



Financing the Circular Economy

Policy Briefing

CIRCULÉIRE's Thematic Working Groups 2022



Roinn Cumarsáide, Gníomhaíthe
ar son na hAeráide & Comhshaoil
Department of Communications,
Climate Action & Environment



Introduction

Transitioning to a circular economy is widely acknowledged as being a prerequisite to achieving Ireland and Europe's climate neutrality targets and to mitigating biodiversity loss.

In 2022, Ireland passed the Circular Economy Act which provides a clear statutory footing for Ireland's commitment to a circular economy. Ireland's transition to a circular economy and the promotion of public sector leadership in adopting circular policies and practices is also supported through the Circular Economy Strategy adopted in December 2021. The Irish Government supports increased investment in the circular economy in Ireland, with a view of delivering sustainable and regionally balanced economic growth and employment ([DECC, 2021](#); [National Smart Specialisation Strategy for Innovation 2022-2027](#)). The [National Development Plan 2021-2030](#) underpins the investment for moving away from the 'take-make-waste' model and supports initiatives for a more sustainable society. In 2022, CIRCULÉIRE's industry members identified Finance and Funding as a top priority topic on which to hold a Thematic Working Group (TWG).

CIRCULÉIRE appointed Expert Facilitators to deliver a working group with multi-sectoral panel members with the following aims:

1. Increase panel members', particularly financiers' / funders', awareness and knowledge of the circular economy, assessing opportunities to optimise the circular finance & funding landscape with and for Irish industry;
2. Learn about circular finance/funding international best practices, exploring their replication or adaptation potential in the Irish context;
3. Deliver a series of workshops, seminars and a policy roundtable to support panel members to co-develop practical, actionable recommendations and explore what is needed to finance Ireland's circular transition.

Between late June 2022 and October 2022, CIRCULÉIRE's appointed Expert Facilitators organised interviews and workshops with Industry members and Funders/Financiers, and performed desk research to identify key gaps, challenges and opportunities in accessing funding and financing for circular economy projects, business models and infrastructure.

The circular economy in Ireland requires a significant increase in capital flows to enable a transition (to a circular economy). The funding and finance sector, along with circular economy industry, face significant challenges in delivering on the overall ambition of the Circular Economy Strategy and in meeting Climate Action goals. As supported by research, it is the TWG's finding that to best achieve the necessary shift to circularity in manufacturing, Ireland will require far greater systems thinking, with significant collaboration and cohesion across government particularly, as well as finance and industry. Our recommendations build upon this by seeking to begin establishing a cohesive, cross-functional ecosystem.

To identify these challenges and current opportunities, CIRCULÉIRE's members and key funding and finance stakeholders were interviewed, and they participated in workshops and discussion groups to identify innovative solutions to the challenges/ barriers to the emerging circular economy's success. One of the key solutions identified includes establishing industry collaboration between circular

economy-aligned businesses, government agencies and experts in funding/financing. By implementing a framework for their funding journey, it will be useful for approaching a unified and strategic outlook to secure funding/financing for the circular economy in Ireland at large.

The TWG recommendations have been co-developed with input from the TWG panel members. Below are the consolidated outputs, with the TWG Final Report providing further details in addition.

Financing CE Challenges

The challenges experienced by the TWG members were largely aligned with research and included ‘ecosystem’ issues beyond circular finance alone. Some examples of these ecosystem issues include: the lack of awareness / understanding of the circular economy across Ireland, or the limited availability of venture capital / scaling finance within Ireland. The challenges listed below are focused on the intersection of circular economy and finance. They are non-exhaustive and, in line with systems thinking, do not stand in isolation of each other.

Challenge	Background
1. Pricing Linear Risks	<p>Financial risk models are biased towards linear business as they do not fully price linear risks, for example;</p> <ul style="list-style-type: none"> ● Consideration of longer-term / full product / service life cycle is not included; ● Assessing a full supply chain (for circularity) introduces new data requirements that may be difficult/ unable to fill/ meet; ● Historical track records form the baseline, which preferences linear and does not capture increased future instability, whilst if there is no historical track record the assessment is frequently based on the risk manager's judgement, which again can privilege linear over circular given respective levels of knowledge and familiarity; ● Risk Committees of financial institutions often lack sufficient experience to assess circular economy information.

