A framework for Member States to support business in improving its resource efficiency

An Analysis of support measures applied in the EU-28

Measure synthesis

Other non-legislative support measures promoting Circular Economy/resource efficiency
Measure Synthesis
Any other non-legislative support measures promoting a Circular Economy and resource efficiency

A framework for Member States to support business in improving its resource efficiency

Project work on SPECIFIC CONTRACT 070201/2014/694448/ETU/ENV.F1

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Version: 30/10/2015

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Any other non-legislative support measures promoting a Circular Economy and resource efficiency

There are undoubtedly many non-legislative measures in use that do not fit into any of the previous categories, but nevertheless provide support for the creation of a circular economy and improvements in resource efficiency. Examples could include support for re-use and repair, measures to prevent the (premature) obsolescence of products, provision of extended warranties/guarantees or schemes to support alternative business models such as leasing, shared ownership or exchange of services.

Any other non-legislative support measures promoting a Circular Economy and resource efficiency are widely used in two Member States (7%; Ireland and Lithuania,) and used a little in 14 Member States (50%) (see Figure 1). In 12 Member States (43%) there is no national policy in place for this support measure.

**Figure 1: Scope of application of support measure 10 across the EU-28**

**Good practice examples**

We identified relevant good practice examples for this support measure from four different Member States (see Figure 2; the full list can be found in the separate Annex document): Ireland and Lithuania (with wide use of this measure); Romania and the UK (with a little use of this measure).
Figure 2: Good practice examples and scope of application for support measure 10 across EU-28
In **Ireland**, the government funded, free online re-use service “Free Trade Ireland” enables users to exchange unwanted items – ranging from furniture, through electronic goods, to garden equipment. Its aim is to encourage and facilitate the re-use of household and business items throughout Ireland, and in doing so, to promote re-use and waste prevention (EEA 2011). The service is free and users benefit from financial savings. At the same time, the service provides benefits to the environment and contributes to the national reuse economy. FreeTradeIreland.ie was first launched in Dublin, and after four years of successful operation the service was upscaled to the national level in 2010.1

In 2014, over 18,000 items were re-used through the service, and users saved about 680,000 EUR through avoided purchases (conservative estimate). It is estimated that FreeTradeIreland.ie diverted approximately 215,000 kg of quality materials away from landfill in 2014 and over one million kg in total since the service began. About 50,000 members are using the service, and in 2014, the site had over 630,000 visits2. The return on investment remained high in 2014 with a 17 EUR return for every EUR invested by the EPA and Local Authorities (EPA 2015). Moreover, the website generates revenue from online advertising, which amounted to approximately 3,500 EUR in 2013 (EPA 2014).

The “Green Industry Innovation” measure in **Lithuania**, launched in 2012, encourages common business projects between entities in Lithuania and Norway. Its objective is to foster international cooperation and bilateral matchmaking of companies for knowledge transfer and implementation.3 Thus, the measure aims to increase the competitiveness of environmentally friendly companies, by including green solutions into existing traditional manufacturing enterprises, through green innovation and entrepreneurship. In order to receive financial support, partnerships between entities registered in Norway and Lithuania are mandatory. Supported activities include4:

- Implementation of innovative environmental technologies,
- Improvement of existing processes,
- Development and commercialization of innovative eco-friendly technologies, as well as
- Development or improvement of green products and materials.

The **Romanian** “QUIB” project represents a local initiative to promote a circular economy. Within the project, workshops are designed and orchestrated that bring together designers and small producers to assist them in the development of products that promote the circular design of products and the use of innovative materials. The first ‘cradle-to-cradle’ workshop was held in 2015. An association promoting CSR among companies conducts the project, with financing from the Romanian Government and the European Social Fund.5

Another interesting example is Resource Efficiency Clubs in the **UK**. The Clubs were developed in the mid-1990s (then known as Waste Minimisation Clubs) and consist of small groups of companies located in a specific geographical region, or a specific sector within a larger geographical area. The establishment of Resource Efficiency Clubs was funded by DEFRA with 5 million £ between 2005 and 2009. Club leaders organise regular meetings and events. Member companies benefit from resource efficiency advice and trainings (often by external experts), targeted one-to-one advice as well as networking opportunities.

Approximately 150 clubs were in operation between 1992 and 2004. About 5,000 companies participated during this period of time and overall achieved savings of approx. 56 million £ (GHK 2011). Next, between 2005 and 2008, a study of 70 RECs (Mattson, Read & Phillips 2010) showed that the 1,330 businesses involved achieved savings of 25 million £ in this time period. Moreover, 5.80 £ of cost savings were realised for every £ of allocated budget. Government funding ended in 2008. Despite the lack of financial support,

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2 26,000 unique visitors in 2014


about 30 Resource Efficiency Clubs were still operating in 2010, with member companies taking on the financing.

