

"CircE - European regions toward Circular Economy"

INTERREG Europe Project



Policy Instrument Analysis and policy options

Project Partner 6

CD2E – Hauts-de-France

1. Executive summary	1
2. Policy instrument analysis	2
3. Policy options identified	4
4. Other policy instruments analysis	4
5. The Stakeholders	5

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1. Executive summary

The policy instrument selected is the *Operational Program ERDF Nord-Pas de Calais 2014-2020*. In accordance with the thematic concentration specified in Article 4 of Regulation (EU) No. 1301/2013 for the regions in transition, the ERDF Operational Programme Nord-Pas de Calais 2014-2020 accounts for 68% of European Union support for thematic objectives TO 1 (R&D&I), TO 2 (ICTs), TO 3 (SMEs) and TO 4 (Low-carbon Economy). The national principle to orient 10% of the ERDF funds to urban policies is respected as well.

The analysis of the PI concludes that the Operational Program ERDF Nord-Pas de Calais 2014-2020 will be greatly efficient to boost some opportunities linked to R&D and innovation, to job and value creation through SMEs competitiveness and to public and private partnerships. New digital tools and platforms are also part of this PI and should ease the development of several opportunities we presented.

However, it is necessary to highlight that these policy options do not address all the opportunities pointed out in our previous Opportunity report. Other Policy Instruments have to be considered in order to fulfil the ambition of the action plan, the REV3 program seems particularly suited to tackle the opportunities linked to the communication to citizens and may help the region to promote a shift in the consumption behaviours. This program is also directly linked to the promotion and the development of Circular Economy, Functional Economy and new business models.

2. Policy instrument analysis

Details on the PI: Operational Program ERDF Nord-Pas de Calais 2014-2020

As presented in the previous Opportunities Report, it is important to mention that the Hauts-de-France region is the result of a merger between two regions, i.e. the region of Nord-Pas de Calais (4 million habitants) and the Picardie region (2 million habitants). This merger took place in January 2016 as the consequence of a territorial reorganization, reducing the number of French regions from 26 to 13. The newly created region of Hauts-de-France has 6 million inhabitants, is as big as Belgium and is the 4th economic region in France.

In order to simplify the analysis, the cd2e chose to focus on the Operational Program ERDF Nord-Pas de Calais 2014-2020 only. The reason for doing so is that this region is two times bigger than the Picardie region and it is much more important in terms of universities, research labs, clusters, companies, and other socio-economic assets.

The goal of the Operational Program ERDF Nord-Pas de Calais 2014-2020 is to support economic growth and to help the region to meet Europe 2020's objective for smart, sustainable and inclusive growth. The program has six priorities:

- Develop innovation and promote research valorisation in the smart specialisation sectors;
- Stimulate companies' competitiveness, encouraging the creation of SMEs and support their competitiveness and growth;
- Expand broadband all over the regional territory;
- Promote sustainable development and start the shift towards low-carbon economy;
- Restore the environment and plan for climate change in order to protect the environment;
- Contribute to job creation and social cohesion, invest in life-long learning and improve access to higher education.

This program has a budget envelope of 848 million euros, 79% of this envelope comes from FEDER Program. In the programme, 24% of the budget is dedicated to research, innovation and competitiveness and 26% to low-carbon economy. If we consider the TO repartition, the programme allocates 57% to the first 4 TOs: R&D&I, ICTs, SMEs and Low Carbon Economy. 22% of the budget is allocated to TO 5 and TO 6 regarding mitigation and adaptation to climate change and biodiversity loss. The region receives additional funds to organise the fight against youth unemployment.

