D4.5 RESOURCE Policy Brief

Thematic priority	HORIZON-CL6-2021-CIRCBIO-01-02
Type of action	Coordination and Support Action (CSA)
Start date and End date	01.07.2022 - 31.07.2025
Grant Agreement N°	101060142
Work package	4
Task	**T4.5**
Due date	30/06/2025
Submission date	30/06/2025 and resubmission on 16/10/2025
Deliverable lead	Hélène Dworak (GAC)
Authors and Contributing partners	Hélène Dworak, Geraldine Quetin, Charlotte Alcouffe, Marc Pattinson (GAC)
Reviewers	Géraldine Quetin (GAC) and Eloy Fernandez (GoA)
Version	1.0
Suggested citation	RESOURCE Policy Brief – D 4.5, Geraldine QUETIN and Hélène DWORAK, GAC (2025) Horizon Europe grant no. 101060142
Abstract	The present report D4.5 RESOURCE Policy Brief identifies critical obstacles for the financing of circular projects such as investor trust and understanding gaps, regulatory complexity, and insufficient awareness. From there it highlights 10 policy recommendations spanning EU, national, and regional levels. Through these interventions, RESOURCE aims to create investment-ready ecosystems that align circular innovation with EU industrial and climate objectives, establishing a foundation for sustained circular economy growth and contributing to Europe's broader green transition and economic resilience goals.
Keywords	Circular Economy, EU Horizon Europe, private financing, investment barriers, policy recommendations, Aragon region, blended finance, regulatory harmonization, Life Cycle Assessment, Green Transition
Document type	X R – Report ☐ O – Other
Dissemination level	X PU – Public SEN – Sensitive, limited under the conditions of the Grant Agreement

Document Revision History

Version	Date	Description of change	List of contributors
V0.1	22/05/2024	First design of structure and template	Geraldine QUETIN (GAC)
V0.2	30/12/2024	Completion of the 1st part of the deliverable	Geraldine QUETIN (GAC)
V.03	01/04/2025	Completion of the Best practices on policies	Hélène DWORAK (GAC)
V.04	23/04/2025	Completion of the Policy recommendations	Hélène DWORAK (GAC)
V.05	12/06/2025	First review	Geraldine QUETIN (GAC)
V.06	18/06/2025	Reviews	Eloy FERNANDEZ (GoA)
V.1.0	30/06/2025	Final review and submission	Geraldine QUETIN (GAC)
V2.0	13/10/2025	Review after Project review meeting	Marc PATTINSON, Hélène DWORAK, Charlotte ALCOUFFE (GAC)

Disclaimer

The information, documentation and figures available in this deliverable are written by the RESOURCE project's consortium under EC grant agreement 101060142 and do not necessarily reflect the views of the European Commission.

The European Commission is not liable for any use that may be made of the information contained herein.

Copyright notice

EXECUTIVE SUMMARY

The **RESOURCE project**, **funded by the EU Horizon Europe programme**, was designed to **accelerate private investment in circular economy** (CE) ventures through a replicable investment-readiness methodology tested in the Aragón region. Over its three years of implementation, RESOURCE supported nine pilot projects, strengthened cooperation among regional actors, and created a structured pathway linking circular innovation with private finance.

The project confirmed that the transition to a circular economy requires not only technological innovation but also **trust, coordination, and financial adaptability**. Despite a favourable policy context, CE projects remain limited by persistent barriers such as **low technological maturity, fragmented regulation, investor risk aversion, and lack of CE-specific financial instruments**. RESOURCE directly addressed these challenges by providing tailored assistance, acceleration services, and matchmaking between entrepreneurs and investors.

Building on hands-on experience, stakeholder feedback, and documentary research, this Policy Brief synthesises the **main lessons learned** from startups, investors, and business support organisations. It identifies both **success factors** such as ecosystem collaboration, blended finance mechanisms, and the visibility provided by Demo Days and **remaining challenges**, notably the need for longer project cycles and stronger post-acceleration support.

Ten policy recommendations are proposed to strengthen circular investment ecosystems at EU, national, and regional levels. They combine insights from the project's practical implementation (e.g. diagnostics, acceleration, investor engagement) and a dedicated policy analysis carried out under Task 4.3. The recommendations were co-developed and tested with the **INVEST CEC** **project** during a joint policy workshop and will be disseminated through a **shared Policy Brief** to ensure coherence and impact across European initiatives on circular finance.

Together, **these recommendations and lessons contribute to shaping a more supportive environment for circular investment**: one that bridges innovation with finance, aligns regional ecosystems with EU climate goals, and supports the replication of RESOURCE's approach across Europe.

TABLE OF CONTENT

1 Context and objectives

The **RESOURCE project**, funded through Horizon Europe (Grant Agreement No. 101060142), was designed to **accelerates private investment in Aragon's circular economy initiatives, aiming to develop a replicable methodology.** Over its three years of implementation (July 2022 – June 2025), the project has supported 9 pilot projects and established a structured process to help regions and business support organisations guide circular ventures toward investment readiness.

