




REPLACE

Interreg Europe



REPLACE will enable the transition to a circular economy by facilitating, implementing and financing local and cross-regional circular value chains using a systemic operational and normative framework.

www.interregeurope.eu/replace

Introduce the assessment grid for the evaluation of circular economy projects

La Réunion (France)

June 2022





Annex 1 – Action plan template

Produced by each region, the **action plan** is a document providing details on **how** the lessons learnt from the cooperation will be exploited in order to improve the policy instrument tackled within that region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any) and funding sources (if any). If the same policy instrument is addressed by several partners, only one action plan is required.

Part I – General information

Project: _____REPLACE_____

Partner organisation: _____NEXA_____

Other partner organisations involved (if relevant): _____

Country: _____FRANCE_____

NUTS2 region: _____La Réunion_____

Contact person: _____Frédéric LORION_____

email address: frederic.lorion@nexa.re

phone number: +262 262 20 21 21

Part II – Policy context

The Action Plan aims to impact:

<input type="checkbox"/>	Investment for Growth and Jobs programme
<input type="checkbox"/>	European Territorial Cooperation programme
<input checked="" type="checkbox"/>	Other regional development policy instrument

Name of the policy instrument addressed: OP FEDER FSE + 21-27.

Part III – Details of the actions envisaged

ACTION 1: Introduce the assessment grid for the evaluation of circular economy projects

1. **The background** (please describe the lessons learnt from the project that constitute the basis for the development of the present Action Plan)

General background:

a) The REPLACE project

REPLACE project aims at improving the management of regional policy instruments dealing with circular economy by exploiting cross-regional cooperation, REPLACE is structured in 4 logically linked steps:

1. Local Analysis
2. Cross-regional synergies
3. Funding Instruments: focus on sectors
4. Assessment Criteria

In addition, REPLACE developed the **Circular Benchmark Tool** to offer public authorities an easy to use assessment method to evaluate the state of the art of circular economy in the territory.

The cooperation activities suffered from the lack of interpersonal exchange, caused by the impossibility to travel for the most part of phase 1 of the project: the consortium recovered all learning activity through online events. The **Local Analysis** applies a methodology, previously built through interregional cooperation by 17 European regions within the SCREEN H2020 CSA (coordination and support action) project www.screen-lab.eu, to assess local capabilities and potentials, while mapping relevant stakeholders, research and educational capacities. The Local Analysis reflects the approach used to identify the RIS3 sectors, namely the EDP (entrepreneurial discovery process), and further explores regional potentialities at a micro-level, involving stakeholders from the Quadruple Helix.

b) The challenges of circular economy transition in La Réunion

In 1946, after 3 centuries of colonization, the island of La Réunion turned from a ruined plantation economy to a French overseas department. This departementalization was accompanied by a unique “modernization” policy which aimed at “developing” the island and ensuring the economic and social “catch-up” toward national & European standards. Such policy deeply transformed the production, distribution and consumption model, from an agricultural society (living from and with the natural cycles and the island resources) to a “thermo-industrial”, mass-consumption society. This shift led both to an increased dependence toward imported materials and energy resources, and to a critical growth of the associated waste. The production of household waste grew from 252 kg per inhabitant in 1982 to 609 kg in 2018, representing a total of 513 000 tons per year.

To reduce the ecological and economic vulnerabilities induced by this linear model, La Réunion has made the transition to an ecological economy a priority. The regional ambition is to become a living-lab for ecological

transition in island context. Such priority offers on the one hand the opportunity to address the multiple challenges the island is facing (notably to protect the 40% of its landmass covered by primary, indigenous forests), but also to develop innovative solutions that may be exported to other islands, in fields like ecological conservation and restoration, agro-ecological, biodiversity valorization and energy transition.

Such ambition is supported by the regional “smart specialization” strategy, which aims at strengthening the regional research and innovation capacities and the intensity of the collaborations between the stakeholders from the quadruple helix to produce and export such solutions.