The details of the first 4 TOs is as follow:

- 24.0% is allocated to TO 1 (R&D&I) and TO 3 (SMEs). These two objectives have been considered as one regarding the specificities and the aim of the Hauts-de-France region. Indeed, the region counts several innovative SMEs who are already leading the research and development of new solutions. The Hauts-de-France region wants to develop this network of innovative SMEs by supporting alliances between SMEs, academic research centres and bigger companies. One of the main specific objectives behind this decision is to increase the job creation and the promotion of entrepreneurship.
- 4.2% is allocated to TO 2 (ICTs) to create and to strengthen the use of new TIC tools in public services processes such as administration, education, health and culture online tools and platforms.
- 26.2% is allocated to TO 4 (Low-carbon Economy). This consequent part of the budget reflected the national commitment of France, then of the Hauts-de-France region to reduce the emission of GHGs

by 75% by 2050. This target can be achieved only by improving both the energy and the emission efficiency and reducing the energy consumption. This objective has been recently re-evaluated and now aims to carbon neutrality in several sectors which comforts the need to allocate an important part of the budget to this TO 4.

Contents of the PI that can favour the opportunities

One of the main objectives of the Operational Program ERDF is to ease the access of higher education and to increase the number of apprenticeship training. While developing new activities, the region is training its future workers to use a circular economy and life cycle approach. This strategy will have a significant effect in the years to come and will accelerate the development of the circular economy.

This program is also supported by 7 competitiveness clusters (Aquimer, MATIKEM, Retail industries, Nutrition health longevity, Up-TEX, I-Trans and Team²) whose purpose is to improve the innovation and the creation of research partnership between research centres and industrials.

Moreover, there are already 31 projects accredited under the PIA in the region such as for example Equipex, Labex, IRT or IEED.

Two specific objectives should have a big impact in favouring some opportunities listed in our Opportunities Report: the development of new public/private partnerships and the creation of new digital public services. The development of new public/private partnerships will help to drive the innovation in very competitive sectors such as for example the plastic industry. New digital public services will help to promote good practices to be done by individuals and ease the modification of their habits but also can shape new market places for producers and consumers of second-hand materials.

How and why to change or steer the PI

Circular Economy and Resources Savings are not directly included in the Operational Program ERDF. The implementation of the knowledge and initiative feedbacks we acquire within the CircE project cannot fit in easily. In order to implement these actions opportunities, we need to draw multiple connections between the objectives of the ERDF Program and the Circular Economy challenges.

On the one hand, the ERDF Program is aiming to embrace a large variety of topics from the fight against youth unemployment to the fight against climate change. As a consequence, many circular economy opportunities can be linked to the objectives of this program one way or another. In many cases, circular economy should reduce the energy consumption or the GHGs emission, two of the most important targets of the ERDF program.

On the other hand, it seems necessary to connect to other Policy Instruments like the SRADDET, Regional Scheme on Sustainable Development, Waste and Land Use Management as presented below.

3. Policy options identified

Based on our previous Opportunities Report, we present below some type of policy options that can be used to support the opportunities and overcome the barriers we identified.

Table 2: Policy options for some opportunities in Textile – cd2e

Opportunity	Policy Option
Encourage people to sort their used and clean textiles in the appropriate containers	<i>Communication to the citizens is not part of the Operational Program, it should be address within other PIs</i>
Create coherence between the different owners of the containers	OS 7.1: Put in place a regular and easy tool to control and manage the operational program
Increase the ecological tax to help SSE companies to be competitive	OS 1.3: Support SMEs to be more competitive and to grow in the regional, national markets
Communicate on the opportunities of recycling/repairing used textiles	<i>Communication to the citizens is not part of the Operational Program, it should be address within other PIs</i>
Promote local textiles rather than textiles coming from the other end of the world	OS 1.3: Support SMEs to be more competitive and to grow in the regional, national markets
Offer a no cost energetic recovery for unrecyclable textiles	OS 3.2: Increase the number of sustainable energy solutions and resource savings

Table 3: Policy options for some opportunities in Plastics – cd2e

Opportunity	Policy Option
Put in place public procurement that gives priority to the use of recycled plastics	OS 3.2: Increase the number of sustainable energy solutions and resource savings
Train employees of waste treatment plants to improve the sorting quality	OS 6.1: Increase the number of training courses for low qualified young people
Make the sorting of 5 materials (paper, metal, glass, plastics, wood) compulsory	OS 3.2: Increase the number of sustainable energy solutions and resource savings
Put in place economic incentive mechanisms to develop the recycling of regional plastics	OS 1.3: Support SMEs to be more competitive and to grow in the regional, national markets
Organise regular meetings between regional stakeholders	OS 7.1: Put in place a regular and easy tool to control and manage the operational program

