



REPLACE

Interreg Europe



REPLACE will enable the transition to a circular economy by facilitating, implementing and financing local and cross-regional circular value chains using a systemic operational and normative framework.

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REPLACE – Lazio Region Action Plan Formalization Of Circular Economy Focus Sectors as Targets for the new Lazio Operational Programme 2021- 2027 Under Objective B6

Lazio (Italy)

June 2022



Environment &
resource
efficiency



European Union
European Regional
Development Fund

Interreg Europe REGIONE LAZIO Action Plan

Produced by each region, the **action plan** is a document providing details on **how** the lessons learnt from the cooperation will be implemented in order to improve the policy instrument tackled within that region.



Lazio Region Action Plan



Part I – General information

Project: **REPLACE *REgional PoLicy Action for Circular Economy***

Partner organisation(s) concerned: Lead Partner **Lazio Region – Regione Lazio**

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NUTS2 region: IT14

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Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument(s) addressed: **Lazio Region Operational Programme 2021-2027**

Further details on the policy context and the way the action plan should contribute to improve the policy instruments:

REPLACE (regional policy action for circular economy) is an Interreg Europe project focusing on the amelioration of the regional policy instruments dealing with circular economy: it lasts from August 2019 to July 2023; its implementation Phase (Phase 1) ends in July 2022. At the time of elaboration of the present action plan (Spring 2022), the Regional Operational Program 2014-2020 is in the final phase of implementation therefore modifications and insertion of new elements are not possible. Thus, REPLACE results are set to benefit the new programming period 2021-27: the new policy instruments of Lazio region targeting circular economy, contained in the new **Lazio Regional Operational Programme 2021-2027**, mirrors the lessons learned through the significant and meaningful cooperation and exchange of experience realized during the REPLACE project.

Initially, REPLACE addressed the ERDF (European Regional Development Fund) **Regional Operational Program (ROP) 2014-2020 of Lazio Region**, namely **Axis 3: Competitiveness**; investment priorities: development and creation of new models for SMEs, related in particular to internationalization; Specific objective: consolidation, modernization and diversification of territorial productive systems; Action 3.3.1: Support to the competitive repositioning, the adaptability to the market and the attractiveness to potential investors of territorial vital enterprises.

The Policy Instrument aims at providing financial support to enterprises for enhancing their competitiveness and appeal, creating new business models (internationalization and sustainability) and ensuring an effective specialization and diversification of the territorial production landscape.

As the programming period has changed, REPLACE currently targets the newest Lazio Region Regional Operational Programme (ROP) 2021-27; even if the latter has not been approved, a specific objective dedicated to circular economy has been identified, namely Specific Objective 2.6 'RSO2.6. **Promoting the transition to a resource-efficient and circular economy**'; ***Interventions to facilitate the transition towards sustainable production processes (reduction of consumption, waste production, recycling of waste raw materials) and in favor of the circular economy***'.

The instrument favours actions to facilitate the transition to sustainable production processes and to a circular economy through measures aiming at reducing consumption, reducing waste production, encouraging the recycling of raw materials and waste. The support and investments are directed toward enterprises located in Lazio Region for the creation of circular ecosystems and circular production and value chains.

The Specific Objective incentivizes investments for: circular design (applying Life Cycle Approaches), insertion of secondary materials in the production processes, use of local resources, circular production patterns, disassembly and re-use and extending life-cycle of products.

The fields/sector of applications indicated are in line with the Action Plan for CE of the European Commission: to better target the envisaged measures to the local characteristics, the present Action Plan ensures that Lazio Region systematically assess territorial capabilities and potentials to define a place-based list of Focus

areas of interventions, namely sectors and value chains endowed with the highest potential for circular economy transition.

It can be noted how circular economy shifted from not having a dedicated position in the programming period 2014-2020, as it was not even mentioned in the previous ROP; to the allocation of a Specific Objective devoted entirely to the transition in the new Lazio Region Regional Operational Programme 2021-2027, in line with the European Strategies, such as the Green Deal, the Recovery and Resilience Facility, the Just Transition and the Circular Economy Action Plan.

The abovementioned positive evolution showcases an increased relevance of the topic at international level, as well as the beneficial spillover achieved through the continuous presentation to Lazio civil servants of circular economy as an essential driver for the future development of the region. The involvement and the discussions with regional officers is an ongoing process (that started with SCREEN project, namely the H2020 CSA that created the basis for REPLACE project idea and methodology) aiming at highlighting the relevance of circular economy for the sustainable growth of Lazio.