**Lessons learnt from the application of the support measure**

From the application of this support measure in the above four Member States, the following lessons learnt could be derived.

“The Free Trade Ireland” has benefited from the general increase in online trade, as well as from the general interest in upcycling. One success factor of the online re-use service is that the goods are being offered free of charge, as opposed to other commercial entities in this space who charge for the goods. Furthermore, the measure is supported through publicity: it is marketed via the Waste Prevention officers in local authorities and there is also a Community Reuse Network sponsored by the EPA as part of the National Waste Prevention Programme, which is a national umbrella body promoting reuse and representing community-based re-use organisations. All this activity promotes the circular economy and different re-use activities.

Regarding the “Green Industry Innovation” in Lithuania, the close cooperation with Norway enables companies to overcome the barriers of lack of knowledge and know-how in regard to green innovations and technologies. At the same time, the measure offers access to external funding (i.e. Norwegian grants). Similar cooperation measures between EU Member States to promote knowledge transfer and implementation appear to be highly beneficial.

In Romania, the “QUIB” project operates at the local level and is specifically targeted at small producers. The Romanian government and the European Social Fund share financing of this measure.

One success factor for the Resource Efficiency Clubs (RECs) in the UK is the long tradition of having these clubs for companies allocated in specific geographical regions. Cost savings achieved through the programmes that are developed in the RECs are an important motivational factor for companies to participate. Further success factors can be seen in the offer of **tailored and personal advice** for individual company members as well as the opportunities offered for direct exchange with other companies: “RECs enable local businesses to trade, access information, improve operations and share knowledge of issues. They also provide networking opportunities over the long-term and a sense of shared interests” (GHK 2011).

In addition, further lessons learnt emerged from the information obtained for the other Member States where this support measure is being applied:

In Denmark, the cross-institutional “Task Force for Increased Resource Efficiency” between the Ministry of the Environment and the Ministry of Business and Growth aims to identify and **overcome regulatory barriers for enterprises to increase their resource efficiency**. Its work will be based on studies of the experiences of companies, which will look into material flows, value chains and regulatory regimes. For each barrier identified, a solution team will be established to find the most effective way to overcome the barrier. Regulatory barriers may be an important factor hindering resource efficiency measures in companies. Therefore, the idea of the task force – i.e., to promote more efficient and up-to-date regulation and propose simplification of rules and regulations – appears to be a promising option for other Member States.

Estonia has increased waste sorting quality and awareness of citizens through 37 projects supported with an amount of 21.8 million EUR. Examples include waste collection centres, granulation of plastic waste, etc. Furthermore, the Environmental Investment Centre (EIC) uses environmental fees (fees for the right to use natural resources and pollution fees) as grants. The Environmental Charges Act stipulates the amount of the fees and the relevant Regulation of the Minister of the Environment provides guidelines for the use of the funds received from the fees. The amounts distributed as grants through EIC bear the common title of the Environmental Programme, which supports resource efficient solutions, resource audits, eco-labelling, environmental management system implementation, etc. It has encouraged companies to make small-budget resource efficient improvements.

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The Polish project “Product of the Future” consists of annual award competitions and aims to promote and disseminate innovative products with a special focus on their environmental impact and energy performance. The project brings forward innovative ideas through promotional activities, e.g. publishing the winning products on the Innovation Portal website, promoting the products during fairs and innovation expositions, inviting the award winners to conferences, seminars, as well as to radio and television programmes. As an additional incentive for participation, winning products are granted additional points in the selection procedure for EU funding under the operational programme “Innovative Economy.” The measure has been successful in fostering the dynamic development of the awarded products: “The final products developed on the basis of competition applications, were launched on the Polish market and many of them later became an export product.”

Across the examples obtained from literature review and Member State responses, the following aspects could be identified as key success factors for further non-legislative support measures promoting a Circular Economy and resource efficiency in businesses in the EU:

- Targeting the regional or local level, particularly in order to encourage the resident SMEs to participate in the measure.
- Clearly conveying the economic benefits that arise for companies (as well as for consumers) through participating in the measure.
- Offering tailored advice to individual companies or sectors, preferably face-to-face.
- Offering opportunities for direct exchange with other companies in a region or within a specific sector.
- Using online tools to make the support easily available to the targeted companies.
- Offering publicity for companies’ efforts and achievements in regard to resource efficiency improvements.
- Incorporating a broad understanding of resource use, e.g. by involving value chains and material flows.
- Enabling a low-cost access to knowledge.
- Particularly for Member States with restricted financial resources, realising support measures through the use of external funding sources, such as the European Social Fund.
- Diminishing regulatory barriers that are hindering businesses to incorporate resource efficiency improvements.

References used


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