



"CircE - European regions toward Circular Economy"
INTERREG Europe Project



Policy Instrument Analysis and policy options
Project Partner 7 - Sofia Municipality

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1) EXECUTIVE SUMMARY

The practical implementation of circular economics models at the local level could be supported by performing a systematization of specific normative instruments. Due to the above the results of the prioritization and analysis of the local development policies, which are included in the Municipal Development Plan of Sofia Municipality for the period 2014-2020, Environmental Protection Program 2018-2027, Waste Management Program 2015-2020, OECD Policy Toolkit and other documents and materials were investigated. The development of mechanism for effective regulatory instruments requires a detailed analysis of the current situation, the challenges for stakeholders, the risks and the identified barriers. Largely, this analysis was carried out within the previous 3 semesters of the project. The collecting and analyzing data and information however will continue until the project is finally completed.

The effectiveness of instruments depends from the type of public policies. They should be less hierarchical, less organized within a specific sector, demarcated or structured by stakeholders of the same type. That was concluded as result in 2017 study on the reporting of stakeholders' opinion towards the Model Circular Implementation Project. The summarized results illustrate the attitudes of respondents that providing opportunities for practical implementation of circular economy models is rather a complex approach based on interdependent and consistent policies rather than the implementation of individual measures, guidelines and/or documents.

The results clearly demonstrated the need to integrate a comprehensive mechanism involving a combination of measures and ensuring synergy between the results already achieved and the expected ones.

Steps have been proposed to modify Waste Management Programs, pursue a dedicated, specialized educational policy, and disseminate good practices and models, as well as provide more practical examples, positive outcomes and difficulties encountered in implementing circular economy models.

WHICH IS THE PI SELECTED, WHICH ARE ITS PECULIARITIES, WHY IT HAS BEEN SELECTED SINCE THE AF STAGE

On the basis of the analyzes and conclusions made, a leading legislative instrument to support the practical implementation of circular economics models in the area of waste management is based on a combined approach based on complementary elements. The Combined Approach consists to development of Waste Management Program for the next period, including Circular Economy measures and raising awareness. The program will be developed according applicable amendments of Waste Management Act and the Methodological Instructions of the Minister of Environment and Water for Development of Municipal and Regional Waste Management Programs.

The creation of such a comprehensive tool aims at providing a favorable environment for the development of circular economy models by overcoming the identified environmental, social, technological and economic challenges. In order to trigger this "mechanism", it is necessary to bring together all stakeholders, societies (citizens), institutions, academia, non-governmental sector and business around the opportunities for building a long-term vision for the sustainable development of the circular economy. Stakeholders need to find effective mechanisms for defining common





priorities, coordinating the necessary policies, and taking concrete actions that direct the economy to high added value activities.

Due to the above, the envisaged mechanism also reflects one of the EU's recommendations to Bulgaria on the Roadmap, which is to give more importance to information campaigns among the population. In this regard, it is believed that focus action is needed to increase the understanding among stakeholders and the population of the opportunities for a circular economy and the effect of the practical implementation of its models. In regards with that the Sofia Municipality relies on normative instruments aimed at stimulating and raising the awareness and participation of the stakeholders and the population, both in the circular economics models on the territory of the municipality and their active involvement in identifying potential opportunities and their practical realization.

Another key element of the defined mechanism is to build informed behavior and attitudes consistent with the principles of sustainable development. The envisaged measures are related to the establishment of an information platform for communication between stakeholders, institutions and the population.

The main objective of creating a common favorable environment for the development of the mechanism is to implement the policy of reducing administrative-legal barriers, developing e-government, and creating a positive public attitude and entrepreneurial culture.

The set regulatory mechanism and chosen because it reflects to the greatest extent the real market needs for creation, integration and realization of models of circular economy and corresponds to the basic principles upon which the strategic framework for development of Sofia Municipality is based:

- Partnership between all institutions, stakeholders and civil society structures in the process of realizing strategic intentions;
- Coordination within and between management units at all levels responsible for achieving the expected state of the municipality towards the planning horizon – 2020;
- Concentration of effort, human and financial resources to achieve the goals set in the strategy;
- Linking and integrating actions under the different sectoral policies and programs to achieve a complex socio-economic impact;
- Openness and adaptability of strategic intentions to the changing conditions of the environment in which the municipal development plan is implemented.