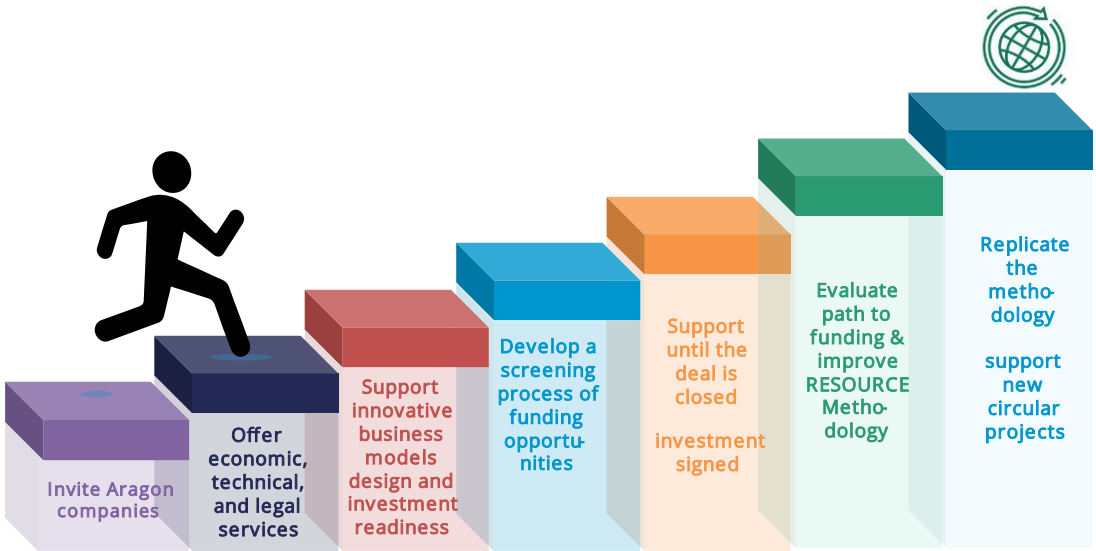
Beyond its initial financing ambitions, RESOURCE has generated **valuable operational insights** on how to bridge the gap between innovative circular solutions and potential investors. The project's contribution lies in its ability to **translate circular ambitions into investable projects**, creating conditions for replication across other European territories.

Operating under the umbrella of the **Circular Cities and Regions Initiative (CCRI),** RESOURCE contributes to the European Green Deal's ambition to decouple growth from resource use. It has done so by designing a stepwise approach that strengthens the link between project development, financing instruments, and public policy.

1.1 From concept to operational framework

RESOURCE was conceived as a demonstration and learning exercise, seeking to identify what type of public support, advisory services, and financial tools are most effective in attracting private investors to circular economy ventures. The project's structure combines practical experimentation, capacity building, and knowledge transfer. It tests concrete solutions with pilot projects, draws lessons from their implementation, and transforms those lessons into guidance for policy and investment actors. At the core of this approach lies a **methodology** specifically designed to accompany regional ecosystems throughout the full investment preparation cycle from identifying potential circular projects to ensuring their long-term sustainability and replication.

Figure 1 - The RESOURCE methodology in 7 step



1.2 Evidence base and sources of input

This **Policy Brief** summarises the main findings, experiences, and policy recommendations emerging from the project. It builds on multiple sources of evidence and stakeholder interaction, such as:

- Analyses conducted under Task 4.3 on barriers and enabling conditions for financing CE projects,
- Insights from the Demo Days,
- Exchanges from the Policy Workshop "Boosting Investment Readiness in the Circular Economy" held jointly with InvestCEC (April 2025),
- Discussions during the RESOURCE internal workshop on exploitation (Zaragoza, June 2025),
- Feedback and commitments gathered during the EBN Annual Congress 2025, where the RESOURCE approach was officially presented to a wider network of European business support organisations,
- Independent research documentation.

By integrating these complementary inputs, this document offers a concise synthesis of the project's lessons and outlines actionable policy guidance to reinforce private investment in circular value chains, both within and beyond the RESOURCE pilot region.

2 Main results and key lessons learned

The RESOURCE project has generated extensive evidence on the **practical, financial, and institutional conditions required to mobilise private investment** in the circular economy.

Throughout its implementation, the consortium engaged with **more than sixty public and private stakeholders** including regional authorities, investors, start-ups, and business support organisations, to understand both the obstacles and the enabling factors shaping the transition toward circular business models.

2.1 Success factors

The RESOURCE project has shown that the success of circular investment initiatives depends on a combination of s**trategic policy alignment, supportive ecosystems, and targeted financial tools.** Evidence gathered through the project and complementary mapping exercises (notably Deliverable D4.1) highlights effective practices at multiple levels of governance, complemented by operational feedback from the Demo Days, pilot activities and acceleration programmes.

Success factors at EU & international levels

The European Union has provided a strong policy foundation for circular transformation.

