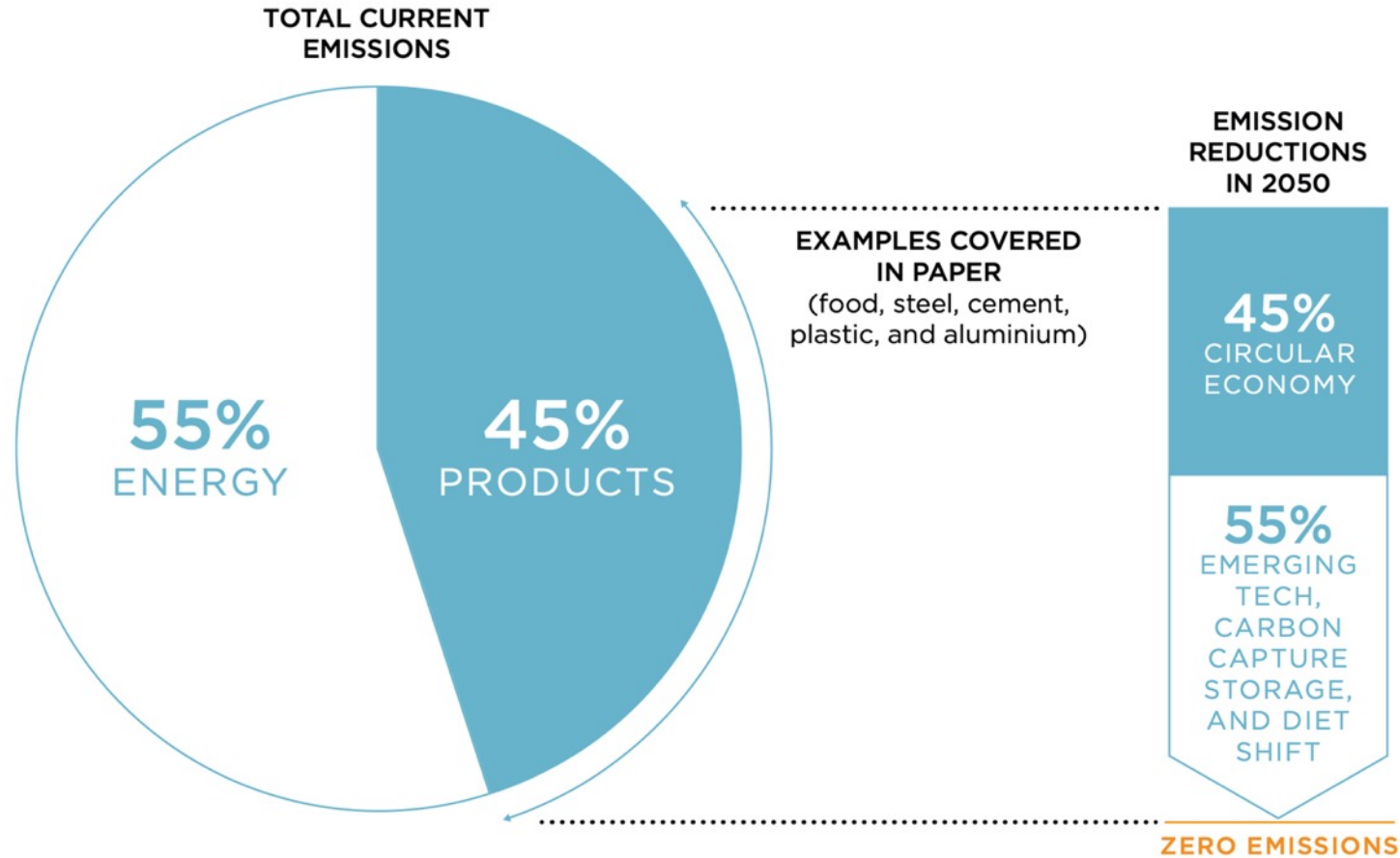


Image credit:



# TRANSITIONING TO CIRCULAR



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# CIRCULAR ECONOMY CHALLENGE