As circular economy (CE) importance as a key strategic objective for the future development of Europe is incessantly rising, Lazio Region can benefit from the previous experiences in the field, since Lazio was the Lead Partner in SCREEN project (H2020 www.screen-lab.eu), as well as in the follow-up REPLACE.

Thanks to its long-lasting commitment and the significant work implemented in these two crucial cooperation experiences, Lazio Region has given strategic centrality to CE in its new ROP 2021-2027, considering the transition as an horizontal objective.

REPLACE, capitalizing on the methodology developed in the previous SCREEN project, aims at improving the management of regional policy instruments dealing with circular economy by exploring and exploiting cross-regional cooperation opportunities, REPLACE is structured in 4 logically linked steps:

- Local Analysis
- Cross-regional synergies
- Funding Instruments: focus on sectors
- Assessment Criteria

In addition, REPLACE developed **the Circular Benchmark Tool** to offer public authorities an-easy-to-use assessment method to evaluate the state of the art of circular economy in the territory.

The cooperation activities suffered from the lack of interpersonal exchange, caused by the impossibility to travel for the most part of phase 1 of the project due to COVID-19 pandemic limitations: the consortium recovered all learning activity through online meetings.

The Local Analysis applies a methodology, previously built through interregional cooperation by 17 European regions within the SCREEN H2020 CSA (coordination and support action) project www.screen-lab.eu, to assess local capabilities and potentials, while mapping relevant stakeholders, research and educational capacities. The Local Analysis reflects the approach used to identify the RIS3 sectors, namely the EDP (entrepreneurial discovery process), and further explores regional potentialities at a micro-level, involving stakeholders from the Quadruple Helix.

The Local Analysis is propedeutical to the identification of **cross-regional synergies** in common sectors or value chains, to highlight possible complementarities with the aim of supporting exchanges at territorial level. The funding instruments and opportunities are studied at sectorial/value chain level, in order to understand how the region is supporting areas endowed with an high potential for the circular economy transition.

Thanks to the application of the above-presented methodology, REPLACE consortium identified the following areas of interests for interregional cooperation, possible synergies insists among:

➡ Manufacturing: Lazio, Centro, Lodzkie, Crete and HWWI;

- Agri-food: Lodzkie, NERDA, Crete, NEXA;
- Textile and Fashion: Lodzkie, NERDA;
- Plastics: Fryslân, CCDRC, NEXA and HWWI;
- Constructions: HWWI and NEXA.

The valuation of the **funding opportunities** allowed the understanding of the need to consider how RIS3 can support the EU regions to deepen their value chain orientation, to provide funding especially in areas with cross-sectoral potential.

Under REPLACE logical framework, the last step is the testing and adaptation of the Assessment criteria for evaluating circular economy proposals: within the 2014-2020 programming period, circular economy did not have a dedicated set of indicators to verify the level of circularity of project proposals.

REPLACE wants to overcome such gap by studying how to apply and tailor the Assessment criteria (developed through the H2020 SCREEN project) taking into account that each region and/or managing authority presents its own evaluation procedures and assessing methodologies: the point of strength of the Assessment Table developed is its simplicity and adaptability, allowing its use under the different appraisal structure employed. REPLACE demonstrated to the actors involved in the evaluation of the call for proposals not only that more appropriate assessment criteria and indicators are needed, but also that an instrument is available and ready to be further tailored and adopted.

LAZIO REGION ACTION PLAN – REPLACE project

The present Regional Action Plan, delivered within REPLACE project, wants to highlight the steps and the timing for the integration of the project results in the new Operational Programme of Lazio Region 2021-2027: as REPLACE unfolded, a new policy instrument had to be addressed solely because of the closure of the previous programming period (2014-2020).



The Action Plan summarizes how the new Lazio Region ROP 21-27 tackles circular economy as a priority objective and as an horizontal target, exploiting and incorporating the learning outputs and the results of the interregional exchange of experiences of REPLACE.

The goal of the present document is to **adequately structure the future ROP 2021-2027 to address efficiently and effectively circular economy in the territory, exploiting and valorizing local capabilities.**

The transition to a circular economy offers significant opportunities for Lazio Region, its companies and its inhabitants; strong economic arguments support the shift to circular economy (CE) as a mean to maintain competitiveness, achieve substantial economic benefits and manage resource efficiently, the latter is becoming more and more vital after the supply-chain disruptions of the last years.