The **Circular Economy Action Plan (CEAP**), adopted in 2020 as part of the European Green Deal, has placed circularity at the centre of Europe's industrial and environmental strategy. Its key priorities such as promoting sustainable product design, empowering consumers, and supporting resource-intensive sectors with high circularity potential, have encouraged both public and private investment across value chains.

Complementary EU initiatives, including the **Circular Cities and Regions Initiative (CCRI)** and the **European Circular Economy Stakeholder Platform**, have improved the visibility and bankability of circular projects by connecting local actors, promoting investment-readiness methodologies, and facilitating access to blended funding schemes.

At the international level, cooperation mechanisms such as the **Global Alliance on Circular Economy and Resource Efficiency (GACERE)** have supported knowledge transfer and encouraged policy convergence beyond the EU, particularly in partner countries of the Southern Neighbourhood and Africa.

Success factors at national level

National governments have played a critical role in translating the European framework into concrete policy measures. Several countries have launched comprehensive circular economy strategies integrating fiscal, regulatory, and industrial tools:

- **Italy's National Strategy for the Circular Economy (2022)** links sectoral action plans to the National Recovery and Resilience Plan, mobilising large-scale investment in circular innovation.
- **Finland** established a steering group for its Circular Economy Programme, directly reporting to the Ministerial Working Group on Climate and Energy Policy.
- **The Netherlands** mandated its Environmental Assessment Agency to publish annual Circular Economy Reports to monitor progress.
- Beyond the EU, **India** created a National Circular Economy Authority to design and implement national policy frameworks.

Fiscal measures have also emerged as powerful enablers: the removal of tax barriers for food donations, reduced VAT on repair services, and shifts from labour to raw-material taxation have proven effective in promoting sustainable production and consumption. Experiences from projects such as **STAND UP!** in Lebanon, Egypt, and Tunisia further demonstrate the value of developing sectoral roadmaps (e.g. for textiles) and protecting innovation through improved **Intellectual Property Rights (IPR)** frameworks for green entrepreneurship.

Success factors at regional and local levels

The regional dimension remains essential to translate strategic objectives into operational impact. Several European regions offer compelling examples:

- **Hauts-de-France (REV3 strategy)** integrates energy transition, circularity, and sustainable construction into its regional development planning, promoting collaboration among industry, research, and public institutions.
- **Basque Country's Circular HUB** focuses on capacity-building for SMEs and pilot testing, directly linked to the *Basque Circular Economy Strategy 2030*.
- **Circular Flanders (Belgium)** demonstrates the importance of combining policy advocacy, multi-level coordination, and hands-on business guidance.

These experiences confirm that **decentralised governance**, combined with coherent national strategies and EU-level incentives, is key to fostering innovation ecosystems conducive to private investment in circular solutions.

RESOURCE project success factors identified through pilot project activities and stakeholder feedback

Beyond the policy framework, the RESOURCE project generated **practical insights from direct engagement with startups, investors, and business support organisations (BSOs)**.

For startups, tailored *investment-readiness support* including pitch training, business model refinement, and legal or financial mentoring, significantly improved their capacity to engage with investors. Participation in **Demo Days** and major networking events such as *TRANSFIERE 2024-2025*, *ACELERA 2024*, and the *EBN Congress 2025* increased their visibility and credibility.

For investors, clear and standardised project documentation (business plans, impact KPIs, TRL maturity assessments) simplified due diligence and reduced uncertainty. *One-to-one matching sessions* proved particularly effective in identifying synergies and building trust. The active role of intermediary actors, such as **CEEI Aragón**, **ANCES**, and **EBN**, was instrumental in bridging the gap between early-stage ventures and private financiers.

For business support organisations (BSOs), the seven-step RESOURCE methodology provided a coherent framework to accompany circular SMEs from concept validation to investment negotiation. Collaboration among EU|BICs, regional authorities, and investors helped to create a **local investment ecosystem** that had not previously existed in Aragón. The *ACELERA acceleration programme* also addressed key skills gaps in financial literacy, investor communication, and project valuation.

These combined insights, from EU-level policy to local implementation, demonstrate that circular economy investments succeed where strategic alignment, practical support, and financial innovation intersect.

2.2 Main challenges faced

Despite growing awareness and supportive policy frameworks, circular economy projects Despite growing momentum for circular economy initiatives across Europe, the transition remains too slow to meet environmental and economic goals. Four major types of barriers were identified as limits to private investment:

- **Cultural barriers**: Established industrial stakeholders still show strong resistance to testing and adopting new circular solutions. Traditional linear models remain the default operational standard, reinforced by risk aversion and limited understanding of the long-term economic value of circularity. This was clearly illustrated by Ecorbio's [1] experience, where despite demonstrated market demand, companies were reluctant to invest in R&D testing of new bio-based solutions.
  Similarly, RESOURCE's mapping exercises and pilot activities revealed low engagement rates among regional businesses: many SMEs expressed interest in circular models but failed to take practical steps, reflecting cultural inertia and the perception that circularity represents a costly or uncertain transition.
- **Financial barriers to investment**: Circular economy projects face major financial hurdles, especially at early development stages. Many of the pilot initiatives supported under RESOURCE were still in pre-commercial or prototype phase, making them less