- Emissions Reduction Alberta (ERA) has committed \$50 million through its new Circular Economy Challenge to accelerate the province's transition towards a low-emissions economy.
- Focused on advancing innovations to reduce impacts of material production, processing, and disposal, and support economic diversification.
- Call out for SMEs



# CIRCULAR OPPORTUNITY FOR SMES

- Focuses on procuring local is growing.
- Inspires innovation with business models/systems, product design, and delivery to meet circular economy requirements and deliver on benefits.
- Encourages businesses and consumers to do *more with less*.
- Enables the right choices early-on in creation process:
  - products are made for repair and refurbishment;
  - product materials can be reused at end-of-life and close the materials loop.
- Adds value by extending and intensifying long-term business relationships with suppliers and customers.
- Supports innovative performance- or usage-based business models that offer access to services and products rather than ownership.



# BENEFITS FOR SMES

- Improves customer interaction and loyalty.
- Increases attractiveness of brand.
- Increases productivity:
  - Including circular principles can simplify product complexity, making life cycles more manageable.
- Provides added value to bid proposals.
  - Demonstrate to procurer you product or service delivers circular economy and policy commitments.
- Reduces dependence on non-renewable and scarce resources.
  - Protects against resource cost volatility.
  - Buffers against scarce resource supply and unstable supply chains
- Supports policy objectives including climate change mitigation and adaption.
- Pre-empts regulatory pressure and gain competitive advantage.

# CIRCULAR PROCUREMENT



# WHY PUBLIC PROCUREMENT?

- Public procurement in Canada represents on average 15% of Canada's GDP.

**\$200 BILLION**

- Direct and Indirect Influences:
  - Direct spending on goods and services.
  - Stimulus to the economy.
  - Funding to other organizations.
  - Training and employment.
- Most immediate and direct mechanism to drive broader public policy objectives: economic, environmental, and social.
- Pace setter and market shaper.
- Scalable no matter size nor location.



# ROLE OF MUNICIPALITIES



Represents 80% of all public procurement  
\$160 billion annually

- ◌ Directly manages effects of the linear economy.
- ◌ Hub of Canadian economy.
- ◌ Incubators of innovation / catalysts for change.
- ◌ Direct relationships with residents, local businesses, and community-based organizations.
- ◌ Nimble policymakers.

Transition to the circular economy requires a systems change.  
Cities and communities are in and of themselves ... systems

# CIRCULAR BUSINESS MODELS

## Circular Supplies



Renewable, recoverable, or biodegradable sources serve as inputs in design and production

