

# "CircE - European regions toward Circular Economy"

## INTERREG Europe Project



## Policy Instrument Analysis and policy options

### Project Partner 2

### Catalonia

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## 1. Executive summary

The policy instrument selected is the *ERDF Operational Programme Catalonia 2014-2020*. In accordance with the thematic concentration specified in Article 4 of Regulation (EU) No. 1301/2013 for the more developed regions, the ERDF Operational Programme Catalonia 2014-2020 accounts for 83.5% of European Union support (82.6% if the allocation for technical assistance is included) for thematic objectives TO 1 (R&D&I), TO 2 (ICTs), TO 3 (SMEs) and TO 4 (Low-carbon Economy). If the ERDF resources that the Government of Catalonia allocates to the SME Initiative Operational Programme are also included, these thematic objectives account for 84.6% of the total EU support. As regards non-concentration thematic objectives, the OP allocates 16.5% TO 6 (Environment).

The analysis of the PI concludes that all the opportunities pointed out in our previous report “Priority opportunities - Project Partner 2 - Catalonia” (October 2018) can be boosted, to a certain extent, through the specific objective (SO) chosen in the Application Form, this is SO 3. d) 1. On the other hand, one of the opportunities identified in the context of the textile sector, this is “Increase savings and water and energy efficiency used during the production process” (not set as one of the 3 top priorities in the agenda), could also be promoted through two other SOs: SO 4.1.2 and SO 4.2.1.

When it comes to the policy options feasible in the PI, on the one hand, SO 3.d)1 may embrace different types of policy options, that according to the typologies defined in the CircE tool Step 6, could be: business support schemes, collaboration platforms and information & awareness programmes addressed to companies. On the other hand, the other two SOs (4.1.2 and 4.2.1) are much narrower in scope and only policy options such as business support schemes could be appropriately incorporated.



## 2. Policy instrument analysis

### Details on the PI

The *ERDF Operational Programme Catalonia 2014-2020* was elaborated in the framework of the *Catalonia 2020 Strategy* (ECAT2020) and the *Research and Innovation Strategy for the Smart Specialisation of Catalonia* (RIS3CAT). Both strategies identify priority areas for public policies aimed at promoting smart, sustainable and inclusive growth and advancing towards the objectives of the Europe 2020 strategy.

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The selection of investment priorities was based on the studies conducted within the framework of drafting the Research and Innovation Strategy for the Smart Specialisation of Catalonia (RIS3CAT) (SWOT analysis), the Digital Agenda (analysis of the state of ICTs in Catalonia) and the Catalonia 2020 Strategy ECAT 2020 (analysis of the strategy paper and report on the 2012-2014 period), and in accordance with the recommendations of the *ex-ante* evaluation of the ERDF OP.

Taking into account these factors, the ERDF Operational Programme Catalonia 2014-2020 proposes the following distribution of ERDF support:

- 40.4% for TO 1. The high concentration of financing in this TO is justified by the great commitment that Catalonia is making, in line with the provisions of the Europe 2020 Strategy and the EU's flagship initiative for innovation, to research and innovation as drivers for growth and employment. TO 1 concentrates the implementation of the RIS3CAT strategy, but this can also be considered a cross-cutting element throughout the entire programme, as many applications in the other TOs have a clear component of innovation.
- 18.8% is allocated to TO 3 (SMEs), reflecting the importance of supporting entrepreneurship in SMEs, which are the main generators of jobs in the region. The OP gives a leading role to financial instruments, which should help to overcome one of the basic weaknesses of SMEs, which is access to financing.
- 16.3% is allocated to TO 6 (Environment) to enable the implementation of a wide range of actions in the fields of biodiversity, natural and cultural heritage and urban development with great territorial impact.
- 15.9% is allocated to TO 4 (Low-carbon Economy), reflecting the commitment to advancing towards meeting the 20-20-20 Targets (reducing greenhouse gas emissions by 20%, reducing energy consumption by 20% through increased energy efficiency and increasing the renewable energy share by 20%) whilst also generating great economic and employment opportunities in the business sector.
- 7.4% is allocated to TO 2 (ICTs) to enable the implementation of the Digital Agenda for Catalonia, which is also planned in the RIS3CAT strategy, given its importance as a tool for increasing competitiveness and entrepreneurship.