[1] https://ecorbio.com/

attractive for private investors. Most relied heavily on public grants from regional or national programmes, limiting leverage potential and private-sector ownership. Investors often perceived circular business models as high-risk and slow-return, particularly those with long payback periods or dependency on material recovery systems. They systematically requested proof of traction, clear market validation, and reliable cost structures before committing capital. In addition, few CE-specific investment instruments exist in most EU regions. Equity mechanisms are rarely adapted to small-scale environmental ventures, and the absence of blended finance tools combining grants, equity, and debt limits flexibility. In Spain, innovative mechanisms such as tax lease, tokenisation, or energy savings certificates remain legally complex or underdeveloped, reducing their practical uptake.

- **Political and administrative barriers**: Circular projects operate within a fragmented and sometimes contradictory regulatory environment. Differences between local, national, and EU-level frameworks create uncertainty for investors and complicate compliance for project promoters. The absence of harmonised assessment criteria also makes it difficult to compare circular initiatives or measure their contribution to broader policy targets. Public procurement remains a powerful but underutilised lever: strict compliance criteria and a lack of flexibility in tenders often discourage circular innovation. Participants in RESOURCE's policy workshops underlined the need for stable, predictable policy frameworks and clearer alignment between circular objectives and fiscal or industrial instruments.
- **Market and technological barriers**: Circular business models frequently depend on complex interconnections between multiple actors (suppliers, waste managers, recyclers, and manufacturers). If one element of the chain fails, the entire cycle can collapse. Many SMEs lack access to efficient and cost-competitive technologies for resource recovery, recycling, and remanufacturing, which constrains scalability. Some sectors, such as construction and plastics, face high capital intensity and limited access to secondary materials of consistent quality. This situation reinforces investor scepticism, as technological uncertainty increases financial risk. The RESOURCE pilots showed that limited technological maturity and small project scale were major obstacles to attracting large private investors.
- **Lack of knowledge, awareness, and visibility**: A persistent lack of information and visibility around circular business models continues to undermine investor confidence. Many financial institutions and local stakeholders have only a partial understanding of how circular projects generate value or reduce risk. RESOURCE's engagement activities revealed limited financial literacy among startups and a lack of structured communication channels between entrepreneurs and investors. The short duration of the project (36 months) also limited opportunities for long-term follow-up and deal finalisation, highlighting the importance of continued mentoring and visibility-building beyond project cycles. Without improved access to data, success stories, and replicable financial models, circular economy projects will remain undervalued and underfunded.

These barriers form a systemic challenge that prevents circular economy solutions from reaching their full potential. Unless they are addressed through coordinated regulatory reform, investor education, and long-term ecosystem support, the circular transition risks remaining fragmented and confined to pilot-scale initiatives.

2.3 Lessons learned

The RESOURCE project has provided valuable operational experience on how to foster investment-readiness in the circular economy. Through its pilot actions, Demo Days, acceleration programme, and continuous interaction with investors, startups, and intermediaries, several lessons learned have emerged regarding both enablers and persistent gaps in the ecosystem.

Lessons learned from investors

Investors who engaged with RESOURCE activities highlighted the **importance of clarity, comparability, and scale in circular investment opportunities**. They emphasised the need for clearer financial structuring of CE projects including defined milestones, realistic revenue projections, and transparent risk-sharing mechanisms. **Standard templates for due diligence and impact assessment** were perceived as essential to compare circular projects on equal footing with traditional ventures. Investors also showed a strong preference for **sector-specific deal flow**, particularly in areas such as bio-based materials, waste valorisation, and energy recovery, rather than heterogeneous portfolios of early-stage startups. Feedback roundtables also revealed that **trust and familiarity with intermediaries** (e.g. CEEI Aragón, ANCES, EBN) played a decisive role in reducing perceived risk. However, investors consistently underlined that most CE projects remain below the minimum investment threshold for institutional funding, suggesting the need for aggregated pipelines and blended instruments combining grants, guarantees, and equity participation.

Lessons learned from startups

Startups participating in the acceleration and Demo Day programmes benefited significantly from tailored mentoring and technical support yet expressed the **need for longer incubation and follow-up phases to sustain investor dialogue** beyond initial matchmaking events. The 36-month project timeframe often proved too short to close deals or demonstrate sufficient market traction. Entrepreneurs also requested **stronger support in intellectual property protection, life-cycle assessment (LCA) documentation, and impact reporting**, which are now considered prerequisites by most private investors. Improved access to industrial networks and pilot infrastructures was identified as a key success factor to validate proof of concept and move from prototype to commercial readiness. The RESOURCE experience confirmed that investment-readiness programmes should **not only focus on financial literacy but also on strategic alignment**, helping startups to articulate their environmental, social, and economic value in investor-compatible language.