Challenge	Background
<p>2. Rewarding/ Recognising Positive Impact</p>	<p>The full potential impacts and synergies within the scope of the circular economy are not yet captured or considered in financial assessment frameworks. For example:</p> <ul style="list-style-type: none"> ● Benefits of a close-knit circular supply chain, including resilience, agility and a depth of product life cycle knowledge; ● Pollutants and energy use reductions (waste reduction is more familiar); ● Synergies with biodiversity, social equity and wellbeing (e.g. pollution), climate change and emissions reductions; ● Related to the above, incorporation in better established financed themes/ agendas, such as climate finance, ESG investing, SDGs, Just Transition/ Build Back Better (social) agenda, natural capital/ biodiversity financing; ● Increased systems thinking, integration and long-term thinking. In line with this, an evidence-led approach is needed on lifecycle analysis and environmental impacts (to ensure compatibility with increased sustainability). Currently the burden of proof lies inequitably with circular industry. ● Societal benefits (and innovation potential) of collaboration
<p>3. Matching Circular Economy Industry and Finance</p>	<p>Increasing the flow of external finance to build up, scale or improve circular economy products and services will require greater dialogue and matchmaking opportunities between circular economy businesses, funders and investors. Circular economy businesses and funders/ financiers are hindered from matching, with circular economy businesses finding it challenging to find/ access existing financial instruments and grants that are circular economy aligned whilst funders/ financiers frequently lack the understanding of the circular economy to realise legitimacy or potential opportunity.</p>
<p>4. Circular Economy Business Model Tensions</p>	<p>Circular economy business models often include new (and/or non-linear) ways of working that necessitate alternative approaches in finance. These nonlinear approaches require funders and financiers to adapt their finance ecosystem, including language, investment models, valuations and practices. For example, shared/ lease business models require adjustments due to the</p>

Challenge	Background
	changes in cashflows, balance sheet treatment, and residual valuation.
5. Growing the Market	There are limited material/ product markets, or indicators of these markets, for circular economy businesses. This is a barrier to financing/ funding opportunities due to limited assurances available on 'supply chain risk'. For example, in providing security/ assurances regarding the availability of input materials, or being able to build resiliency for variation in stock and sell price.
6. Finance to Scale	Scaling from launch product to commercial offering is seen as particularly challenging within the Irish circular economy landscape. The feedback from the industry stakeholders engaged suggests there is insufficient financing available to make the large capital investments required to set up commercially.
7. Maturing Circular Economy Data/ Information/ Metrics	Challenges within this area include the lack of data, the ambiguity/ non-standard nature of circular economy data and definitions, as well as the lack of familiarity within finance of the circular economy. This has limited the implementation of strategies to prompt and scale up financing. <i>There is a broader need to evolve finance structures and the role of accounting (for example, calculation of a company's value) to better incorporate externalities.</i>
8. Alignment of Circular Economy and Sustainability Standards	Material circularity doesn't automatically guarantee greater sustainability (Blum, 2020). Funders, financiers and businesses must take active steps to limit the reputational risks – or risks of litigation - that their products, services or funding and investment portfolios fall short of their circular & sustainability claims. The significant lack of familiarity of funders/ financiers with the circular economy is further compounded by a lack of alignment/ standardisation across circular economy frameworks, indicators and standards. This presents challenges for consistent financial assessments & performance management regarding a company or project's circular economy and/or sustainability impact (either currently or in future). A common circular economy eligibility criteria/ assessment could increase accessibility for funders/ financiers whilst reducing the burden on industry. This may take the form of a Harmonised sector-agnostic criteria & product standards, which may also increase funders/ financiers' understanding of circular economy whilst reducing 'noise' created by the proliferation of ecolabels.