WHICH PARTS OF THE PI ARE CONSIDERED IN THE PROJECT (I.E. AXIS OF ROP)

The need to raise awareness of stakeholders and the population in the circular economy sector was highlighted as a high necessity in the implementation of the project activities. The initiation of seminars, meetings, round tables and consultations identified a relatively large information deficit in the sector. In the process of identifying good practices and later of opportunities for circular economy practical models, it was concluded that, in rare cases, stakeholders - initiators of good practice do not realize that they have in practice developed models of circular economy led from pure business logic.





In this regard developing the Waste Management Program¹ for the next period (after 2020) and the inclusion of a circular economy section will make it possible to identify and pledge specific measures in the Action Plan related to the organization and conduct of information campaigns and raising awareness of the ring economy the territory of the municipality.

WHICH OTHER POLICY INSTRUMENTS HAVE BEEN TAKEN INTO CONSIDERATION FOR POLICY OPTION AND POLICY RECOMMENDATIONS

Besides the above-described mechanism, the following tools were taken in to the consideration and discussed:

- **Economically** - based are not purely market-based economic mechanisms and approaches;
- **Human resources management** - aimed at increasing the expertise of the participants in the processes of the circular economy;
- **Good practices** - related to the consideration, synthesis and dissemination of established good practices and experience;
- **Legislative** - amendments to normative acts, instructions, etc. documents;
- **Information and communication as a stand-alone tool** - related to raising awareness of opportunities in the sector of the circular economy.

2) POLICY INSTRUMENT ANALYSIS

DETAILS ON THE PI

The selected combined approach includes complementary elements, the main ones being updating the content of the Waste Management Program for the next period with circular economy measures and raising awareness of policy / opportunities / good practices in the field of the circular economy. The main objective of the program is to contribute to sustainable development by introducing an integrated waste management system, reducing the environmental impact of waste, using them as a resource, increasing investment in waste management and increasing pollutant responsibilities. This legislative instrument is in synergy with the agreed in 2018 EU action plan for a circular economy EU COM (2015) 614.

Raising awareness in addition to the current approach not only corresponds to EU policies but also to national challenges in the sector.

The amendment and supplementation of the Waste Management Program of Sofia Municipality for the next period will integrate circular economy policy and will identify specific measures to the Action Plan are the element of the combined approach addressed by the efforts of the project team.

¹ According to the Waste management act, the mayor of municipality is responsible for development and implementation of waste management program for the territory of the municipality. The program should be with the period of the National Waste Management Plan and could be update upon a change in factual conditions and / or regulatory conditions.



CONTENTS OF THE POLICY INSTRUMENTS THAT CAN FAVOUR THE OPPORTUNITIES

Applying the combined approach will benefit each of the identified opportunities by improving awareness and raising the understanding of stakeholders and the population as a whole on waste management processes.

The new program will be used as a local waste management strategy aimed at the practical implementation of the sectoral priorities, incl. prevention of waste production; recovery of secondary raw materials and their use on site; improving mixed waste management by improving their collection systems, using sustainable practices and circular economy models identified within the project.

Integrating the Circular Economy section into the developed Program for the next period and developing it in synergy with the other sections will provide a basis for the use of environmental sustainability as a driver of competitiveness, where the role of innovation will be taken into account as a sustainable mechanism for achieving environmental national and European goals.

CONTENTS OF THE POLICY INSTRUMENTS THAT CAN HAMPER THE OPPORTUNITIES

The element of the combined approach of promoting and informing about the possibilities of the circular economy does not pose any threats and/or difficulties to any of the identified opportunities. Promoting the opportunities and models of the circular economy would rather lead to understanding the essence of the process and creating prerequisites for a competitive environment in the sector that is expected to play a positive role in its development from linear to circular efficiency.

The new Waste Management Program with a section and specific circular economy measures, as part of action plan shall comply with the Methodological guidelines for the development of municipal and methodological guidelines for the development of regional waste management programs for the next programming period drawn up by the Ministry of Environment and Waters.

No other negative impact and/or impact on the combined approach is expected for the identified options.

HOW CHANGE, STEER THE PI: KIND OF POLICY OPTIONS FEASIBLE IN THE PI

Implementing combined approach provides the opportunity to upgrade and complement each of the elements. The development of the Waste Management Program for the next period and the inclusion of circular economy sections and measures in Action Plan for example, can be implemented by updating and complementing the Environmental Protection Program.

Another addition/upgrade of the combined approach is the preparation of a proposal to the Minister of Environment and Water to amend the guidelines for the preparation of municipal/regional waste management programs. This will ensure the sustainability of the instrument by integrating it into all municipal/regional programs prepared by local authorities in Bulgaria in accordance with the provisions of the Waste Management Act.