By business support organisations and intermediaries

BSOs and intermediary networks (including EBN members and EU|BICs) highlighted the **need for a European-level investment-readiness platform dedicated to circular innovation**. Such a platform could centralise training materials, funding opportunities, and investor contacts, improving continuity and coherence across regional initiatives. They also emphasised the **value of cross-border investor communities to overcome regional fragmentation and limited local capital.** RESOURCE demonstrated that collaboration between BSOs, regional authorities, and financial institutions can effectively create new investment ecosystems, as observed in Aragón. Intermediaries further recommended integrating **circular economy indicators** (e.g. resource efficiency, carbon savings) into mainstream ESG and SFDR metrics, ensuring that CE performance is visible and valued by sustainable finance actors. Finally, BSOs noted that **capacity-building must target both sides of the equation (entrepreneurs and financiers)** to create a shared understanding of circular value creation and reduce the communication gap that still hinders investment flows.

By project partners

The RESOURCE experience generated concrete lessons for partners across governance, investment, and business support dimensions.

The **Government of Aragón (GoA)** highlighted the project's strategic value in shaping regional policy:

"*The Government of Aragon has a more precise vision of how the Aragonese ecosystem assumes the challenge of circular economy. From this point we can adjust the "Aragon Circular Strategy" and also we can boost the access to private funding*"

This shows how a project like RESOURCE can serve as a **testing ground for public policy**, offering regional governments evidence to refine their circular economy strategies and strengthen alignment between policy and finance.

The **Aragon Circular Cluster (GAC)** underlined the gap between circular entrepreneurs and traditional investors:

"*Circular startups are very different… they need clients who understand and are able to adapt green processes…*" and that "*I was surprised investors admitted they don't understand circular business models…*"

This confirms that one of the main barriers to scaling circular innovation is mutual understanding and market readiness, investors require clearer metrics and case evidence, while startups need to translate environmental value into credible financial narratives.

Finally, **ANCES** pointed to a major institutional outcome of the project:

"*ANCES already had a program focusing on the investors but now we have a pool of investors seeking only for circular economy project and also we have new type of funding like cascade funding to support their business*."

This demonstrates how RESOURCE helped create dedicated investor communities and introduced innovative financing mechanisms that can persist beyond the project's lifespan.

Together, these insights illustrate how RESOURCE contributed to institutional learning, cross-sector collaboration, and investor awareness, confirming the replicability of its model in other European regions.

3 Policy recommendations to enhance the investment in circular investment

The following **ten policy recommendations range from general orientations to more specific guidance on circular investment policies.**

They combine insights from two complementary sources:

- **Practical experience** gained through the RESOURCE pilot, Demo Days, and acceleration activities *[Recommendations 3, 4, 7, 8 and 9)*;
- **Dedicated policy analysis and documentary research** carried out under Task 4.3 on circular investment frameworks *[Recommendations 1, 2, 5, 4, 10).*

These recommendations were tested and refined during a joint workshop with the InvestCEC project, ensuring their relevance and complementarity with other EU initiatives on circular finance. They will be **co-published in a joint Policy Brief** with InvestCEC, providing aligned guidance to the European Commission and regional policymakers on how to strengthen circular investment ecosystems across Europe.

3.1 Recommendations at EU level

1. **Policy recommendation 1 - To promote and strengthen the service economy and functional economy through public procurement and public-private partnerships**

Public procurement should prioritize service-oriented models such as leasing, maintenance, and performance-based contracts over traditional product ownership. This shift would stimulate the development of circular business models that focus on durability and reuse rather than disposability. Establishing public-private partnerships (PPPs) is equally critical; PPPs can share financial and operational risks, enabling circular innovations to move from pilot stages to full-scale implementation. By creating favourable conditions through procurement policies and partnerships, public authorities can demonstrate leadership, catalyse market transformation, and establish a reliable demand for circular services. This systemic approach can significantly boost investor confidence in emerging service-based circular models.

2. **Policy recommendation 2 - To develop and implement common EU-wide circular economy measurement tools for citizens and investor awareness**

A harmonized "circular score" system across Europe would enhance transparency and comparability among circular economy initiatives. Such a system should assess key parameters like material reuse, product lifespan, recyclability, and overall resource efficiency and climate mitigation. Introducing standardized indicators would help investors evaluate projects based on clear and reliable performance metrics. To fully unlock private investment, financial and corporate evaluation frameworks should include innovative tools like the "climate dividends" or the Contingent Valuation Method. Having EU-wide circular economy measurement metrics would also empower consumers to make informed purchasing decisions, driving market demand for circular products and services. Promoting consumer awareness of the non-environmental benefits of circularity, such as reputational advantages, cost savings, and perception of higher quality, will further enhance market adoption. The integration of these tools into corporate reporting and public procurement processes would establish a level playing field, incentivize innovation in circularity, reduce investment risk

perception, and ultimately direct more private capital towards sustainable, high-impact circular economy ventures.