Challenge	Background
<p>9. Lack of bold, collaborative and inclusive leadership, to create a long-term mandate for scaling circular finance between financiers, funders and industry</p>	<p>Finance has undergone significant changes with the rapid development of 'sustainable finance'. As circular economy finance emerges it needs strong, collaborative and visionary leadership across societal sectors to succeed, particularly in a manner compatible with areas such as biodiversity, just transition, climate change. There is a risk that without a clear Whole-of-Government approach, and clear high-level leadership and guidance, the development of Ireland's circular finance and funding ecosystem will become ad hoc, and short-termist in outlook – rather than strategic and aligned with providing a funding and investment roadmap to support and finance high-impact sectors' transition agendas.</p> <p>Without such leadership, there is a risk that circular economy finance will fail to achieve synergistic wins and leverage learnings. For example, possible learnings might be taken from the initial innovation required for financing renewable energy - an area that required significant front-loaded capital investment, with an extended payback period, with significant uncertainty.</p>

Recommendation Outcomes – Policy areas

Across the TWG recommendations are the overarching principles of alignment to the 9R's hierarchy and to adhering to 'Do No Significant Harm' (aligned with [EU Taxonomy](#)). There is also recognition that collaboration is essential in achieving meaningful progress in addressing the circularity financing gaps. Furthermore the 'burden of proof' should not fall solely on circular economy businesses, but also linear incumbents (whose linear business practices leave them more exposed to several linear risks, were funders and financiers to revise risk models).

1. Circular Economy Commercialisation Task Force

Objective: To establish a Circular Economy Commercialisation (and socialisation) Task Force (CECTF) across public and private financiers that are focused on Funding and Financing the Circular Economy using a systems innovation approach.

Stakeholders:

- Department of Finance;
- Department of Enterprise, Trade and Employment;
- Department of Environment, Climate and Communications;
- Banking sector;
- VC Funds;
- European Investment Bank;
- Cross section of State funders including: Environmental Protection Agency CIRCULÉIRE, Enterprise Ireland, Local Enterprise Offices, SBCI;
- Industry representative bodies and business groups;
- Regional assemblies;

- Local Authorities

Approach: In its policy recommendations and actions for a Circular Economy in Ireland, the OECD suggests that a funding framework for the Circular Economy be established. The task force suggested here could be the oversight group that seeks out and works with innovative funding mechanisms to support the rollout of the Circular Economy in Ireland ensuring that this funding framework is set up, fit for purpose and well monitored – and linked to Sector-specific Transition Roadmaps. The task force could have an array of different areas of work including:

- (Financial) Framework setting;
- Mapping to climate action and Sectoral roadmaps;
- Targeted use of funds;
- Linked to national (e.g. Project 2040) and regional and/or place-based priorities (e.g. smart specialisation);
- Local relationship building for Circular Economy aims and delivery;
- International partnerships and networking to learn from and to benefit from EU collaboration and other funding sources.

Initial actions:

1. Landscape mapping to assess the potential opportunity for the circular economy in order to conceptualize the overall ambition for the circular economy industry;
2. Benchmarking current international initiatives (their why, goals, scope, sectors etc);
3. Continue the benchmarking/ gap analysis of currently supported landscape (i.e. stages, types business);
4. Dedicated financial roadmap aligned with sectoral roadmaps to attain the aligned funding;
5. Integrated approach to ensure strategic investment priorities are aligned with national and local priorities and needs (as set out in strategic plans, such as [Project Ireland 2040](#)), with clear funding mechanisms used to advance circularity objectives at the local level.

Initial targets:

1. Set up dedicated local funding schemes (OECD reference), e.g. product redesign, take-back schemes, repair and re-use schemes, information and education campaigns for local actors;
2. Establish strong links and working partnerships based on blended finance or other innovative schemes with private investment entities and mechanisms;
3. Map and link into European Union funds already active in the area - building on European examples.

These targets may also include international collaboration with inclusion of circular economy thematic outputs such as showcasing, networking, thought leadership, and innovative funding and financial products such as SBCI and pilots.