4. Other policy instruments analysis

The Operational Program ERDF Nord-Pas de Calais, is a great policy instrument whose budget and legitimacy allow the Region Hauts-de-France to make significant changes. However, this program does not clearly focus on Circular Economy and Resource Savings. Even if these two themes can be approached through job creation and GHGs emission reduction, it is necessary to combine this policy instrument with other regional and national policy instruments.

LTECV

First, it is important to remember that the regional policy takes place within a national framework, the law for energy transition and green growth (LTECV). This law lists several objectives to reduce energy consumption, GHGs emissions while creating jobs and saving material resources. An important part of this law concerns circular economy. For example: sorting their waste into 5 categories (glass, plastic, wood, paper, metal) may become a legal obligation for industrials. This law gives a common incentive to all stakeholders to take a step toward circular economy and can be mobilized at any moment.

Third Industrial Revolution

The Hauts-de-France region seeks to be one of the leaders of the Third Industrial Revolution. In order to achieve this ambitious goal, it launched the REV3 Program in 2013. This program is based on 5 pillars: renewable energies, positive buildings, energy storage, internet of energy and green mobility. It also emphasizes on the development of the circular economy and the functional economy. Since 2013, more than 800 projects benefit from this program which invests 500 million euros each year. This PI is the spearhead of circular economy in the Hauts-de-France and can be mobilized to help the development of new projects and partnerships. We would like to highlight the fact that the region created a specific saving account REV3 for citizens. 14 million euros have already been saved by citizens on this account which means that people are becoming aware of the opportunities of CE and are eager to support it.

SRADDET

Then, the SRADDET is another Policy Instrument that could be useful to implement the CircE Action Plan. It is the Regional Scheme for Sustainable Development, Waste and Land-use Management. It consists first, in the diagnosis on the situation of biodiversity, waste management, air quality, energy consumption, digital infrastructure in the Hauts-de-France region and then, in the adoption of a new vision for the development of the region. The diagnosis made in 2017 helped us to evaluate the opportunities we presented in our Opportunities Report. This Policy Instrument is particularly focus on waste management and the use of material resources. For these reasons, it can be a strong ally to the Operational Program ERDF we chose, especially in the sectors of waste recovery and second-hand materials.

It appears essential that CircE actions should be aligned (in terms of complementarity and coordination) with actions already taken by the Hauts-de-France in the framework of other Interreg projects, such as ReTex (for the textile industry) or Valdem (built industry).

5. The Stakeholders

No CircE stakeholders meeting has been organized to discuss the policy instrument opportunities. However, many stakeholders' meetings have already been conducted by the regions to work on other policy instruments. Their conclusion on the policy options available or necessary to develop circular economy have been taken into account in this report. The consolidation of these reflexions is the result of the discussions between the cd2e and the Hauts-de-France region.

In all sectors, the stakeholders expressed four conditions to the development of the circular economy:

- A strong political support is needed to drive forward the action plan. The Hauts-de-France region chose to be a key actor of the Third Industrial Revolution and is already supporting several projects. Nevertheless, it remains essential to generate the same motivation in the private sectors by creating a political stability towards circular economy.
- Circular economy projects and initiatives will need a proper leadership which has to be provided by a working group that brings together the stakeholders, sets the agenda and coordinates the activities.
- Financial support will be required to carry out certain opportunities presented in our Opportunities Report. The funds of the Operational Program ERDF are consequent but some other Policy Instruments may be engaged on specific actions.
- In many cases, especially waste recovery, regulations might have to be created or adapted on the regional, national and European levels. To develop faster circular economy, experimentations and pilot projects must be encouraged. Regional and interregional specificities have to be taken into account in the creation of regional specific regulations.