At first, in order to implement the Action contained in the Action Plan, it is necessary to update both the Local Analysis, assessing regional economic sectors and value chains with highest potential for circular transition, and the Circular Benchmark Tool, in order to align REPLACE outputs to the new Policy Instrument addressed, since the RIS3 sectors have been updated and the economic context has suffered because of the lasting effects of the COVID-19 Pandemic, Supply-chain crisis and the Ukraine/Russia War. The revision will help to better understand the present situation and the issues regional stakeholders are currently facing, while helping in the stabilization of the Local Analysis as an ordinary procedure for Lazio Region programming duties. REPLACE project has in fact demonstrated the importance of applying the Local Analysis for a proper planning, management and support of the territorial capabilities in relation to circular economy.

The results of the Local Analysis were combined with the inputs extracted during the stakeholder engagement process: the action, proposed by Lazio in REPLACE Regional Action Plan, aims at facilitating the identification of focus sectors with the strongest potential for the transition since the labelling of CE pivotal fields and value chains lays the groundwork for an effective targeting of the measures that will be developed and inserted in the new ROP 21-27 (these will be launched and funded after the termination of REPLACE project).

REPLACE project lays at the intersection of two programming periods: within the project life-time a new Regional Operational Programme is built, discussed and approved (not yet approved at time of production of the present Action Plan). A pre-requisite for the drafting of the new ROP is the delineation of RIS3 (regional innovational smart specialization sectors): within the revision process, implemented between May and June 2021, 2 new areas of specialization are identified, namely Automotive and Blue Economy.

9 Focus Groups organized around the 9 Specialization Areas (including the two new) collected contributions and suggestions from regional stakeholders, the time-line was arranged as follows: May 17 Automotive, May 20 Aerospace, May 24 Agri-food, May 27 Economy of the sea, May 31 Creative and digital industries, June 4 Security, June 7 Technologies for cultural heritage, June 11 Life Sciences, June 14 Green and circular economy. Each of the 9 Focus Groups used a pre-defined format with a duration of around 2 hours:

- ① Introduction by the Councilor for Economic Development, Commerce and Crafts;
- ② University, Research, Start - Up and Innovation;
- ③ contribution of the Councilor or regional political/administrative leaders competent in the matter;
- ④ Illustration of the thematic papers produced by the regional working group and by Lazio Innova;
- ⑤ interventions and contributions from the participating stakeholders;
- ⑥ conclusions of the Assessor/Vice President of the Region

The Focus Groups recorded a wide participation (1,262 registered stakeholders; 36,554 total views and over 300 contributions via questionnaires) of research operators, the world of business and associations, local authorities and professionals in the sectors; the indications gathered helped shaping the strategic choices for the regional economic development of Lazio region for the upcoming programming period 2021-2027.

During REPLACE exchange of experiences, an intense interest has been registered among regional stakeholders (both in Lazio and in the other participating regions) toward funding specifically dedicated to circular economy projects for increasing competitiveness and sustainability. Local companies are also well aware that a shift toward a circular business model leads to significant energy savings, resource efficiency, environmental benefits, job creation and social integration.

Since 2016 Lazio Region, as the lead partner of REPLACE and the previous SCREEN project, is fully involved in interregional cooperation processes with the aim of developing, testing, tailoring and applying a strategic and replicable methodology capable of accompanying regions in the transition toward a CE; therefore, Lazio is committed toward not only the promotion, but also the financial and policy support of this new model of production and consumption: the transition toward a circular pattern ensures the end of the waste-generation-economy and opens the way to the reuse of resources, a more attentive consumption mechanism that values products and their materials, allowing resources to remain in the economy for as long as possible.

The Action Plan has the purpose of improving the management of the ROP 2021-2027 in the field of circular economy: Lazio Region is committed toward orienting efficiently the resource allocated to circular economy in the OP2, specific objective b6.

Because of REPLACE project, Lazio Region has now the knowledge, capability and skills to understand how to better identify its policy actions in support of CE transition: thanks to the Local Analysis and the study of the territorial capabilities, sectors with highest potentials and the relevant stakeholders are identified as target to deploy policy measures; the assessment of the funding instruments permitted to learn from other regions which type of initiatives can be successful in diverse areas, while the testing of the assessment criteria served to demonstrate how the evaluation procedures and the selected indicators will ensure the consideration of sustainability and circularity not only in the application process but also in the funding choices.

Part III – Details of the actions envisaged

ACTION 1:

FORMALIZATION OF CIRCULAR ECONOMY FOCUS SECTORS AS TARGETS FOR THE NEW LAZIO OPERATIONAL PROGRAMME 2021-2027 UNDER OBJECTIVE B6

1. **Relevance to the project** (*please describe how this action derives from the project and in particular from the interregional exchange of experience. Where does the inspiration for this action come from?*)

REPLACE learning and exchange of experience has evidenced that the access to financing instruments to support the decoupling of economic growth from the use of new raw materials is an effective means of increasing the economic competitiveness of businesses, this instance has become even more important after the break-out of the pandemic and the war in Ukraine that caused disruption in the global supply chain. The presence of abundant virgin raw materials at very low prices represented the main incentive for producers to keep operating under a linear economic model.