1.1 Sub-objective for CETCF: Targeted use of funds

Objective: Build a more targeted framework for the delivery of funding to businesses and circular economy projects of national importance, in line with the Climate Action Plan and the Circular Economy Act. As part of this work, liaise with

relevant committees and government departments on the rollout and functioning of the Circular Economy Fund (as set out in the Circular Economy act).

Approach:

- Possible options in the functioning of this Circular Economy Fund could be to identify the amounts spent on different actions relating to the circular economy in Ireland, e.g. % / € amount to spend (multiannual/ annual budget), income and expenditure for circular economy initiatives which are aligned with the '9Rs';
- Use seed & venture funds to target for example, a percentage of funding for circular economy/ circular bioeconomy/ circular innovation businesses (e.g. Enterprise Ireland's €175m fund (2022 data)); The percentage of funding could be based on an estimate of the proportional contribution circular economy is intended to play in a just transition.
- Review model of investment, re-use funds from successful ventures back into circular economy cohort, ringfence (e.g. Enterprise Ireland, EPA) for circular economy pilots and delivery mechanisms.

Initial actions:

1. Provide stewardship and long-term strategic thinking to agree the overall ambition and alignment for Ireland's circular economy plans (including linking with sectoral roadmaps);
2. Look at available 'green' initiatives - how to leverage these and build them out towards more circular economy goals;
3. Engage with VC Funds, EIB schemes and EU funds (e.g. recovery and resilience funds, leverage EU funds for circular economy transition);
4. Explain/ dialogue with pillar banks on the circular economy ambition and their role, what implementation of this ambition could look like.
5. Organise regular consultation with key industry and business representatives (e.g. sector specific) to ensure key proposals are understood and capture feedback.

Initial targets:

Aim for 40% of 'green' funding to go towards circular businesses/ sectors with a strong role for the Circular Economy Fund to work closely with the CETCF to monitor the roll out of this funding and its impacts in the Irish economy and climate action targets. This target was suggested during the ideation workshops as a starting point given the low current investment (<4%) in CE.

Challenges addressed: 2. Rewarding/ Recognising Positive Impact, 3. Matching Circular Economy Industry and Finance, 6. Finance to Scale

2. Driving Accountability on Environmental and Circular Impacts (Ecolabelling, Certifications and Ratings)

Objective: To provide comparable, credible and transparent verification of current/ future circularity (circular economy impacts) and sustainability (e.g. emissions reductions). Map a comprehensive ecosystem framework of 'eco-verification' that provides an understandable, integrated view across levels (product to organisation), sectors, and stakeholders (e.g. public, industry, finance).

Funders and financiers (and Irish society more broadly) have low levels of awareness of circular economy [REF] but high awareness of the environmental greenwashing. Furthermore,

A proliferation of environmental ratings (and ecolabels) has led to claims that some companies and investors 'shopping around' to select more favourable indicators that improve their environmental credentials without adjusting linear business models or environmentally damaging activities ([Buller, 2020](#)). To enable the circular economy ambition, circularity elements need to be 9R-aligned and measured consistently, with the resulting data able to provide a ranking for products/ services/ organisations that can empower financiers in decision-making and rating.

Whilst the EU is driving a policy framework to address this, Ireland should get ahead whilst realising the benefits of increased public awareness, trust and shifting consumer behaviour [[ref](#)]; a valuable tool for green public procurement; and encouraging capital flows from funders/ financiers.

This categorisation may also support financiers to meet their own [EU Ecolabel](#) criteria (for financial products) in the future.