## Contents of the PI that can favour/hamper the opportunities

As explained in our report “Priority opportunities - Project Partner 2 - Catalonia” (October 2018), the prioritization process allowed opportunities identified for the textile and the beverage sector in Catalonia to be grouped according to three typologies:

- Opportunities set as top priorities in the agenda: Those with scores above 7 (in green).
- Opportunities to be prioritized when possible: Those with scores between 7-5 (in blue).
- Opportunities that need further assessment: Those with scores below 5 (in yellow).

Table 1: Opportunities prioritized for the textile sector (left) and beverage sector (right).

 Increase the capacity of post-consumer textile collection	 Preventing foodwaste along the value chain
 Increase the recyclability, recycling & the use of recycled fibres, threads and fabrics	 Increase the reuse of glass packaging
 Explore new ways of upcycling pre-consumer textile waste for industrial uses	 Use of recycled packaging materials
 Scale up the creation of new business models	 Increase the implementation of smart packaging solutions
 Ecodesign for durability	 Minimising material use for beverage distribution
 Intensify search of alternatives to prevent effects of microfibre release & other substances of concern during the product lifecycle	 Increase water savings and water efficiency during production
 Increase savings and water and energy efficiency used during the production process	 Scaling the creation of new valuable industry products from by-products
	 Use of biobased and/or compostable materials for plastic packaging where beneficial

All these opportunities can be boosted, to a certain extent, through the specific objective (SO) selected in the Application Form, this is Specific Objective 3. d) 1 (Annex 1), since it includes:

- Programmes aimed at increasing business’ competitiveness through a more efficient use of resources, the implementation of clean and intelligent technologies, the reduction of negative impacts on the environment and health and the production of more sustainable goods and services that generate value, wealth and jobs.
- Programmes to support the economic sustainability of companies.

On the other hand, it is worth mentioning that one of the opportunities identified in the context of the textile sector, this is “Increase savings and water and energy efficiency used during the production process” (not set as one of the 3 top priorities in the agenda), could also be promoted through two other SO (Annex 2):

- SO 4.1.2: That includes actions with regards to the production of thermal energy with biomass in the industrial sector (among other sectors) or the promotion of other sources of renewable energy.
- SO 4.2.1: That incorporates actions to promote energy efficiency in companies (although it is stated that the final users will be local authorities).

Since we are not considering here CE as a whole but only the CE opportunities identified in Catalonia, the range of SOs that were identified initially as being able to boost CE in Catalonia and that were presented in Wroclaw (Annex3) has been reduced considerably: from 7 to 2.

### How change, steer the PI: kind of Policy options feasible in the PI

On the one hand, and concerning SO 3.d)1 and the programmes that it includes, it must be emphasized that these types of programmes may embrace different types of policy options, that according to the typologies defined in the CircE tool Step 6, could be:

- Business support schemes: Offering either technical or financial support.
- Collaboration platforms: Promoting public-private partnerships, industry collaboration platforms, R&D collaboration programmes.
- Information & awareness programmes addressed to companies.

And all these are feasible in the PI and could obviously contribute to promoting our CE opportunities in both sectors.

However, this SO would not be suitable to include policy options such as including new criteria into public procurement frameworks, building new infrastructures (or adapting existing ones), developing regulatory frameworks or defining fiscal frameworks. If actions in this line were chosen in the Action Plan, the PI would need to be steered so as to encompass these types of options.

On the other hand, the other two SOs (4.1.2 and 4.2.1) are much narrower in scope and only policy options such as business support schemes could be appropriately incorporated.

## 3. Policy options identified

### Policy options for the opportunities

Opportunities and barriers were addressed in our previous report regarding the prioritization process, hence, we present here a first general analysis of the policy options that could be used to boost the opportunities prioritized (those set as top priorities in the agenda).

Table 2: Policy options for the prioritized opportunities in Catalonia.