## Product As Service



Purchase service or result rather than product or asset

## Product Life Extension



Prolong lifespan, utilization, and value through repair, remanufacture, resale

## Sharing Platform



Maximize assets by spreading usage and value amongst several users

## Resource Recovery

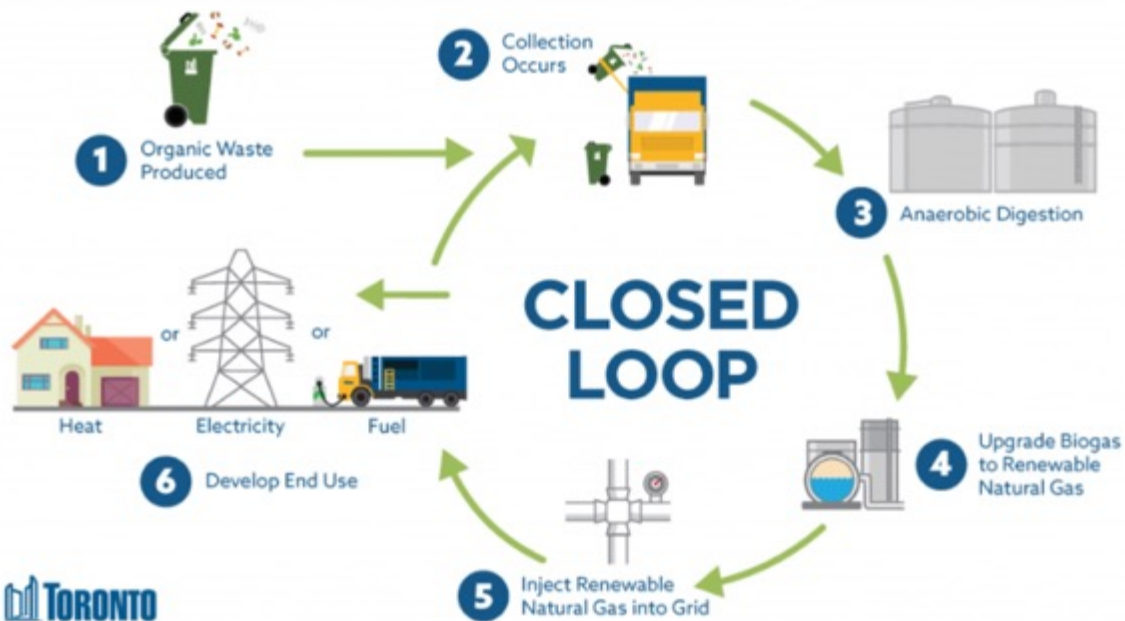


Acquire additional use and value from existing resources by avoiding disposal and impacts from new extraction

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Residual outputs from one production process as feedstock for another process that is operating on a circular basis.



Circular model showing how waste can ultimately be used to create green energy.

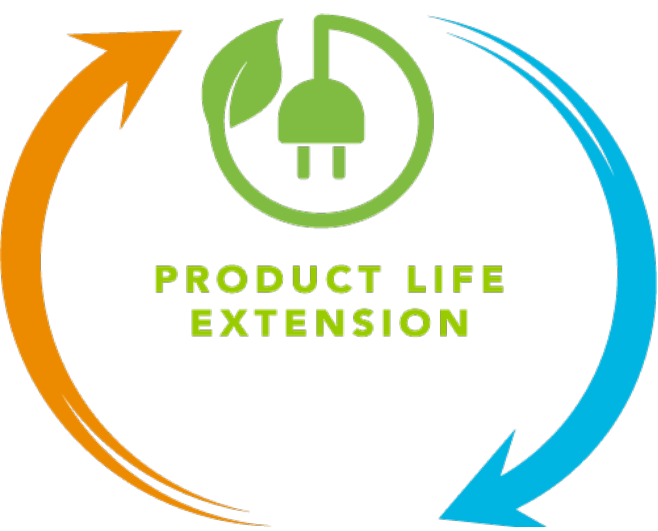






Users leverage access without ownership; maintenance and care – and resource recovery at end of life where applicable – of the asset remains with the service provider or manufacturer. Value is in what the product delivers, not the product itself.





Utility and lifespan of a product is lengthened before it is recovered as a new input with a goal to increase value of the product in its original form before components are recovered for reproduction.







Assets are kept in service maximizes utility and the resources in use; products' value is maximized through many users and uses.





Obtain additional uses from resources and to extract more value from them by avoiding final disposal for as long as possible: closed-loop recycling, industrial symbiosis, and cradle-to-cradle design waste is eliminated and redefined as valuable feedstock for resources.



# SAMPLE CASE STUDIES





# PUBLIC HEALTH WALES

**Goal:** Embed the core principles of sustainability and maximize public value for redesign and refurbishment of existing office furniture.

- Rather than investing in new furniture, organization worked with suppliers to reuse existing furniture and fittings where feasible and add new elements required by redesign.
- A (social enterprise and private) consortium won the bid which included a sustainable design service, furniture manufacturer, and community interest group.
- Consortium addressed three main principles of circular procurement:
  1. Sourcing
  2. Maximizing utilization
  3. Closed loop recovery
- Project contributed to the establishment of a viable remanufacturing and reuse sector in Wales.



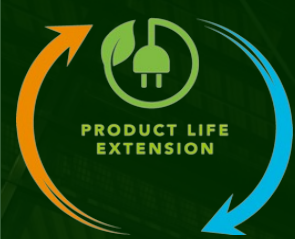
## Benefits to Buyer

- Product need was met/Value of the product was maintained.
- Avoided cost.
- Reduced liability of ownership – avoided end of life management costs.
- Collaboration and positive work environment – internal and external.
- Advanced several social, environmental and economic objectives.