In parallel, the Regional Authority is currently developing a Regional Action Plan for the Circular Economy (PRAEC), part of the Regional Waste Prevention and Management Plan (PRPGD), which defines the 6 and 12 years objectives of prevention, recycling and recovery and the associated priorities. The PRAEC itself supports La Réunion's transition towards an exemplary ecological economy, capable of responding to the triple ecological, economic and social emergency, by transforming established activities and promoting the emergence of new sources of value and employment. The plan is structured around five main pillars:

- Transform public policies to drive and support the transition, through the organization of open governance
- Mobilize all of the levers of action for the circular economy
- Support the transformation of production modes (companies and sectors)
- Encourage the evolution of consumption modes of households and administrations
- A smarter management of residues and waste.

c) Current support tools :

In La Réunion, the main funding tool for circular economy projects remains the ERDF Operational Program (OP) (OP FEDER FSE + 21-27). Under the 2014-2020 period, such program mobilized more than 1,2 billion euros to support infrastructure development, research and innovation activities, the development of economic and social activities, energy transition as well as waste reduction and management.

Until 2019, the transition to circular economy of local businesses was not defined as a proper priority in the OP. Under the Thematic Objective N°3 (improve the competitiveness of companies), practices in line with the “sustainable development” agenda were incentivized by the introduction of a “bonus” which offered an additional 10% of aid intensity on the related investment. Such bonus encompassed 4 dimensions (energy saving; renewable energy production; water management; waste reduction). It was integrated into 6 schemes, supporting the creation and development of local companies.

Parallel to this bonus, the Regional Council and ADEME (*Agence De l'Environnement et de la Maîtrise de l'Énergie*) launched in 2017 and 2019 two calls for project to stimulate the emergence and development of initiatives concurring to one of the 5 main pillars of the circular economy.

Capitalizing on the results of the 2 calls for project, the Regional Council – managing authority for ERDF – decided to introduce in December 2019 two new instruments, specifically dedicated to this challenge:

3.21. Investment support for the creation of companies - Circular economy pane (*Aide aux investissements pour la création des entreprises – Volet économie circulaire*)¹

3.22. Business development support - Circular economy pane (*Aide au développement des entreprises - Volet économie circulaire*)²

The two schemes provides support for:

- Actions of awareness, communication, information, advice, animation and training to change behavior, acts of purchase and investment in environmental matters
- The investment of the companies aiming at promoting the circular economy (material and immaterial investments).

d) Expected evolution:

The new PROGRAMME FEDER FSE + 21-27 voted in 2022 by the Region will be an opportunity to increase the reach of circular economy impact. Several options of the Action Plan will be directly oriented to the new regional plan. In La Réunion, after the submission of the V2 of the ERDF ESF+ program to the NSC in early December 2020, the drafting work continued, particularly with regard to the necessary articulation with the stimulus measures implemented in the territory (REACT EU, PNRR) from the end of 2020, regulatory changes, the integration of the guidelines of the mandate and the opinion of the Environmental Authority (EA). The specific provisions relating to environmental assessment in the context of community programs are being finalized and the opinion of the Environmental Authority was obtained in September 2021. The design of Community programmes under the cohesion policy under regional responsibility must meet the Community and national requirements and priorities defined in the Partnership Agreement. It is also fully in line with the implementation of the guidelines of the new mandate for the sectors open to European funding.

In the 2021-27 program, two specific objectives mention explicitly the support to circular economy projects:

- SO1 - A more competitive and smarter Europe: 1.3 – Support to SME competitiveness
- SO2 - A greener, low-carbon transitioning towards a net zero carbon economy: 2.6 – Circular Economy.

We have noticed that there is a bottleneck which is the difficulty to characterize and evaluate the projects contributing to circular economy. This has led to adapt the assessment grid developed in SCREEN and tested in REPLACE to the specificities of the Region and use it in the evaluation of circular economy projects. In order

¹ http://www.reunion europe.org/DOCUP/REGION/1420_EDT_3-21_Aide_Investissements_Creation_Entreprises_Economie_Circulaire_05092019.pdf
² http://www.reunion europe.org/DOCUP/REGION/1420_EDT_3-22_Aides_Developpement_Entreprises_Economie_Circulaire_05092019.pdf

to support the implementation of the grid and inform the applicants a series of training and a guideline are going to be produced.