3) POLICY OPTIONS IDENTIFIED

Following the policy options identified in the project for each of the identified options, the following prioritization was carried out:

- Carrying out public campaigns;
- Public support for initiating new programs related to the circular economy and change of system attitude;
- Public Private Partnerships;
- Platforms for industrial cooperation;
- Research and development programs;
- Providing financial support to businesses;
- Providing technical support to businesses;
- Rules for conducting public procurement;
- Public investment in infrastructure projects;
- National strategy and goals;
- Rules for regulating products placed on the market;
- Waste management normative documents;
- Regulatory framework for industry, consumers, competitiveness and trade;
- Normative documents for financial accounting and reporting;
- VAT or update of excise duties;
- Changing labor-to-resource taxation.

As a result of the analysis, the most applicable option that will help to realize the identified opportunities is the development of industrial cooperation platforms, where it is applicable to 12 of the identified opportunities. Followed by Public Campaigning and Public Support to initiate new programs related to the circular economy and change of system attitude applicable to 8 opportunities. Public Private Partnerships, Exploration and Development Programs and Providing Financial Support to Business are defined as applicable in 6 of the identified opportunities, and so on. The consistency between the policy options and the identified opportunities is present in table as par of next chapter.

POLICY OPTIONS FOR THE OPPORTUNITIES

The link between the opportunities identified within the project and the legislative mechanisms is presented below.

OPPORTUNITY ID	OPPORTUNITY NAME	SECTOR	BARRIERS	POLICY OPTION
1		Food waste		Public- private partnerships



	Training center		Economics - Not profitable for businesses (1) even if other barriers are overcome	Industry collaboration platforms Financial support to business Government strategy and targets
2	Sectoral separate collection	Food waste	Economics - Capital intensive and/or uncertain payback times	Public communication campaigns Public support to new CE and system-thinking oriented education programs Industry collaboration platforms
3	Sustainable ecotourism	Food waste	Economics - Capital intensive and/or uncertain payback times	Public communication campaigns Public support to new CE and system-thinking oriented education programs Industry collaboration platforms
4	Cycling	Tourism	Economics - Not profitable for businesses (1) even if other barriers are overcome	Public communication campaigns Public support to new CE and system-thinking oriented education programs Public-private partnerships Industry collaboration platforms
5	Industrial symbiosis	Raw materials	Market failures - Externalities (true costs) not fully reflected in market prices	Industry collaboration platforms Financial support to business Government strategy and targets
6	Guidelines preparation	Built	Social factors - Custom and habit: ingrained patterns of behaviour by consumers and businesses	Industry collaboration platforms
7	Pellet plant	Biomass	Social factors - Custom and habit: ingrained patterns of behaviour by consumers and businesses	Public-private partnerships
8				Public-private partnerships





	ECO-INDUSTRIAL PARK	Raw Material	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Industry collabo-ration platforms R&D programmes Financial support to business Government strategy and targets
9	RRR centers	General	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Public- private partnerships Industry collabo-ration platforms R&D programmes Financial support to business Government strategy and targets
10	Clean technologies for sustainable environment	General	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Public- private partnerships Industry collabo-ration platforms R&D programmes Financial support to business
11	Public campaigns	General	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Public communication campaigns Public support to new CE and system-thinking oriented education programs
12	Partnership	General	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Public communication campaigns Public support to new CE and system-thinking oriented education programs R&D progr-ammes
13	Legislation development	General	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Public communication campaigns Public support to new CE and system-thinking oriented education programs
14	Energy recovery	General	Social factors - Custom and habit: ingrained patterns of behavior by consumers and businesses	Industry collabo-ration platforms R&D programmes Technical support to business



				Industry, consumer, competition and trade regulations
15	Public awareness	General	Social factors - Capabilities and skills lacking either in-house or in the market at reasonable cost	Public communication campaigns
				Public support to new CE and system-thinking oriented education programs
16	Mobile separate collection	General	Economics - Capital intensive and/or uncertain payback times	Public communication campaigns
				Public support to new CE and system-thinking oriented education programs
				Industry collaboration platforms
17	Centers for reuse and repair	General	Economics - Not profitable for businesses (1) even if other barriers are overcome	Public-private partnerships
				Industry collaboration platforms
				R&D programmes
				Financial support to business
				Government strategy and targets



4) OTHER POLICY INSTRUMENTS ANALYSIS

In addition to the above-explained mechanism, an analysis of the following tools is also carried out Economic, Human resource Management, Good practices, Legislative, Information and communication as an independent tool.

