Boosting the transition

Impact assessment, for project:
*Boosting the circular economy among SMEs*

—
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Background

Through the project: *Boosting the circular economy among SMEs* (previously named: *Fostering a green and circular economy in Europe - Through Capacity Building, Networking And Exchanges Of Innovative Solutions Bridging The Green Innovations Gap*), the European Commission (hereafter: the Commission) aimed to pilot which of the following routes is most effective and efficient to boost the transition towards a circular economy among SMEs. On behalf of the Commission we have:

- trained 28 SME support organisations on the subject of circular economy and have helped them to set-up programmes to assist SME to become more circular (Task 1);

- advised 5 regional authorities on how they can boost the transition towards a circular economy among SMEs in their region (Task 2);

- supported 13 highly promising circular solutions to scale-up across Europe (Task 3);

- and organized a two-day closing event during which we have brought these and other parties together to provide further guidance on how to scale-up / support SMEs to make the transition towards the circular economy (Task 4).

Via this document we provide insight into the impact of these various activities. Thereby helping the Commission to decide how it may wish to continue to boost the transition towards a circular economy among SMEs.
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Task 1

Training SME support organisations
Training 28 SME support organisations, potentially reaching over 330.000 SMEs

Since the launch of the EU Circular Economy Action Plan in 2016, the Commission has made significant efforts to transform Europe’s economy into a more sustainable one. These efforts have resulted in an increased uptake of circular economy strategies and practices by mainly larger companies. These companies either consider natural resource scarcity as a business risk or see business opportunities in adopting circular business models (e.g.: new markets and opportunities for growth, increased customer loyalty, proactive compliance).

However, although the business drivers for corporates and SMEs to become more circular are the same, it is generally more difficult for SMEs to adopt circular economy strategies and practices in comparison with larger companies. This is due to a more restricted organizational, technological and financial capacity, as well as limited access to skilled personnel and financing.

The hurdles faced by SMEs to adopt circular economy practices significantly limit the speed at which the European economy can transition towards a circular economy, since SMEs: (a) represent 99% of all businesses in the EU, (b) account for 85% of new jobs created over the last years and provided two-thirds of the total private sector employment in the EU (Eurostat, 2018).

To help SMEs to overcome these hurdles some SME support organizations have set up support programmes which offer services to inform SMEs about the business benefits of adopting circular economy practices and implement these.

As part of this project, we have offered trainings to support organizations across Europe to set-up similar programmes. There was a strong demand for these trainings. In response to the call for expression of interest we received 190 applications. Via this project we have been able to provide 28 training sessions to support organizations across Europe. Via these trainings the Commission may potentially support up to 330.000 SMEs to adopt circular economy strategies and practices.

The trainings have been well-received and are generally considered to have been very helpful by the participants. Resulting in various requests for additional support and/or follow-up trainings.

Following the trainings we have set-out a survey amongst the participants to assess the impact of the project. The outcomes of this survey are summarized on the following pages.

Figure 1: Potential reach of project via Task 1

330.000 SMEs

From 20 EU member states
Which represents roughly 1,6% of all SMEs in the EU (Eurostat, 2011)
The training has helped my organisation to understand the concept of circular economy. (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

The training has helped my organisation to understand the difficulties for SMEs to adopt circular economy practices. (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

The training has helped my organisation to learn more about how SMEs can finance circular practices. (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

The training has provided us with more information about EU level funding and financing facilities (e.g. Horizon2020, LIFE). (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree
The sector deep dives addressed the needs and questions of my organization on specific sectors. (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

The training has provided us with more information about EU level funding and financing facilities (e.g. Horizon2020, LIFE). (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

After the training my organisation feels more equipped to inform SMEs about the benefits of circular economy and help them to implement circular practices. (N=11)

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree
“After the training our organization decided to start a Strategic Observatory on Circular with the aim to track the state of the art of this opportunity. Two researchers have been hired and one of them is focused on studying the best cases of applications of the Circular Economy for SMEs. One event has been organized in October 2018 "Circular Economy for SMEs: good practices and funding opportunities”

(AREA Science Park)

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Could you shortly describe which actions you have taken to inform SMEs about- and/or help SMEs with adopting circular economy practices?

SMEs reached on the subject of circular economy following the training (e.g. via: seminars)
Can you please indicate whether, and if so what further capacity building needs your organisation have to help you improving or building up services for SMEs on the circular economy in the future?