3. **Policy recommendation 3 - To fund territorial diagnostics and create collaborative mapping platforms**

Comprehensive territorial diagnostics are essential to identify material flows, industrial synergies, and resource potentials within regions. Funding the development of digital collaborative mapping platforms would facilitate connections between businesses, research centres, and public authorities, promoting industrial symbiosis and resource-sharing initiatives. These platforms would offer real-time insights into available secondary materials, skills, and infrastructure, enabling more efficient circular project planning and investment targeting. Such localized intelligence would not only reduce transaction costs and uncertainty for investors but also foster the emergence of robust, place-based circular ecosystems that maximize local value creation and resilience.

4. **Policy recommendation 4 - To create a "Circular Valley" Innovation Hub**

A "Circular Valley" Innovation Hub would serve as a dynamic ecosystem dedicated to advancing circular economy technologies, business models, and investment opportunities. By concentrating startups, corporates, investors, researchers, and public actors in one location, the hub would accelerate innovation scaling and market uptake. It would offer shared infrastructure, financing support, demonstration projects, and matchmaking services, creating an environment conducive to rapid testing and commercialization of circular solutions. Such a flagship initiative would enhance Europe's global competitiveness in the circular economy, attract international capital, and strengthen the pipeline of investment-ready circular ventures. In parallel, industrial symbiosis networks show how companies can collaborate in practice by exchanging energy, water, and materials, turning one company's waste into another's resource. By supporting both models through targeted funding and promotion of good practices, EU policymakers can create thriving circular ecosystems and support knowledge sharing between regions and cities.

5. **Policy Recommendation 5 – To establish a European high-level expert group on circular economy to strengthen strategic alignment, awareness, and investment confidence**

The establishment of a European High-Level Expert Group on Circular Economy would provide independent, evidence-based advice to policymakers, businesses, and investors. Modelled after successful initiatives like the IPCC for climate change, the group would monitor progress, assess best practices, and identify scalable circular solutions. It would act as a trusted source of data, forecasts, and investment guidance, fostering transparency and confidence across the financial and industrial ecosystems. By providing strategic insights and policy recommendations, the expert group would help align regulatory frameworks, market instruments, and innovation agendas to support an accelerated circular economy transition.

6. **Policy Recommendation 6 – To boost the use of secondary materials in the EU**

Circular startups and SMEs often face disproportionate regulatory hurdles that limit their ability to scale and attract investment. A crucial strategy to increase investments in circular companies is to stimulate the market of secondary materials through targeted legislative

measures. While the EU has made progress in this field, gaps remain. For example, harmonised end-of-waste criteria are essential to reduce uncertainty for waste operators and increase the use of secondary materials. EU-wide harmonisation of end-of-waste criteria would address disparities between Member States and across different actors in the value chain, ultimately increasing the uptake of high-quality secondary raw materials in manufacturing processes. Similarly, the Directive on Common Rules to Promote the Repair of Goods needs improvement to ensure a true right to repair. These include, among others, the limited scope of products covered by the Directive, the absence of a reparability score, and the lack of a consumer right to obtain internal products. In this sense, stronger right to repair policies can increase demand for spare parts, open new markets, and stimulate investment and innovation in repair technologies. By fostering a more supportive regulatory landscape, EU policymakers can unleash the entrepreneurial potential necessary to drive Europe's circular transition.

3.2 National and regional level recommendations

1. **Policy Recommendation 7 - To implement comprehensive tax incentives for circular economy initiatives**

Fiscal measures can play a pivotal role in driving circular economy adoption. Governments should introduce tax incentives that reward companies implementing certified circular practices such as using recycled materials, offering repair services, or designing products for longevity as well as investors who provide capital to circular ventures. Reducing VAT rates on repair services or secondary materials, providing tax credits for R&D in circular innovation, and offering investment tax breaks would make circular business models more financially attractive. These incentives would lower upfront costs, improve project bankability, and stimulate broader private sector participation in circular economy development.

2. **Policy Recommendation 8 - To streamline regulations to foster circular economy innovation**

Circular startups and SMEs often face disproportionate regulatory hurdles that limit their ability to scale and attract investment. Authorities should simplify certification procedures, harmonize standards across sectors, and offer technical assistance to help circular businesses comply with environmental regulations. Reducing administrative burdens for example, by establishing "one-stop-shops" for circular economy project approvals, would accelerate time-to-market for innovative solutions. Additionally, regulatory sandboxes could be created to allow experimentation with new circular business models in a controlled environment. Simplifying procurement processes will also be crucial to enhance competitiveness of circular economy companies, particularly SMEs. By fostering a more supportive regulatory landscape, governments can unleash the entrepreneurial potential necessary to drive Europe's circular transition.