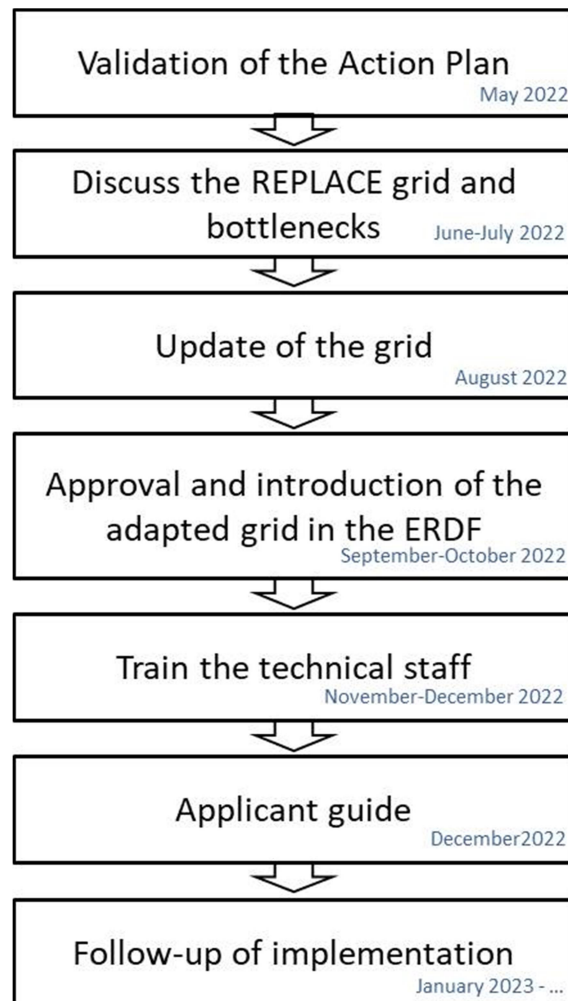
REPLACE project was an opportunity to reflect on the challenges of La Réunion and identify potential initiatives that could be implemented to address them. Building on the wealth of work undertaken in SCREEN project and the learnings from Phase 1 of REPLACE project, Nexa and its regional partners decided to focus on the adaptation of the assessment grid into regional policy.

The example of other regions has shown that clearly defining these evaluation criteria is key to strengthen the projects that prioritise circular economy in their design (at the creation level) and development. The Friesland Innovation Matrix³ presented by Friesland Region (project partner) was also of most importance as it presented a case where an institution created a smart seed money facility to facilitate the preparation of new projects in the region. The way Friesland Region implemented their initiative was different as it is based on the creation of a participative platform to assess and advise the projects, but the aim of the initiative was to fund projects that comply with circular economy standards. In our action we propose a clear assessment grid that will help shaping the projects. The funding body will also play a key role in advising and guiding applicants. The pertinence of defining pertinent criteria was also made clear in the Circular Economy Monitor Flanders (<https://cemonitor.be>), presented by Vlaanderen Region a stakeholder invited by the consortium during the event in Brussels (10-11 March 2022). This initiative has the objective of monitoring material fluxes in Flanders. It was stressed during the presentation that the use of clear criteria was essential. Similar ideas were presented by where a stakeholder presented the Madeira circular Platform (<https://madeiracircular.pt/>) in the same event. Here as well it was said that adapted the assessment criteria to evaluate projects and policies were of most importance. The FECA - Fórum da Economia Circular do Alentejo (Alentejo Circular Economy Forum) (<https://www.ccdr-a.gov.pt/ccdr-alentejo-promove-forum-da-economia-circular-feca/>) presented by the Comissão de Coordenação e Desenvolvimento Regional do Alentejo; CCDR-A, REPLACE project partner, presented also the importance of having clear and adapted criteria clearly legible by the potential applicants.