The [EU intends](#) for the EU Ecolabel to feed into the EU sustainable finance strategy and to be incorporated within funding opportunities at EU, National, Regional and local levels. Synergies should also be sought, including with;

- EU Sustainable Product Initiative, Ecodesign for Sustainable Product Regulation,
- Empowering Consumers for the Green Transition proposal
- Substantiating claims initiative (requiring companies to substantiate environmental footprint claims)
- EU Taxonomy
- Corporate Sustainability Reporting Directive (CSRD, for large companies and listed companies)
- Sustainable Finance Disclosure Regulation (SFDR, for financial products)
- EU Ecolabel (voluntary label)

The OECD ([2022](#)) policy recommendations for Ireland include brands, labels and standards to incentivise broader societal behaviour change through greater awareness and transparency. Further recommendations include establishing a 'regulatory framework conducive to ecodesign, repair, reuse and remanufacturing', which may include regulation and enforcement of environmental labelling and information schemes ([Ekins et al, 2019](#)).

Stakeholders: Given the objective, the government would need to be the key stakeholders, likely being the Department of Environment, Climate and Communications, the Department of Enterprise, Trade and Employment along with support from the Environmental Protection Agency. Other potential stakeholders may include:

- Other Green Public Procurement actors;
- Academics;
- Advertising Standards Agency;

- Competition and Consumer Protection Commission/ National Standards Authority of Ireland;
- Advertising creatives, for example, Purpose Disruptors;
- Cross-sectoral circular economy industry representatives / Intermediaries;
- key EU groups engaged in the EU Ecolabel & related policy developments

Approach: Through the initial assessment phase, the approach to implementing the labelling/ certification may be determined. For example, an initial categorisation based upon broad coverage (e.g. lifecycle carbon equivalent impact; resource efficiency) may be chosen over a phased or pilot approach by sector / product area. Clear scaling information (such as the [EU Energy Label](#)) may help both financiers and consumers redirect finance. Special consideration should be given to alignment/ coherence with emerging EU measures.

In outlining the implementation process, consideration should be given to integrating into other circular policy supports/ structures (such as a circular economy database) and integrating support for “best in class” organisations (for example leveraging green public procurement).

Regarding the regulation and enforcement, key considerations may include establishing a clear definition of ‘circularity’, aligned with 9R’s, and the categorisation developed to support this. Monitoring/ enforcement mechanisms may include verification and/or protections against greenwashing. Further enforcement steps may include corporate or personal liability for excess carbon emissions (for example Shell following the Hague District Court ruling, 2021) and extended supply chains (for example France’s Duty of Vigilance law).

Initial actions may include:

1. Map policy recommendations and related research, existing related regulations, necessary contextual data, and expand the policy brief from the TWG;
2. Undertake survey with relevant industry/ value chain operators (e.g. priority value streams – like Plastics or Textiles - referred to in the Waste Action Plan for a Circular Economy) to assess prevalence and current rate of adoption of ecolabels;
3. Benchmark/ SWOT analysis of current environmental and circular initiatives and assessments (popularity of use, ways to leverage an example/improve it, ensuring coherence), for example, [Circulytics](#), [Circular Transition Indicators](#), as well as existing/ emerging EU policy, for example Sustainable Products Initiative, EU Taxonomy;
4. Run consultations with value chain operators, funders and financiers around priority circularity indicators, frameworks and circular product standards and certifications with the goal of supporting coherence and harmonisation if adopted (maintaining 9R adherence);
5. Devise sector specific and sector-agnostic guidance on supporting industry-wide adoption of Ecolabelling, Certifications and Ratings (including timelines and action owners).

Initial targets would be dependent on the approach chosen and the results of the initial benchmarking exercise.

Challenges addressed: 2. Rewarding / Recognising Positive Impact; 8. Alignment of Circular Economy and Sustainability Standards

3. Delineating Taxes & Levies

Objective: To provide circular and environment aligned tax incentives and levies, disincentivizing damaging linear practices while improving the market competitiveness of circular products and businesses. These recommendations go towards pricing linear risks and externalities, whilst recognising the positive impact of a circular economy. This may include pricing-related harms/ damages, such as pollution-related health impacts, to drive the case for tax reforms.