## Benefits to Vendor

- Customer loyalty / strengthened relationship.
- Forged new relationship.
- Reduction in new production needs (less materials, reduced energy needs, man hours).
- Reduced costs for production integrating end of life materials into manufacturing of new products.
- Space for innovation.
- Grows pride for all involved.

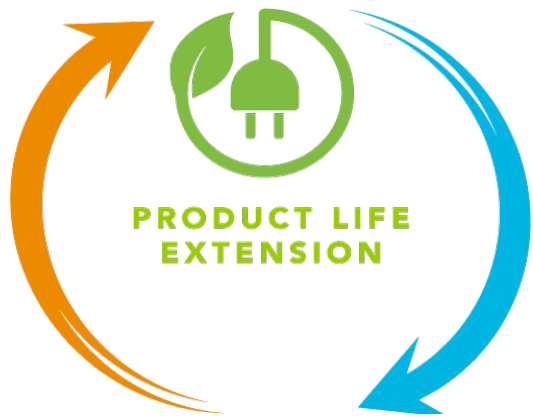




# AMSTERDAM AIRPORT

**Goal:** Reduce energy consumption and continuously looks for ways to build sustainably to become the most sustainable airport in the world.

- Rather than investing capital for lighting it illuminates facility as an operating expense by leasing light.
- Pays for the light it uses: Philips retains ownership of all equipment.
- Luminaires designed to allow fast and easy repair or replacement.
- Expanded contract extensions, upgrading existing lighting or opt for new.
- Luminaires can be returned for reuse or recycling.



## Benefits to Buyer

- Value of the product (light) is maximized.
- Vendor loyalty / stronger relationship.
- Costs savings on maintenance and depreciation.
- Avoided cost and liability of end of life management.
- Cost efficiency – no upfront investment.
- Creates positive business case.

## Benefits to Vendor

- Customer loyalty / stronger relationship.
- Retains ownership and control.
- End to end service value to clients.
- Reduction in new production needs (less materials, reduced energy needs).
- Reduced costs for production integration – owing the materials inherent to the bulb for production inputs.
- New type of private-public partnerships.



# CITY OF LAAPPEENRANTA

**Goal:** In 2017 aimed to reduce CO2 emissions to 2007 levels by 40% by 2021 and 80% by 2029. Transport emissions make up ~40% of CO2 emissions and identified as a priority area.

- Launched innovative pilot procurement using environmental & climate criteria as well as lifecycle costs.
- Introduced an electric car-sharing service to both city employees, third parties (residents & tourists).
- Three-year contract replaced 6 city-owned vehicles which were underutilized.
- Pays a monthly service costs which is reduced by 10% in second year and 20% in third year.
- Maintenance and repair of charging equipment is City's responsibility.
- Vendor retains ownership of fleet.
- City can enter into new agreement after three-year contract.







## Benefits to Buyer

- Vendor loyalty / stronger relationship .
- Reduced up-front, in use and end of life management costs.
- Avoids liability of ownership.
- Improved utilization of the asset.
- Promotes collaboration.
- Encourages adoption of electric vehicles.
- Expands community service mandate.