But it was also during the Q&As after the different presentations and during the informal conversations between the partners of the project in face-to-face and the online meetings, that it became clear that the introduction of the assessment grid in the regional OP was one of the best options to increase the circularity of the economic landscape of La Réunion. The grid answers to a policy gap as it is an opportunity to assess the contribution of funded projects to the Circular Economy and improve their follow-up.

2. **Action** (please list and describe the actions to be implemented)

The action plan proposes to mobilize and adapt the REPLACE evaluation grid to the regional characteristics. This adaptation and approval will be done during the first phase of the project. The framework of the Action Plan is as it follows:



The Action Plan is developed by Nexa in collaboration with the Regional Council and it will be validated in May 2022. The validation process will be framed within a process including meetings and permanent information and ideas sharing. The principle on a better evaluation of Circular Economy projects will be also included in the PRAEC (Regional Action Plan for the Circular Economy).

Once the Action Plan is validated the next step will be the assessment of the REPLACE grid (Annex 1) with the ERDF Managing Authority in order to identify the required adaptations to regional singularities, the implementation conditions and its incorporation in the funding selection process. This will be done immediately after the validation in June-July 2022. The assessment of the grid will be key in its update and adaptation for

the OP of the Region (August 2022).

Once the grid is updated it will be officially approved and introduced in the OP (September-October 2022). The integration of the grid will be done following the management process of the program. This technical point is being discussed with the managing authority.

To support the correct use of the grid in the evaluation of project the technical staff of the Region and the relevant institutions will be trained by Nexa (November-December 2022). This training will be essential as the correct understanding and implementation criteria are pillars of the regional transition towards a circular economy.

In addition to the training an applicant guide to facilitate the design of projects and successfully address the assessment grid criteria will be created in December 2022 to increase its impact across potential applicants and increase the potential of success of these projects.

Finally the last months of the project will be dedicated to the assessment of the process and, mainly, the follow-up of its implementation. This will start in January 2023 and will continue afterwards.

3. **Players involved** (please indicate the organisations in the region who are involved in the development and implementation of the action and explain their role)

- **Regional Council - ERDF Managing authority:** the ERDF Managing authority will have a key role in defining the selection process of the applications that will be assessed following the evaluation grid.
- **Regional Council - Directorate for Energy and Environment:** manage the calls for projects and provide technical expertise to evaluate the projects.
- **Nexa:** Nexa will play a key role in proposing an adapted version of the grid and contribution to the evaluation process and managing the modifications of the table along side the relevant players. Nexa will also train the region's technical staff of the implementation of the evaluation grid.
- **ADEME:** the ADEME will play an advise role as a provider of expertise on project evaluation and potentially financial support to stakeholders. The involvement of the ADEME

4. Timeframe

Phase 1 REPLACE project	All of the participating regions executed a local analysis of their circular economy potential.
May 2022	Validation of Action Plan (regional authorities and Interreg JS).
June-July 2022	Discuss the REPLACE grid and identify bottlenecks with regional partners that manage ERDF funds and that will later implement the grid in the assessment of projects.
August 2022	Update of the grid. Alongside regional partners adapt the grid (removing, including or modifying criteria) to best meet the regional characteristics.
September-October 2022	Approval and introduction of the adapted grid in the ERDF selection process. This step will be done following the regional rules and administrative pathways.
November-December 2022	Train the technical staff to assess the project following the grid and also to help communicating around this new evaluation tool. This training will be completed by the elaboration of an Applicant guide in December 2022.
December 2022	Applicant guide to facilitate the design of projects and successfully address the assessment grid criteria for new applications. This guide will include contact information to advise directly potential applicants.
January 2023 and onwards	Follow-up of implementation: analysis of the projects proposed, level of success of the applications, monitoring of awarded projects, potential improvements to be made to the grid and different further actions to be taken.