Stakeholders: Whilst the key stakeholders in this area would likely be the Department of Environment, Climate and Communications and the Department of Finance, other stakeholders may include:

- Cross Governmental Departments;
- Circular economy actors (for example CIRCULÉIRE, Rediscovery Centre, CRNI);
- Industry groups (for example IBEC);
- Key ecosystem players (for example Repak);
- Academics;
- Local Authorities

Approach: Provide an early clear message to businesses and society, providing a strong signal to the market on the tax trajectory in this area alongside the related benefits to society. A consistent, long-term taxation trajectory that increases levers over time is key to support this, whilst taking a 'portfolio approach' to ensure sufficient completeness/ breadth, risks and opportunity assessment, and prioritisation. Further supporting adoption and enhanced transparency, ring-fencing of tax/ levy revenues for circular supports can help support the transition, enforce societal benefits and generate buy-in (for example, increasing charges year-on-year for 'waste' products or designed obsolescence). Critically, this should:

- Align with incoming EU regulations (circularity, environmental harms) and penalties (for example on missed emissions/ targets);
- Leverage evidence and practice from international best practices in this area, whilst balancing for local context by conducting a focused review of the cost barriers to circular economy businesses;
- To monitor consolidation of power/ monopolies, availability of linear alternatives and related impacts (for example inflationary).

Initial actions may include:

1. Establishing transparency mechanisms, available to all society, regarding the pricing and structure of fees and taxes, for example relating to waste management. Increased transparency can expedite the feedback loop across all stakeholders, highlighting areas for improvement;
2. Establish a feedback loop to allow for reiteration, enabling any unintended consequences to be addressed;
3. Empower local authorities to provide support to Small/ Medium Enterprises (SMEs) and others, in working to a circular economy '(tax) roadmap'.

Initial targets may include:

1. Align incentives - addressing price misincentives, for example with national waste compliance schemes to ensure waste export/ bulk waste processing is aligned with 'R' strategies high up the waste/ resource hierarchy;
2. Provide a differentiated (lower) VAT rate for circular economy businesses that drive smarter product use and manufacture, and that extend the life of a product and its parts. For example, Luxembourg's '[resell model](#)' under *Article 56ter VATL for second-hand goods*, where the VAT applies only to the gross margin and encourages consumers to buy second-hand goods. Sweden also has a scheme for [tax breaks and reduced VAT for labour costs on repairs of goods](#);
3. Virgin materials - extending levies that increase over time, across virgin material use. Ringfenced revenue could be particularly directed to supporting circular design and/or provide tax credits to businesses maximising smarter product design and production (9R's refuse, rethink, reduce);
4. Designed obsolescence - penalise designed obsolescence, with funds ringfenced to support circular economy initiatives, alternatives and infrastructure (e.g. recycling technologies/ waste collection and sorting systems);
5. Implement windfall taxes on organisations not operating within the circular economy, where there is the option to do so.

Challenges addressed: 1. Pricing Linear Risk; 2. Rewarding/ Recognising Positive Impact

4. Strengthening Circular Economy Industry voice, cohesion and impact

Objective: Encourage circular economy industry members, particularly in high-impact sectors and/or value chains, to grow strong networks to enable a cohesive voice with which to engage Government (policy), funders/ financiers (e.g. joint applications/ ventures), academia and civil society, as well as strengthen the industry (e.g. collaborations, awareness raising, communities of practice). Given the nature of this TWG, we focus on industry/ finance collaboration & policy drivers that will influence this.

Stakeholders: Industry actors from any sector willing to contribute to the collective effort to secure more funding/financing for a credible circular business/ initiative and for the sector at large. Other stakeholders may include: CIRCULÉIRE, government or other agencies with funding budgets for Circular Economy, experts in funding/financing.

