

Policy Learning Platform webinar
1 February 2022

Financial instruments for the Circular Economy

Luc Schmerber
Mart Veliste
SME competitiveness experts



Why a webinar on Financial instruments for the Circular Economy?



- It is **relevant to our community** and other policy makers.
- The topic is of high **relevance for the funding period 2021-2027**
- Circular economy is increasingly considered as an opportunity for economic development and a potential driver for competitiveness. It is expected that “**...circular economy will boost the EU’s competitiveness... and will locally create jobs at all skill levels.**” (EU action plan for the circular economy).
- Many sources and events address the circular transformation or transition of the economy in general, not the **economic rationale for businesses** to engage into its own circular transformation.
- Financing the **business model pivoting** requires funding.

Policy context



- European Circular Economy Package (2015)
- European Green Deal (2019)
- New Industrial Strategy for Europe (2020)

The new European industrial policy includes a dedicated strategy for small and medium-sized enterprises (SMEs) “for a sustainable and digital Europe.”

*“**Sustainability Advisors** will be appointed within the existing Enterprise Europe Network to help SMEs with environmental and social challenges and improve access to skills.*

*Up to 240 **Digital Innovation Hubs** will advise SMEs on how to integrate digital innovations into their products, business models and processes.*

*The new **European Innovation Council (EIC)** will make available €300 million as of next year to encourage **breakthrough innovations** delivering **Green Deal** objectives.”*

- Circular economy action plan (2020) as part of the European Green Deal

Circular transformation and competitiveness



- Reduce dependence on scarce / non-renewable resources
 - **Resources costs volatility**: scarce resources are more likely to become expensive and financially impact a business' profitability
 - **Supply unsure**: the supply of scarce resources might become difficult or impossible, making a business model obsolete.
- Contribution to mitigate climate change can help to **reduce climate-related risks** for each business (storms, floods, ...).
- **Preempting regulatory pressures** down the line can help businesses gain a **competitive advantage** and move ahead of its competitors.

Circular transformation and competitiveness



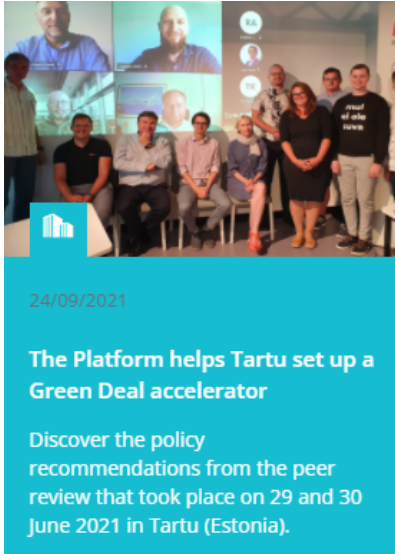
- Improved **customer interaction and loyalty**: the expectations of customers are changing, and they are increasingly considering environmental aspects in their decision-making. Engaging into a circular economic model can help to increase the loyalty of customers thanks to improved personalization, customization and retention.
- Increase the **attractiveness of the brand**: both customers' and investors' expectations are rising. Going circular might help one's brand to become more attractive.
- Increase in **productivity**: the circular transformation brings often less product complexity, more manageable life cycles and an increased digitalisation. Those elements can contribute to an increased productivity.

Interreg Europe projects



- GRESS – GREEn Startup Support
Opportunities for SMEs in the green & blue economy
- SinCE-AFC – Enhancing the Entrepreneurship of SMEs in Circular Economy of the Agri-Food Chain
Agri-Food chain in circular economy through the promotion financial horizontal mechanisms
- CESME – Circular economy for SMEs
SME inclusion in the circular economy – Circular Economy Toolkit quantifying economic and social benefits of circular value chains
- Innova-FI – Financial Instruments for Innovation
Financial Instruments as a delivery mode of Structural Funds

Policy Learning Platform activities



- **Peer review in Tartu (Estonia)** to advise local stakeholders in setting up their **Green Deal accelerator** and related **impact investment fund**.

- **Webinar recording:** Fostering the **circular transformation** of businesses.



16/04/2021

Webinar recording: Fostering the circular transformation of...

On 15 March 2021, we organised a webinar on fostering the circular transformation of businesses. Watch the recording and access the presentations.

What you can expect today

Approaches on how **national, regional and local authorities** can contribute to **mobilise public and private investments in the circular economy**:

- **Financial instruments and incentives**
- **Approaches to mobilize private and public investment for the circular economy:**
 - **Circular economy in the business models of companies**
 - **Sustainability as a criteria for investment**

Today's speakers

Marino Cavallo, Metropolitan City of Bologna (Italy)

Hauke Diederich, Stuttgart Climate Innovation Fund (Germany)

Kari Herlevi, SITRA (Finland)

Roberto Algarra Alberto, Valencian Institute of Business Competitiveness (Spain)