TOOLS TO BOOST CIRCULARITY AND DECARBONISATION IN MULTISECTORAL INDUSTRIAL SMES

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Circular maturity profiles and the use of roadmaps for transition. The CICLO: Circular Business Profile & Circular Roadmap tool has been selected in the second edition of the Circular SME call; grants for innovation in circular economy of the Basque Government in 2023.

From a linear to a circular economy

Large-scale manufacturing, unlimited resource consumption and short consumption cycles have been the parameters on which the universal economic and productive system has been based for more than two centuries. **This linear model has proved inefficient and is pushing the planet to the limit of its physical capacity.**

In recent years, the context: |1| economic (the 2008 financial crisis and subsequent relapses); |2| health (the COVID-19 pandemic); |3| geopolitical (the Russian invasion of Ukraine and global instability) and |4| environmental (resource scarcity, atmospheric pollution or the acceleration of global warming), have made the circular economy, which seeks to decouple the consumption of natural resources from economic growth, appear as a solid alternative to the "extract, produce, consume and dispose" dynamic.

While the concept is not new, the urgency to move towards a circular economic model has never been more apparent. As reflected in Circle Economy's annual **Global Circularity Gap** Report, **the global circular economy has stagnated at 8.6%**, similar to the 2020 report, and slightly lower than the 2019 report, which showed a circularity rate of 9.1%.

To reverse this trend, companies must adapt to this paradigm shift as soon as possible. **Embracing a more disruptive and collaborative approach** will lead to a systemic change that affects the entire value chain in order to achieve visible results. This requires a radical transformation in the way production and consumption is conceived by society.

In a linear economy, the traditional focus is on mass production of goods, with a short life cycle and final disposal in landfills. This leads to increasing pressure on natural resources and an alarming accumulation of waste. In contrast, the circular economy promotes a **more sustainable and regenerative mindset**, where products are carefully designed to be durable, where reuse and recycling are encouraged. Materials and products are kept in a **continuous cycle**, thus reducing the need to extract resources and minimising waste generation. This leads to, among many other things, new business opportunities driven by the European Green Pact, **improved business competitiveness and a decrease in the risks associated with high environmental and social impact.**

The circular economy also stimulates innovation and cross-sectoral collaboration by encouraging the creation of modular and easily upgradeable products, which further prolongs their lifespan. It also promotes the adoption of **clean technologies** and **more energy-efficient production processes**, which reduces greenhouse gas emissions.

Another important aspect is the active role of consumers in this transition to a circular economy. Consumers are increasingly interested in sustainable products and are **willing to support companies that adopt environmentally friendly practices.** This creates endless demand for sustainable products and drives companies to innovate and adopt more circular approaches in their operations.

Companies that produce efficiently will moderate their costs, which will safeguard jobs. In addition, they will reduce CO2 emissions and waste generation, and the environment will become a key factor in the competitiveness of their business. For all these reasons, **building a circular economy at the local level should be a priority.** Closing the circle of design, production, consumption and waste management, thus creating a **green, circular and competitive territory.**

Figure 01. Schematic diagram of the Circular Business Profile tool. Source: Own elaboration

Tools for decarbonisation

In this context and taking advantage of the Circular SME call (one of the lines of subsidies for innovation in circular economy promoted by the Basque Government), the confidence and support of ASLE and its associated companies, the initiative **CICLO: Circular Business Profile & Circular Roadmap**, conceived and developed by NAIDER, was born.

Nine companies have joined the initiative. The main characteristic that unites them all is that they are all industrial or industrial-related SMEs or micro-SMEs: |1| Leber Planificación e Ingeniería, |2| Gráficas Zamudio Printek, |3| Belmek Precision Machining, |4| Antza, |5| Zorrotz Legazpi, |6| Engranajes Grindel, |7| Gehiber Machined Components, |8| Conatec, and |9| Fabricación Metales Duros. ASLE itself acts as an intermediate agent and Tecnalia as a collaborating company. The project has received a total of 100,000 euros and will last approximately nine months.

The ultimate aim of CICLO is **to progressively incorporate the circular economy into the strategy and operations of multi-sector industrial SMEs** and thus promote their **decarbonisation**. To this end, the project develops two main tools:

Action I: Circular Business Profile

On the one hand, Naider will provide a consultancy service tailored to the needs and characteristics of each SME. This will be done through the Circular Business Profile tool, a reference framework that will help each company to understand its current state of circularity, analyse and act on opportunities and risks, and develop a vision to become circular leaders in their fields as they carry out actions and make commitments in circularity strategies, tools, etc. of reference.

The aim is to articulate up to five maturity profiles in which to objectively fit companies and to be able to know their positioning in terms of their commitment to the circular economy.

Each profile takes into account different aspects of the company in the social, environmental, economic competitiveness or innovation fields, among others. The transition from the starting profile to more committed profiles will shape the company's roadmap.