3. **Policy Recommendation 9 - Introduce targeted tax incentives, guarantee schemes, and stronger sustainability reporting to mobilise private investment**

Private investors need incentives and policy support to reduce investment risk to provide capital to circular ventures. Potential incentives include tax deductions on investments into qualifying circular funds or ventures, similar to existing national schemes in renewable energy

and research and development. National guarantee instruments such as capped first-loss guarantees or revenue-backed schemes, could complement EU-level programmes like InvestEU, especially for regional or first-time funds. Furthermore, increased financial commitments from the public sector, such as increased investments in first-time or early-stage circular economy funds, will be critical to attract private and institutional capital into circular economy projects. For example, a public anchor investment combined with a partial guarantee could unlock significant additional private capital. Finally, strengthening ESG-related reporting, such as by lowering thresholds under the Corporate Sustainability Reporting Directive, would also improve transparency and increase the attractiveness of circular economy SMEs and cooperatives, particularly for impact-focused or SFDR-aligned funds.

4. **Policy Recommendation 10 - To mandate Life Cycle Assessments for local permit applications**

Integrating Life Cycle Assessments (LCAs) into permitting processes for construction, industrial, and infrastructure projects would ensure that circularity principles are embedded from the earliest stages. Requiring LCAs would promote the selection of sustainable materials, energy-efficient designs, and modular construction methods, fostering a systemic shift toward resource efficiency and waste minimization. This policy would also create a clear framework for comparing project proposals based on environmental performance, aligning public sector decision-making with circular economy objectives. For investors, mandatory LCAs would provide greater transparency, improve risk assessment and strengthening the business case for sustainable investments.

4 Future replication

4.1 Main success and challenges faced during the project

Main successes

- The one stop shop innovative methodology developed in the Resource project by partners was successfully presented and tested during the EBN Congress in June 2025. Around 20 European incubators showed interest in either adapting or adopting the methodology.
- The establishment of a self-sustained network of 95+ experts and stakeholders (pool of CE focused experts/ stakeholders) will ensure that the knowledge of the project is capitalised and maintained
- Knowledge and data generated within the project on circular economy (LCA analysis & scientific publications) can be used to shape and adapt future policy initiatives in Aragon and other European regions
- RESOURCE contributed to a growing European dialogue on circular investment readiness, notably through joint activities with InvestCEC, EBN, and CCRI and through its communication actions during and after the project.The Demo Days and acceleration activities developed by RESOURCE generated tangible results in terms of investor engagement, improved business models, and stronger visibility for circular startups.
- Collaboration between regional authorities, BSOs, and investors created a new local ecosystem for circular finance that did not exist before the project.

- Connecting CE companies resulted in some interesting business development opportunities and shows the benefits of networking and using clusters to connect start-ups

Main challenges and lessons learned

- Important for such medium/long term initiatives to take into account risk factors such as the political aspect - which in the case of RESOURCE impacted the project (local election/ change in the government priorities)
- Project Selection : a diversity of maturity levels of pilots projects and diversity of "sectors" (uniqueness of CE project which also impact the support they receive) can require the greater adaptation/tailoring of project support services
- Be better prepared : Low or poor knowledge/ understanding of investor needs on circular business models which are relatively new and requires policy maker adaptation
- Timescale : Short project duration (36 months) especially since it takes time to select companies and then at least 18 months for to raise funds
- Project emergence levels: many pilot projects remained at low TRL levels, making them initially less attractive to private investors and limiting leverage effects. Therefore selection criteria need to be carefully designed.
- The absence of CE-specific or targeted financial instruments and the limited understanding of circular business models by investors were major obstacles – but the RESOURCE project has contributed to enhanced knowledge and learning from this community
- Regulatory issues : fragmentation and slow administrative procedures complicated experimentation and market entry for startups and eventually scale-ups
- Finally, maintaining continuity and visibility beyond the project emerged as a key difficulty to sustain momentum and capitalise on achieved results.

4.2 Some Recommendations for future replications in other regions

Adjustments for a future project of similar scope

- **Harmonisation of the definition of "circular economy"** at all levels (national, regional and local) to accelerate the circular economy transition.
- Importance of establishing and having a **strong local ecosystem** from different categories (BSOs, public and private entities, etc.) which played an essential role.
- **Extend project duration and follow-up capacity**: A four- to five-year timeframe would allow sufficient time to cover the full investment cycle, from project scouting to post-deal monitoring and to consolidate investor relations after acceleration. And suggests the need for partners to have a long term perspective
- Importance of having a "common language", "common understanding" presentation at an early stage of the project to align project "talk" when presenting the project externally

- **Integrate continuous learning and peer exchange:** Establish regular feedback loops and joint sessions across participating regions to share investor contacts, case studies, and lessons learned during implementation.
- **Adopt a clear regional governance model**: Combine a lean central coordination team with strong local ownership by regional BSOs and authorities to ensure relevance and adaptability and capacity to align supporting policy framework.
- **Balance technical and financial support:** While technical mentoring proved effective, future projects should include stronger modules on financial structuring, valuation, and blended finance instruments tailored to circular business models.
- **Plan a structured post-acceleration phase**: Sustained mentoring after Demo Days is essential to maintain investor engagement, support due diligence, and help startups reach investment closure.
- **Secure a modest co-investment or feasibility facility**: Embedding a small financial component for feasibility studies, proof-of-concept, or match funding, would accelerate project maturity and attract private participation.