A first example of success was presented at the meeting organized by the consortium partner Province of Fryslân, The Netherlands on December 3-4, 2019 during the first REPLACE interregional learning and exchange event, accompanied by the Circularity Tour: the Vereniging Circulair Friesland association (VCF)¹. VCF brings together 100 members of which 80 are SMEs and the rest complement the actors from the other three sectors of the quadruple helix. Through this association, the regional government has become aware of the importance of the circular economy locally and provides funding to strengthen innovation and knowledge transfer for the development of circular economy.

Fryslân received the award for the most circular Dutch region and is recognized as a leader in the European Union in the field of Circular Economy. VCF has already transferred and combined its efforts with similar organizations in the neighbouring area by developing the Circular Alliance of the Northern Region of the Netherlands.

During the implementation of the project, one of the examples of policy change operated within the REPLACE addressed policy instrument concerned the support for the implementation of a Proof of Concept call from Centro Region, Portugal² containing the REPLACE-SCREEN evaluation criteria specific to for the assessment of circular economy that are applied with a high weight (40%) to quantify the impact of project proposals. This policy instrument amelioration was implemented by REPLACE partner Centro Region (CCDR), Portugal, and presented at the project meeting of October 5-7, 2021, in Crete, Greece.

¹ <https://www.interregeurope.eu/policylearning/good-practices/item/4118/vcf-circular-friesland-association/>

² <https://www.interregeurope.eu/policylearning/good-practices/item/4493/centro-geen-deal-project-centro-gd/>

2. **Nature of the action** (*please describe precisely the content of action 1. What are the specific activities to be implemented?*)

The Action consists on the formalization of circular economy focus sectors as the targets of the new measures of Lazio Region Operation Programme 2021-2027 under the objective b6 (ERDF European Regional Development Fund). Unlike the previously addressed policy instrument, in which CE was not even mentioned, in the new Lazio Region OP 21-27 a specific objective is dedicated to the transition toward a circular economy, namely **Specific objective RSO2.6. Promoting the transition to a resource-efficient and circular economy.**

Types of related actions - Article 22 (3) (d) (i) of the CPR and Article 6 of the ESF + Regulation

Interventions to facilitate the transition towards sustainable production processes (reduction of consumption, waste production, recycling of waste raw materials) and in favor of the circular economy.

The action encourages interventions to facilitate the transition towards sustainable production processes, targeting enterprises located in Lazio Region.

In general, these are measures aimed at reducing consumptions and production of waste, encouraging the recycling of raw materials and waste and, in favor of the circular economy, with the aim of promoting and facilitating the gradual overcoming of the "linear" production model, no longer suitable to the contemporary societal needs because of a growing attention toward sustainability and environmental aspects. The investments made will be aimed at creating ecosystems and production chains for a circular economy.

Specifically, the following investments will be incentivized:

- design, during the development stage of product, exploiting preliminary assessments based on Life Cycle Thinking approaches, which take into account the entire life cycle of the product, leading to the creation of sustainable and circular goods/services;
- materials, by replacing non-renewable materials with renewable, recycled, permanent recycled, biodegradable and compostable;
- employment of locally-available resources (territorial proximity) to reduce the environmental impacts of transport, helping also to create a local identity for products, in an overall logic of circular economy and material re-use;
- production processes, increasing efficiency in the use of raw materials; improving the logistics of procurement and distribution; minimizing the production of processing waste or managing them as by-products, facilitating the investments that ensure the reduction of energy and environmental impact of production activities in terms of lower consumption, the implementation of circular economy practices;
- disassembly and re-circulation of products, allowing the disassembly of the various components also in relation to the types of materials used and not generating waste that cannot be recycled or residues that cannot be reused;
- repair and maintenance of technologically obsolete or damaged parts, extending the life cycle of the product itself.

Generally, measures will incentivize the enhancement of the potential overall life-cycle of products and all related business activities: purchases (recovery, reuse, recycling of resources); design (materials and products); logistics (sharing platforms); sale; use (extension of service life; product as a service); end of life (recovery, reuse, recycling of resources).

The fields/sectors of application are different and concern the whole economy, albeit with different intensity of potential impact.