“Regular updates on successful examples and good practices for adopting Circular Economy practices in SMEs”

(CEED Bulgaria)

“Further training for in depth knowledge in specific sectors (buildings, lighting, electronic equipment)”

(Cyprus Energy Agency)

“We need more training, workshops, exchange of knowledge and experience with similar organizations. The subject is still very little understood by companies, at the moment the focus is still on waste prevention not so much on circular models”

(CNPCD)

“Further free access to Circle Assessment to continue the implementation next year”

(AIN)
Task 2
Helping circular solutions to scale-up across Europe
Helping 13 highly promising solutions to scale-up across Europe

Adopting circular economy strategies and practices can create new and sustainable competitive advantages for European SMEs. Currently there are many regional examples of SMEs that successfully have implemented circular business models, generating sustainable cash-flows and creating a sustainable competitive advantage. Examples of this are: FLOOW2 (in the Netherlands), Dell’Orco&Villani (in Italy) and Re-Match (in Denmark). However these companies often struggle to scale-up across Europe. Thereby missing out on opportunities to: (a) help other companies become more circular by adopting their circular solutions, and (b) inspire other companies to become more circular by sharing their success stories.

To address this issue, we have provided scale-up support to a selection of highly promising Green Solution Providers (GSPs). With the goal to help them scale-up across Europe.

There was significant demand for this support. In response to the call for expression of interest, we received 89 applications for 15 slots. Over the course of the project two were purchased by corporates.

We helped the selected GSPs to scale-up across Europe, by: (a) providing them with tailored support from KPMG professionals, and (b) making them more visible throughout Europe by promoting their solution on an online platform. Via questionnaires dispersed to the GSPs we have gathered their support needs. We have held expert support calls with six solution providers that were eager to receive expert support from KPMG, and undertook potential follow-up actions. In addition, we have been able to provide matchmaking support to the green solution providers at the conference in December (see: Task 4).

In addition to the tailored support we have created an online platform: scalingcircularbusiness.eu, on which we showcased the solutions offered by the GSPs. On this platform, visitors were able to view the thirteen circular solutions, that were all provided with their individual solution page.

Via this solution page, visitors could either directly “get in contact” with the solution provider or indicate that they “would like to meet” with this GSP. The Commission, KPMG, MVO Nederland and Circle Economy have jointly promoted this platform via their online channels. The messages shared by KPMG, MVO Nederland and Circle Economy, with the hashtag #Scalingcircularbusiness have reached at least 16 mln people. The platform resulted in at least two concrete leads for GSPs.
There was strong demand for the programme:

89 applications

for 15 opportunities

Provided tailored KPMG services to

6 promising circular solutions.
13 GSPs showcased their circular solution across the EU.

The platform has been promoted using the hashtag #Scalingcircularbusiness as well as via direct communication channels, over:

16.000.000 people have been reached.

Via the platform at least

2 promising leads for new clients for the GSPs have been generated.
Task 3

Advising regional authorities how to boost the transition
Advising 6 regional authorities, potentially indirectly supporting 480,000 SMEs

Regions in Europe are dynamic centers of culture, business and local political and economic power. Close cooperation of local stakeholders within these regions can foster creativity and innovation. Regional or industrial development strategies can have a significant impact on the activities and performance of SMEs. By including policies and actions related to resource efficiency, circular economy and eco-innovation within the regional or industrial development strategies, regional authorities can create opportunities and stimulate activities of SMEs in these areas.

Across the various regional authorities in Europe, differences can be observed in awareness, expertise and the rate of adoption of policies and actions that stimulate circular economy, resource efficiency and eco-innovation. The objective of Task 3 was to support the regional authorities of five regions with advice on how to boost the circular economy among SMEs in their region. Each of the regional authorities has been provided with a policy brief containing recommendations and a roadmap to realize them.

In total we received 64 applications from regional authorities to participate in this part of the programme.

Following the selection of the regional authorities experts of KPMG have conducted a policy review for- and two-day study visit to each of the regions. During these visits the experts spoke with a wide variety of regional stakeholders. The insights gained from the policy review and study visit, provided the basis for a policy brief containing recommendations on how to remove barriers for and stimulate SMEs to adopt circular economy practices.

Recurring recommendations were to:

- to set-up such programmes in collaboration with regional stakeholders with a direct relationship with SMEs (e.g. industry associations);
- boost demand for circular products and services through public procurement
- and support in guiding SMEs towards suitable financial instruments or develop financial instruments to provide seed-/ start-up- / high-risk-low-interest financing.