a) Economic

i) Details

Updating of the regulatory framework concerning the formation of taxes and charges related to waste management processes and, accordingly, the promotion of the circular economy. Taxes and charges for waste management are calculated in order to provide a workable and financially sustainable system for managing all waste streams. In this regard, a possible regulatory tool is the updating of local taxes and fees related to waste management. This is expected to eliminate the practice of cross-subsidization in the formation of a "municipal waste" tax and to establish a fairer method for its calculation. By transferring part of the current financial burden to those who genuinely generate more waste, the aim is not only to increase the share of the separate collection of municipal waste recycling but also to introduce practical models of circular economy and resource efficiency.

ii) Policy options

National legislation provides for the possibility at local level to change the methodology for determining the municipal waste tax.

iii) Policy recommendations

The amendment to the methodology for determining the municipal waste tax should be done when determining the household waste tax treatment approach. The local conditions should be taken into account and a publicity campaign must be initiated, on the actions taken, the expected results and the effect of on households. Charging schemes, based on the weight or volume of waste discharged, are particularly effective in biodegradable waste.

b) Human resource Management

i) Details

This instrument is part of strategic and consistent approach to a targeted impact on employees, both in the Sofia Municipality administration and the identified stakeholders in order to increase their knowledge of the circular economy and the possibilities for its practical integration. Increasing efficiency in human resource management is an important part of knowing and providing opportunities for the circular economy as it is based on the understanding that experts are one of the key factors for a competitive advantage of each organization and the key element of demand positive change. Increasing the qualifications of the expert staff will inevitably lead to both an increased quality of public services and the identification and realization of more models related to the circular economy.



ii) Policy options

An annual training of the employees of the municipality should be included in seminars and courses aimed at implementing circular economy mechanisms.

iii) Policy recommendations

The new Waste Management Program, as part of the action plan, should include a measures related to the training of municipal administrations specializing in the implementation of waste management legislation on circular economy.

c) Good practices

i) Details

The possibility of creating a catalog/register of realized good practices and models related to the circular economy on the territory of the municipality was considered. The purpose of the catalog/register is to stimulate the generation and/or upgrading of existing circular economy models. Although the creation of such measure can not be uniquely identified as a regulatory instrument, its awareness is expected to generate opportunities for more than one approach, appropriate to the same task, process or activity in the field of the circular economy. Without any additional regulatory initiative, a given practice and/or model may have different uses because of the differences that exist in the local context, such as legislation, cooperation between public and stakeholders and so on.

ii) Policy options

The implementation of the instrument is possible through its integration in to the Waste Management Program for the next period.

iii) Policy recommendations

Developing a guideline containing good practices of circular economy models and challenges identified in Member States would provide a better understanding and public awareness.

d) Legislative

i) Details

Within the framework of current instrument, the possibility of a proposal for a change of the sectoral legal framework in the area of waste management and the inclusion of the circular economy as an element of it was discussed.

In the framework of these discussions, the Ministry of Environment and Waters initiated a procedure for the development of a strategy and action plan for the transition to the circular economy of the Republic of Bulgaria for the period 2021-2027 and the development of methodologies in relation to Art. 4 of the Waste Management Act (WMA) and on the order and the way of controlling the fulfillment of the conditions in the Decision on by-product under art. 4, para. 2 of the WMA, which can also be adopted as a policy for the implementation of circular economy measures.

The results of these two documents will be analyzed and integrated in the preparation of the waste management program.





ii) Policy options

Preparing a proposal to change the guidelines for the preparation of municipal/regional waste management programs would provide a legal mechanism for the inclusion of circular economy models at local level in each municipality/region in Bulgaria.

iii) Policy recommendations

In the framework of the project implementation a draft proposal for update of the guidelines for preparation of municipal/regional waste management programs should be prepared with the inclusion of a circular economy section.

e) Information and communication as an independent tool

i) Details

The instruments is part of the development of what is commonly called "public democracy" or "democracy of public opinion" - this is a relatively autonomous public space in the political sphere, traditionally based on representativeness and awareness. Increasing the use of information and communication tools that correspond to situations where information and communication obligations have been introduced is a common regulatory tool that has a positive impact on taking concrete action. It was conceptualized by Manin (1997) as an audience democracy, what is called a repetition of the analysis of the normative instrument.

ii) Policy options

Specific measures and actions should be set out in the action plan during development of the Waste Management Program for the next period.

iii) Policy recommendations

In the preparation of the Waste Management Program, concrete measures should be envisaged for the promotion of circular economy models in the sector.

5) THE STAKEHOLDERS

There are no other opinions rise or recommendation made by the project stakeholders so far.