The focus will be on the most resource-intensive economic activities, having the highest potential for circularity, in line with the provisions of the new Action Plan for the circular economy of the European Commission (COM/2020/98 final), concerning in particular:

- electronics and ICT, in order to extend the life cycle of products and improve waste collection and treatment;
- batteries and vehicles: in order to improve sustainability and increase their potential for circularity
- packaging, for the reduction of excessive packaging;
- plastics: with particular attention to recycled content and the issue of microplastics and bio-based and biodegradable plastics;
- textiles, to strengthen competitiveness and innovation in the sector and promote their reuse;
- construction and building: for a sustainable built environment that promotes the principles of circularity for buildings;
- food products: in order to replace, in catering services, packaging, tableware items and disposable cutlery with products reusable waste production: in support of circularity and prevention, functional to achieving the objective of reducing its total production and of halve the amount of residual municipal waste (not recycled) by 2030;
- paper: smaller and more tailor-made packaging systems to counter the negative effects of the strong growth in e-commerce and delivery they represent disruptive activities in terms of increased consumption and waste.

Lazio Action Plan concerns the following aspects:

- Local Analysis update: with the new programming period, RIS3 have been amended, thus Lazio will revise its local analysis to define the economic sectors and value chains with the strongest potential for CE transition, taking into account the newly added RIS3 sectors, as well as revising local capabilities following the effects caused by the prolonged COVID-19 pandemic, supply-chain crisis and the War in Ukraine;
- identification of the enabling conditions for the generation of new circular economy opportunities and projects in the different targeted sector and value chains above individuated (e.g. types of companies and projects, amounts of funding, types of expenditure, etc.);
- Update of the Circular Benchmark Tool to assess progress and compare with other regions;
- Identification of value chains to incentivize to boost the immediate realization of circular business models, based on the knowledge collected within the Local Analysis.

As described in the current Lazio Region Operational Programme 2021-2027 (not approved), circular economy support focuses on the sectors highlighted by the European Commission in the Circular Economy Action Plan: ERDF OP Lazio 21-27 addresses the regional eco-system therefore the local characteristics and capabilities will constitute the core of the policy action. To this end, the support envisaged in Specific Objective 2.6 will interest the regional focus sectors and value chains endowed with greater potential for the transition, as identified thanks to the revision of the Local Analysis.

For what regards the type of support Lazio Region will deploy in supporting CE transition in targeted sectors, the experiences and learning process of REPLACE will be taken into consideration; for example: CCDRC Centro Region assessed the interests of local companies toward CE transition by offering vouchers to enterprises to purchase consulting services to help them identify the processes and the costs necessary for undertaking a shift in their business model toward circularity: the instrument was designed to be easily accessible and was successful in terms of n of application received and funding allocated.

Another important example that will be taken into consideration is a Good Practice presented by CCDRC, namely the Institutional Pact for the Valorisation of the Circular Economy in Centro Region (Portugal): a voluntary enrolment in a CE platform collecting insight regarding circular actions in the territory, connecting the regional authority with the local companies working in a circular manner; this type of initiative is important not only to map the numbers and types of business that are active in the transition but also to create a 'stamp' for CE that can help the private sector in approaching CE.

3. Stakeholders involved (please indicate the organisations in the region who are involved in the implementation of the action1 and explain their role)

Internal stakeholders

- Lazio Region Programming Department (offices in charge of ERDF and ESF programming)
- Lazio Region Agriculture Department
- Lazio Environment Department
- Waste Management Department

External stakeholders

- Università Della Tuscia
- Lazio Innova
- Ministry of Economic Development
- Ministry of Ecological Transition

4. Timeframe (please specify the timing envisaged for action 1)

July 2022/October 2022	First call 21-27 results to orient local needs from companies
October 2022	Approval of ROP by the European Commission
October 2022/March 2023	Definition of sectors to be included in the calls under the Priority Objective, with stakeholders engagement events
April/July 2023	Insertion of the targeted sectors in the ROP21-27

5. Costs (please estimate the costs related to the implementation of action 1)

Internal staff costs: 3 people working 50% during 12 months 18,000€, call definition, applicant guide and state aid scheme preparation.

The indicative amount foreseen to be allocated to the call is 30 million Euro from ERDF.

6. Funding sources (please describe how action 1 will be financed. Is it through the policy instrument(s) indicated in part II):

Lazio Regional Operational Programme 2021-2027 (ERDF)

Date:28/06/2022

Name of the organisation(s) :

LAZIO REGION

REGIONAL DIRECTION FOR ECONOMIC DEVELOPMENT, PRODUCTION ACTIVITIES AND RESEARCH

TIZIANA PETUCCI

Signatures of the relevant organisation(s): _____