Figure 17: Potential reach of project via Task 3
The visiting experts were able to: answer questions, provide helpful examples, share meaningful tips and provide practical guidance. (N=4)

- 25% 1. Strongly disagree
- 75% 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

The policy brief has provided us with helpful: guidance, insights and examples – to accelerate the transition towards a circular economy among SMEs in your region (N=4)

- 25% 1. Strongly disagree
- 75% 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

The visit, policy brief and our participation in the event will help us to accelerate the transition towards a circular economy among SMEs in our region. (N=4)

- 25% 1. Strongly disagree
- 75% 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

Following our visit have you been more engaged with SME support organisations regarding the subject of circular economy? (N=4)

- 100% Yes
- 25% No

- 50% 1. Strongly disagree
- 25% 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree
Could you shortly describe which actions you have taken (partially) based on the guidance, insights and examples – you received via this project?

"The s.c. "Observatory of circular economy and energy transition" has been established; thematic working groups (regional authority + business representatives + civil society) started collaborating on specific issues (e.g. the regulatory framework for the reuse of sewage sludges)"

(Regional Government of Lombardy)

"Include the topic to the strategic document of the region and prepare a qualitative project proposal, based on the needs identified by the visiting experts"

(RRA LUR)

Do you experience any gaps in the support offered by the European Commission (also via other projects) to accelerate the transition towards a circular economy among SMEs in your region?

"Lack of support focussed on microenterprises. It would be interesting that the Commission kept on providing funds for Interreg Europe projects regarding circular economy projects"

(Regional Government of Catalonia)

"Training courses on business models should be incentivized in the framework of EC initiatives and projects"

(Regional Government of Lombardy)
Can you please indicate whether, and if so what further support your organisation needs to be able to accelerate the transition towards a circular economy among SMEs in your region?

Which of these support actions do you think the European Commission would be well placed to deliver?

Figure 22: Selection of responses on question 7

“Economic resources focussed on regional authorities and capacity-building for the whole organisation (not only for circular economy related units)”
(Regional Government of Catalonia)

“One of our main challenges are related to define some indicators/ circularity criteria that help us to identify if SMEs are fulfilling some circular criteria faced to award them with public procurement, include this criteria in public calls.”
(Regional Government of Extremadura)

“Design of proper financial instruments and skills for the integration of different kind of funding opportunities (public + private)”
(Regional Government of Lombardy)

“Possible continuation of the project to realize some of the activities identified (in a form of a pilot projects) and study visits to see the best practices suggested by the visiting experts”
(RRA LUR)

Figure 23: Feedback on question 8

“Both actions could be efficiently supported”
(Regional Government of Catalonia)

“Circularity criteria in public calls”
(Regional Government of Extremadura)

“Training for a more skilled public administration, able to support the transition (e.g. in collaboration with EIB, business agencies, etc.)”
(Regional Government of Lombardy)

“Both proposed support actions”
(RRA LUR)
Task 4

Bringing stakeholders from all over Europe together
An event to multiply the impact of the overall project

As part of this project, The Commission together with KPMG, MVO Nederland and Circle Economy, organized a two-day conference in Brussels. The objective of this conference was two-fold: (1) helping SME support organisations and regional authorities from all across Europe to develop SME support programmes to inspire SMEs to- and help SMEs to implement circular economy practices and (2) helping GSPs to present their solution to a wider audience to receive more future support.

This objective was certainly achieved. Over two-days more than 135 people from at least 20 EU member states attended the conference. The majority of which were representatives of SME support organisations and regional authorities. During the conference we have inspired- and helped these entities to set-up regional programs to help SMEs implement circular economy practices, amongst others by: (a) showcasing various support activities, (b) creating settings in which they could share their experiences, and (c) round table discussions facilitated by experts of: KPMG, MVO Nederland and Circle Economy.

We have helped the participating GSPs and other SMEs to: (x) sharpen their pitch and business model, (y) attract financing from investors and/or EU funding programs and (z) pitch their solutions to possible business partners.
Pitches during the conference helped to facilitate 5 potential deals with banks / investors, and resulted in many more leads for GSPs and SMEs.

Experts from KPMG, MVO Nederland and Circle Economy have engaged with representatives of at least 40 SME support organisations or regional authorities on how to establish effective support programs to help SMEs join the circular economy.