5. Costs:⁴

Internal staff costs: 25,000€ (1/2 FTE), adaptation of grid (during second semester of 2022).

Evaluation costs: 25,000€ (1/2 FTE), evaluation of applications and follow-up of grid to assess its relevance (annual during 2023 and onwards).

6. Funding sources:

Internal funding, mostly ERDF Technical Assistance.

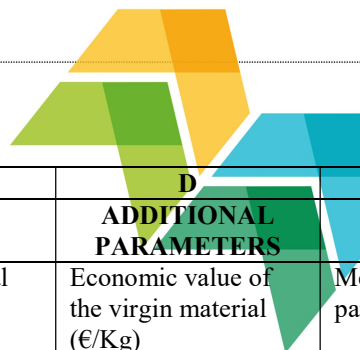
Date: _____

Signature: _____

Stamp of the organisation (if available): _____

⁴ These are estimations.

Annex 1: REPLACE evaluation grid



		A	B	C	D	E	F
	N.	CRITERION	DESCRIPTION	METRICS	ADDITIONAL PARAMETERS	ASSESSMENT INDICATOR	SUGGESTED WEIGHT
Production	1	Circular design	Re-shaping the first stage of an industrial process (Product design) in order to reduce the waste generated AND/OR increase the life of the final product.	Kg/year of virgin material avoided through the new process AND/OR by the prolongation of the product's life	Economic value of the virgin material (€/Kg)	Metrics x additional parameter (€/year)	10 or 5
	2	New production process accepting "secondary raw material"	Replacement , total or partial, of virgin material with "secondary raw material".	Kg/year of virgin material avoided through the new process	Economic value of the virgin material (€/Kg)	Metrics x additional parameter (€/year)	8
Consumption	3	Re-use, re-manufacturing, refurbishment, repair	Prolongation of the life of a certain product that otherwise will be disposed.	Kg/year of virgin material avoided by the prolongation of the product's life	Economic value of the virgin material (€/Kg)	Metrics x additional parameter (€/year)	8
	4	Waste reduction	The new process generates less waste.	Kg/year	Cost of disposal (€/Kg)	Metrics x additional parameter (€/year)	10
Disposal	5	Industrial symbiosys	The new process generates waste that can be re-used in the same process or in another production process.	Kg/year	Economic value of the secondary raw material(€/Kg) minus Cost of its transport to the production site (€/Kg) (*)	Metrics x additional parameter (€/year)	8*
	6	Project promoting waste recycling	Promotional campaign with a specific target producing a specific waste.	Waste collected by the target Kg/year	Cost of disposal (€/Kg)	Metrics x additional parameter (€/year)	6
Climate	7	"Net Energy balance respect to the previous system"	Energy (KWh) used in the old process per unit of product divided by energy used in the new process for the same unit of product.	Number that can be lower or higher than 1	-	Metrics (the number in column C)	1
	8	Reduction of emissions	Emissions of CO2 (**) generated by the old process per unit of product divided by emissions used in the new process for the same unit of product.	Number that can be lower or higher than 1	-	Metrics (the number in column C)	

Employment	9	Net balance of jobs	Number of new jobs created by the circular economy project, minus the number of jobs lost in the previous linear process.	N = Number of full time NEW working units in the new process; it is negative in case of reduction of personnel	P = Number of full time working units in the old process(*)	1 + N/P	
Applicants may select only		Implementation of "CIRCULAR PROCUREMENT" (***) in the project (tick the box if relevant)	The suggested weight of the related project is increased by 20%				
		Educational projects targeted to relevant stakeholders (tick the box if relevant)	The suggested weight of the related project is increased by 10%				

(*) In case the secondary raw material does not have a final destination but is just "put on the market", the weight is reduced from 8 to 7

(**) In case of other pollutants, a table of equivalence should be used to convert them into CO2 equivalent emissions - <https://climatechangeconnection.org/emissions/co2-equivalents/>

(***) as for the definition given at http://ec.europa.eu/environment/gpp/circular_procurement_en.htm