Action II: Circular Roadmap

On the other hand, and as a result of the initial work, a specific roadmap for the circularisation and progressive decarbonisation of each multi-sectoral industrial SME and micro-SME will be created through the development of the Circular Roadmap tool. This roadmap will be a strategic framework to work with in the short, medium and long term.

A tool that will enable industrial SMEs to collaborate and have a shared vision of how to address the circular economy in their sectors. It will also serve to adapt the Circular Business Profile to different sectors and characterise the circularity approach according to the type of company.

As a methodology, its creation will be based on the guidelines established by the European Green Pact, the Basque Green Deal, the Basque Country Circular Economy Strategy 2030, the Strategic Plan for the Circular Economy and Bioeconomy 2024, the Basque Country Waste Prevention and Management Plan 2030, the Energy Transition and Climate Change Plan 2030, the Green Public Procurement Programme 2030 as well as the Basque Country Science and Technology Plan STIP 2030, the guidelines of the World Business Council for Sustainable Development (WBCSD) and other national and international agents of interest. (Scalable material. Joint working sessions with all the companies).

In addition, this work will serve as a basis for the development of a scalable global document in subsequent projects, which can be followed by all industrial SMEs regardless of their sector. This global reference framework will be progressively drafted through co-creation and collaboration with the SMEs participating in the initiative, international benchmarking studies of best practices for SMEs and the implementation of regulations and future trends.

At the same time, and throughout the project, complementary actions will be carried out for |1|

communication, awareness-raising and training (knowledge pills, news, reports of interest, examples of good practices, webinars, conferences to present results, etc.), and |2| an exhaustive analysis of financing mechanisms for the processes and initiatives set out in the roadmap (creation of the circular Challenge fund, articulation of European calls for proposals, subsidies, public-private alliances, etc.).

Action III: Circular economy communication programme in companies

What is not known does not exist. This phrase emphasises that a lack of understanding and awareness of its principles and benefits can lead many companies and individuals not to consider adopting more sustainable and circular practices. Therefore, education and communication play an essential role in raising awareness of the circular economy and motivating its implementation in different areas.

In the CICLO project, the following communication and dissemination tools will be used:

|1| Periodical **magazine** with stimulating and didactic contents about opportunities and possibilities for companies;

|2| **WEB** repository of materials, contents and information on the actions being developed and open to the business community. In addition, this space can be used to give visibility to the companies that are part of the federation and that are carrying out actions in the field of circular economy.

|3| Other **awareness-raising actions** such as webinars, collaborations, benchmarking of best circularity practices in industrial or industry-related SMEs, etc.

Figure 02. Schematic diagram of the Circular Roadmap tool. Source: Own elaboration

Keys to the use of the CICLO tool

01.

CICLO: Circular Global Challenge is an initiative to ***gradually incorporate the circular economy*** *into the operations of multi-sectoral industrial SMEs. It aims to reach a significant number of companies in the coming years, with a tentative approach up to 2030, with clear targets for adherence: 2023-2025: 50 companies; 2025-2027: 100 companies; 2027-2030: 400 companies. This long-term commitment demonstrates a real commitment to the implementation of circular practices.*

02.

The tools used focus on generating a framework that adapts to the reality of these companies, offering solid criteria to guide them in their transition towards circularity. It also highlights the importance of providing them with solid technical support, ensuring that they are not alone in this transformation process.

03.

*Crucially, the initiative promotes the circular economy as a **business opportunity** rather than an imposition. The transition model reflects companies' commitment to society, both locally and globally, while allowing them to adapt to market demands, regulations and emerging social values. At all times the adoption of circular patterns and models is presented as an opportunity to explore new markets and business models, as well as to improve operational efficiency.*

04.

*The proposed methodology focuses on **identifying opportunities and positive approaches** rather than imposing bureaucratic restrictions or pointing out the negative impacts of business. Circularity is essential to promote sustainability and resource efficiency in industrial SMEs, driving a transition towards a more circular and regenerative business model.*

05.

*The project is based on **voluntary adherence** by companies, avoiding impositions and focusing on persuasion through awareness-raising and training. The initiative is conceived as a long-term and structural initiative, not as a one-off action. Furthermore, it is articulated in phases, allowing each company to progress at its own pace and adapting the global approach to its individual characteristics.*

06.

*Naider is committed to providing support in terms of dynamisation, training and technical assistance, as well as the possibility of co-financing. It adapts to multi-sectoral industrial SMEs, offering a **roadmap and a maturity model customised** for each company. The methodology is measurable and comparable, allowing companies to set their own objectives.*

07.

An essential part of the initiative is the recognition of business engagement and its visibility in society. This contributes to ASLE's positioning with various stakeholders, demonstrating its commitment to member companies and providing them with value, judgement, assistance and solutions.

08.

*It is based on **NAIDER methodology**, adapting international proposals and aligning itself with various green strategies and pacts, which reinforces its relevance and capacity to promote the circular economy in the industrial sphere.*