Approach: Engage similar industry actors to proactively seek/ create support to improve their strategic preparedness for funding/financing opportunities. Establish a framework in which they feel supported at each stage of their funding journey and equipped with knowledge and skills to respond to relevant and timely opportunities. Moreover, scaling-up circular implementation requires industry and businesses to collaborate within and across supply chains. This can support pre-competitive collaboration or '[coopetition](#)' between companies and value chain partners to look at shared and strategic approaches when seeking funding/financing that reflect both their business's and local and/or national

needs. Moreover, this fora should encourage industries (with wider input) to assess the required infrastructure (e.g. large-scale recycling plants, technologies or waste collection and sorting facilities), investments and developments from society, the business community, and the government needed to support a specific industry's transition to a net-zero carbon circular economy. It is recommended such a fora as this would tie in closely with the Sectoral Roadmaps outlined in the [Waste Action Plan for a Circular Economy](#).

Initial actions may include:

1. Co-defining a Sectoral Roadmap (with multi-sectoral input) to shape a specific sector's transition agenda, and clarifying priority investment and development needs and development plans needed to get there.
2. Cohort-building in application workshops (bringing the supply chain together for joint application). Co-ordinated/ Collaborative/ Supply or value chain applications/ approaches for strategic financing per sector/ value chain collective;
3. Peer-to-peer learning cohorts (funding clinics) within funding/ financing early stage through to commercialisation stage (industry side) and communities of practice (using CIRCULÉIRE model as launchpad actor). Bespoke training and support in pitch preparations and investor readiness, such as pitching sessions and networking events;
4. Circular economy industry to jointly seek for the Circular Economy funding and investment (and policy) landscape to be strengthened or improved, to support the transition pathway of the sector towards a circular economy;
5. Coordinate efforts towards government departments, committees, and regional/ local authorities and funders/ financiers.

Initial targets:

1. Cluster/ Incubators to establish peer-to-peer cohorts;
2. Registration system (for matchmaking process) or Brokerage events (consider possible linkages with a Circular Economy database, if developed);
3. Investment and funding needs assessment (e.g. linked to WAPCE Sectoral Roadmaps and specific sectors' Circular Transition Agendas).

Challenges addressed: 3. Matching Circular Economy Industry and Finance, 4. Circular Economy Business Models, 5. Growing the Market

5. Strategic capacity building and enablers for the Irish Circular Economy

Objective: Establish specific supports to the wider CE ecosystem to enable quicker take-up of circular economy ambitions and support the embedding of CE approaches in high-impact sectors and/or value chains, to grow a strong set of resources and enablers for CE businesses and for the public service. Support leaders to take decisions to bring in CE solutions as a strategically positive to grow the local and national economy in a sustainable way.

Stakeholders: Given the strategic nature of this recommendation the key stakeholder will need to come from government, with cross-departmental support. Government departments likely to be involved include:

- Department of Finance;
- Department of Enterprise, Trade and Employment;

- Department of Environment, Climate and Communications;
- Regional assemblies;
- Local Authorities

Thereafter, Industry actors from any sector willing to contribute to the collective effort to educate and collaborate with policymakers and decision-makers at state and local level. Public servants who can influence and/or practically interact with the uptake of CE solutions in their local/national context. Other stakeholders may include: CIRCULÉIRE, government or other agencies with knowledge transfer and/or socio-economic lens to support the transition to a CE agenda in how business is done in Ireland.

Approach: Engage innovation and knowledge management actors to support the establishment of strategic supports for the uptake of CE solutions in specific value chains. Currently, our innovation and knowledge management ecosystem is based on mainly linear businesses. Our national support structures could be encouraged to look at supporting a more CE-focused approach to how business is done – which can also help in sustainability targets overall. This will require business transition technical supports to bring CE approaches into the future infrastructure (physical, financial and cultural) of Irish business. From a behavioural point of view, mainstreaming CE will become more the norm and behavioural nudges/initiatives could be used to support the transition and its positives for both the economy and the environment. Another tool which could be used is the establishment of a CE database of businesses in sectors and their value chains for public and private buyers to be aware of their existence, would support the mainstreaming of CE as a business model choice going forward.