Id_Opportunity	Opportunity	Sector	Policy option
PP02_S5_001	Increase the capacity of post-consumer textile collection	Textile	Information & Awareness Collaboration Platforms Infrastructure Regulatory Frameworks
PP02_S5_003	Increase the recyclability, recycling & the use of recycled fibres, threads and fabrics	Textile	Information & Awareness Collaboration Platforms Business Support Schemes Public Procurement & Infrastructure
PP02_S5_014	Explore new ways of upcycling pre-consumer textile waste for industrial uses	Textile	Collaboration Platforms Business Support Schemes Infrastructure
PP02_S5_007	Preventing foodwaste along the value chain	Beverage	Information & Awareness Collaboration Platforms Business Support Schemes Public Procurement & Infrastructure Regulatory Frameworks
PP02_S5_012	Increase the reuse of glass packaging	Beverage	Information & Awareness Collaboration Platforms Business Support Schemes Public Procurement & Infrastructure Regulatory Frameworks
PP02_S5_009	Use of recycled packaging materials	Beverage	Collaboration Platforms Business Support Schemes Public Procurement & Infrastructure Regulatory Frameworks

## 4. Other policy instruments analysis

Both the analysis of opportunities and barriers and the identification of actions to boost opportunities and overcome barriers will be highly relevant to guide both the next Research and Innovation Strategy for the Smart Specialisation of Catalonia (RIS3CAT) and the next ERDF, the preparation of which will start next year. Besides, they will serve as the basis to elaborate the Circular Economy Roadmap for Catalonia, which is due to be drafted in 2019.

## 5. The Stakeholders

CircE stakeholders were gathered in a meeting on November 9th, 2018 to get their point of view of the final opportunities' prioritization results and to discuss about suitable policy options to develop the opportunities detected. Nine attendees participated in the meeting; most of them from textile business associations; although there were some representatives of technological centres and research institutes.

This preliminary discussion on policy options focused mainly in 2 actions:

- Pilot plant for the valorization of waste (pre and post consumption textile waste).
- Project for the reuse / recycling of fibres (mainly cotton and polyester fibres).

The debate raised issues concerning: a) pilot plant for sorting textile waste, b) textile waste mixtures and their difficulties for treatment (pre-consumption vs. post-consumption waste), c) recycling plant (types of fibres), d) innovation on textile waste sorting technologies and their feasibility, e) recycled percentage contents in new fibres. The discussion will continue and be more intensive in the coming months to set up the real and feasible actions in the Action Plan of CircE.

It was pointed out several times during the meeting that CircE actions should be aligned (in terms of complementarity and coordination) with actions boosted by Catalonia in the framework of Regiotex (Smart regional investment on textile innovation) and with the Specialisation and Territorial Competitiveness Projects (PECT) deriving from the ERDF.

In this sense, it is worth mentioning that we are trying to enhance our coordination with other Interreg Europe projects, such as Ecowaste4food and Bid-Rex, so as to align our efforts when it comes to the mobilization of ERDF funds.



## Annex 1

Main contents of the ERDF Catalonia (2014-2020) that can favour identified opportunities	
Prioritary Axis	3
Thematic Objective	TO 3
Investment Priority	IP 3.4
Specific Objective	SO 3.4.1 SO 3.d)1
Programme	Programmes aimed at increasing business' competitiveness through a more efficient use of resources, the implementation of clean and intelligent technologies, the reduction of negative impacts on the environment and health and the production of more sustainable goods and services that generate value, wealth and jobs
	Programmes to support the economic sustainability of companies

## Annex 2

Other contents of the ERDF Catalonia (2014-2020) that can favour identified opportunities				
Prioritary Axis	Thematic Objective	Investment Priority	Specific Objective	Number of Programmes
PA4	TO4	IP 4.1	SO 4.1.2	2 (Renewable Energy)
		IP 4.2	SO 4.2.1	2 (Energy Efficiency)



## Annex 3

Other contents of the ERDF Catalonia (2014-2020) related to Circular Economy				
Prioritary Axis	Thematic Objective	Investment Priority	Specific Objective	Number of Programmes
PA2	TO2	IP 2.3	SO 2.3.1	1 (Smart City)
PA4	TO4	IP 4.1	SO 4.1.2	2 (Renewable Energy)
		IP 4.2	SO 4.2.1	2 (Energy Efficiency)
		IP 4.3	SO 4.3.1	2 (Energy Efficiency – Buildings)
		IP 4.4	SO 4.4.2	1 (Smart energy)
		IP 4.5	SO 4.5.1	1 (Sustainable Transport)
PA6		IP 6.5	SO 6.5.1	2 (Sustainable Urban Development)