

# Low-threshold business support and development of competences at the core of boosting Circular Economy Business

## Policy Recommendations for Circular Economy Business Model Development in European level

With climate change imminently pressing to change the way we think about consumption altogether, solutions for retaining the planetary boundaries are in dire need. The European Green Development Program aims to protect natural capital, accelerate the transition to a resource-efficient economy and protect people from environmental pressures. In Europe, Member States and regions can meet these challenges by developing their environmental policies and strategies, but also by supporting the know-how and conditions for companies to develop their own businesses in a circular and sustainable way.<sup>1</sup>

Circular Economy presents a viable option for tackling the imminent environmental crisis. The circular economy transition is about redirecting the economic development from linear production and consumption models to circularity. The change needed is a sociotechnical one, encompassing both societal, technological and environmental aspects. The circular economy transition is manifested and implemented by companies. Business models can drive and stimulate the way companies do business and, at best, contribute to sustainability transitions.

**Circular economy business can be divided into five business models, as defined by Sitra<sup>2</sup>:**

- 1. renewability**
- 2. sharing platforms**
- 3. product as a service**
- 4. product-life extension**
- 5. resource efficiency and recycling**

Circular business models can help companies and start-ups to redirect their business into sustainable practices. Naturally, this is not always a straightforward task. Governments need to support this transition in order to make niche-innovations mainstream. To achieve system level change, both experimentation and radical business innovations are needed. In addition, educated experts to help build the CE competence in companies are needed to make the green transition happen.



# How can we support the circular economy business transition with better policies?

## Radical innovation and business support for experimentation

Transforming the socio-technical system calls for a disruption of economic models from the linear to the circular. Circular business models can be advanced by companies. However, policy support is still needed in order for circular business models to proliferate from niche-level experiments to the dominant socio-economic system. This is crucial especially for the transition to be inclusive across regions, sectors and people.

On policy level this means:

- **Creating better guidance on Green Procurement** for public and private actors.
- **Providing support for companies**, especially SME's, in the circular business transition by developing low-threshold support services together with relevant stakeholders in the region.
- Establishing Circular economy related **spaces and platforms** for increasing the multisectoral cooperation between companies and public bodies.
- **Providing financial support for start-ups and new innovations** based on circular economy business models.

## Education provides a cross-cutting understanding of business in a circular economy

Change to circular society requires a new kind of competence in different sectors and at all levels of education. Upgrading skills and continuous learning are important themes in ensuring that everyone finds their place in a fair circular society.<sup>3</sup> European higher education institutes and public actors can play an important role in fostering the skills of companies and new professionals.

On policy level this means:

- Supporting training and education to **increase the growth of circular economy business skills among the workforce**.
- Encouraging **higher education institutions to act as innovation platforms for experimentation** with companies.
- Supporting and advancing educational development **to ensure that the circular economy is a cross-cutting theme** in all degree programs.
- **Increasing education of decision makers and policy authorities** in the public sector in order that future decisions on planning, procurement etc. can be made by taking into account circular economy principles.

These policy recommendations are based on the regional action plans produced by the project partners and the interregional learning. [Read more about regional activities.](#)

This policy recommendation has been developed as part of the [Interreg Europe-funded REDUCES project](#). The policy recommendations are based on the best practices and regional findings learned during the project. The policy recommendation is specifically targeted at policy level audiences across Europe.

References:

1 [European Commission, n.d. Green transition.](#)

2 [Sitra, 2019. New business models play a key role in enterprises' strategies.](#)

3 [Sitra, n.d. Kiertotalouden sosiaaliset vaikutukset.](#)