Core elements include:

- Circular Economy **database** - create and maintain a centralised, open circular economy database. Financial impact attributes to include:
 - listing of circular economy (certified) businesses, facilitating supply chain networks and customer growth
 - potential circular economy customers, for corporates looking to incorporate circular economy businesses into their supply chains/ procurement
 - Other attributes may include public and investor services, circular economy education pathway, circular economy business case and case studies, thought leadership
- Circular Economy policy and scaling **sandbox** - to 'roadtest' innovative circular solutions that come up against existing regulation. Allow for a controlled pilot test and monitored rollout if successful. To include the exploration of how to include funders/ financiers as partners, particularly leveraging the derisking from a regulatory perspective.
- **Co-location**, in the form of eco business parks/ clusters/ geographical transition towns, cities or regions. These initiatives can act as accelerators in achieving core circular economy strategic objectives, elevate societal awareness and understanding of circular economy, and may tie into sector roadmaps.

Further solutions within this remit include the use of knowledge transfer programmes, provision of technical supports for business transition, and driving ambition within government bodies (e.g. dedicated awards for regional authorities,

adaptation of performance metrics particularly where there are key dependencies for circular economy).

Similar industry actors could align their business goals to see how they can collaborate to jointly seek solutions from this strategic set of supports – this should (as mentioned in Nr. 4 above) encourage industries (with wider input) to assess the required infrastructure (e.g. large-scale recycling plants, technologies or waste collection and sorting facilities), knowledge management initiatives and practical supports (buildings, shared offices, community engagement) to progress the specific industry's transition to a net-zero carbon circular economy.

Initial actions may include:

1. Co-defining how the CE database could be set up and maintained, how businesses can register and keep their 'CE' status.
2. Knowledge transfer and management offices could undergo specific CE training to help build their capacity to support CE business cohorts and embed these business models in future innovation and design while supporting non-CE businesses.
3. Training and supports to local authorities, local decision-makers and other relevant stakeholders to socialise what CE businesses and their services can provide to the local and national economy.

Initial targets:

4. Knowledge transfer offices, Innovation/Accelerator hubs (start-up communities);
5. Local authorities' procurement services; local authorities decision-makers in the areas of recycling, waste management, take-back schemes etc.

Challenges addressed: 4. Circular Economy Business Models, 5. Growing the Market, 7. Lack of CE data, metrics and information 9. Lack of bold leadership;

About CIRCULÉIRE

[CIRCULÉIRE](#), the National Platform for Circular Manufacturing seeks to accelerate Ireland's transition towards a net-zero carbon circular economy.

A key objective of the programme is to demystify, de-risk and deliver circular business model innovation for Irish industry.

A 'Financing the Circular Economy' Thematic Working Group was established with an expert panel representing industry and research in Ireland. The objectives of the working group were to devise clear recommendations about what is needed to optimise Ireland's funding and financing ecosystem for circular businesses.

CIRCULÉIRE is a public-private partnership created by Irish Manufacturing Research and the Department of the Environment, Climate and Communications (DECC), the Environmental Protection Agency (EPA), and EIT ClimateKIC with 25 Founding Industry Members.

Want to learn more about CIRCULÉIRE? Look at www.Circuléire.ie or contact Circuléire@imr.ie

About EUR Digital Village

EUR Digital Village is a local Irish consultancy specializing in Irish and EU funding opportunities, providing a hands-on approach where we aim to support grant applications and increase the levels of EU funding arriving in Ireland. The vision is to support efforts to have more EU and National funding to support Research & Innovation projects supporting sustainability aims in particular in the areas of Circular Bioeconomy, Circular Economy, Agriculture and Marine. EUR Digital Village has supported businesses, third-level universities, research performing organisations with EU and national funding applications. It also supports project awardees with project administration and management roles.

If you want to know about EUR Digital village, see our website eurdigitalvillage.com or contact office@eurdigitalvillage.com.

Kate van der Merwe, FCA, partnered with EUR Digital Village in facilitating the TWG. Kate holds an MSc in Renewable Energy and Environmental Finance. Alongside her role on Trócaire's finance team, she is a freelance researcher with Greenwatch (sustainable finance research team) and sits on the Sustainable Expert Working Group and Thought Leadership and Publishing committees for Chartered Accountants Ireland.