## Benefits to Vendor

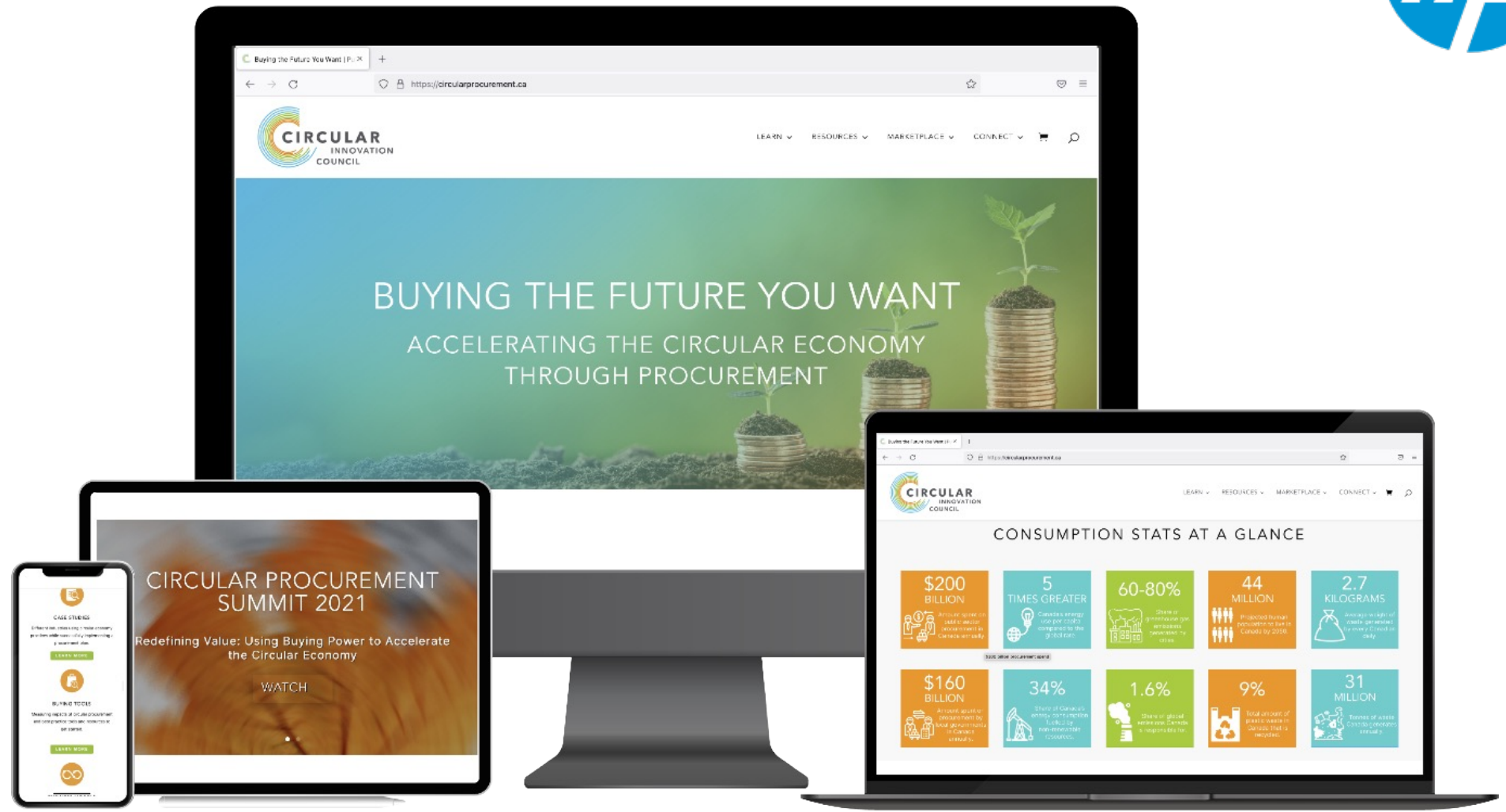
- Customer loyalty / stronger relationship.
- Retains ownership of the asset to repurpose.
- Increased utilization of the asset – reduce production costs.
- Maximize revenues from the asset.
- Innovative relationship.
- Increase market demand and share.

# CUSTOMIZED TRAINING



- Build overall knowledge of circular economy, circular procurement and its benefits.
- Strengthen links for departments and functions to leverage procurement to drive broader policy objectives.
- Educate suppliers and signal future requirements and shift markets.
- Better understand capacity and opportunity that suppliers have to respond to circular requirements.





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# MEMBERSHIP

- By engaging Membership with Circular Innovation Council we look forward to your reinvigorated ideas, accomplishments, challenges, and unique viewpoints, and innovations as we put circular economy concepts into action together.



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