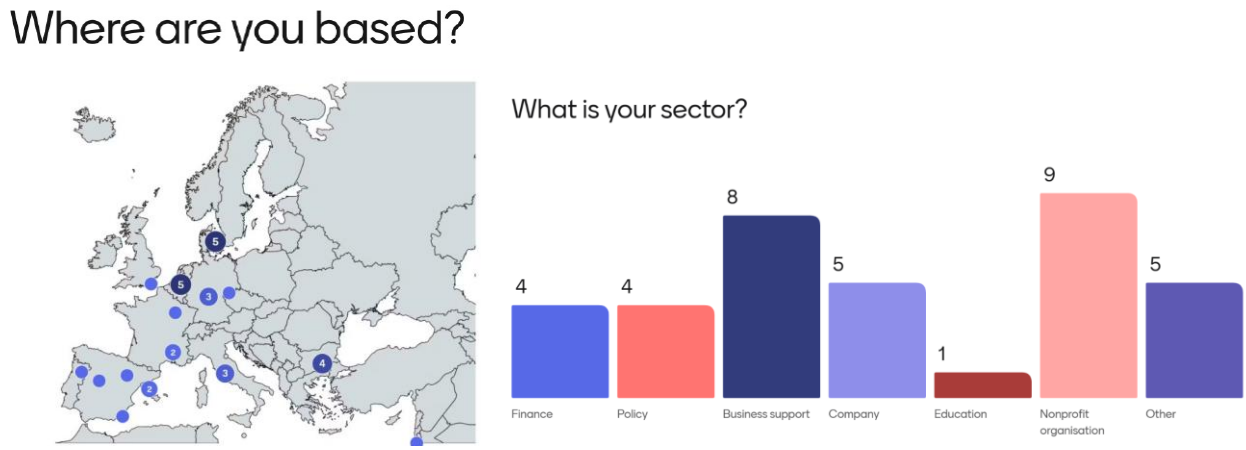
Complementary tools to reinforce replication

- **Develop shared mapping and monitoring tools**: A digital platform for mapping circular ventures, material flows, and investment opportunities would enhance project visibility and reduce information asymmetry for investors.
- **Create a shared investment-readiness resource base**: A European repository of templates (for business plans, impact reporting, and due diligence) could be developed jointly with initiatives such as InvestCEC or CCRI, to ensure harmonised practices.
- **Strengthen cross-regional investor communities**: Encourage cooperation between regions through regular investor forums and matchmaking events at EU level to pool deal flow and attract institutional capital and promote success stories
- **Promote alignment with existing and future EU instruments**: Future projects should actively link with programmes such as InvestEU, CircularInvest, or Innovation Fund to ensure coherence and maximise leverage opportunities.
- **Consider follow-up clustering initiatives**: In a later stage, the experience could inspire the creation of regional or thematic “Circular Valley” clusters, serving as open spaces for collaboration and demonstration, but outside the core operational scope of the project itself.

5 Annexes

5.1 E-Workshop "Boosting Investment Readiness in the Circular Economy through Policies"

On April 3rd 2025, over 60 policymakers, industry leaders, and circular economy practitioners participated in the e-Workshop "Boosting Investment Readiness in the Circular Economy through Policies," organized by the InvestCEC and RESOURCE projects. The online session focused on developing policy recommendations to accelerate investments in circular business models across Europe.



Lucie Blondel from the European Commission's DG Research and Innovation delivered a keynote address **highlighting EU policy priority for advancing circular economy initiatives**. She showcased the impact of the Circular Cities and Regions Initiative (CCRI) projects in fostering sustainable practices across Europe.

The event also featured a distinguished panel of experts, including Katarzyna Balucka-Debska (Climate KIC), Jonas Byström (European Investment Bank), Marco Musso (European Environmental Bureau), and Chema Pina Sánchez-Mariscal (Aptki Global Partners and Fork Capital). The panel discussion was moderated by Uffe Bundgaard-Jorgensen, CEO and Founder of Gate2Growth, member of the InvestCEC project.

Experts underscored the untapped potential of circular projects, which currently represent only 1% of overall financing despite their ability to generate millions of jobs across Europe. "This indicates both a challenge and substantial room for growth" noted the organisers of the workshop and Masters of Ceremonies Giorgio Alessandro and Geraldine Quetin respectively from InvestCEC and RESOURCE projects.

Jonas Byström emphasized that **investments must be "credible, feasible, and bankable,"** while Chema Pina highlighted that **clearer communication on benefits is essential to reduce perceived risks among investors**. Katarzyna Balucka-Debska **advocated for systemic integration of circular economy policies**, particularly place-based systems aligned with regional initiatives. Regarding the **EU Taxonomy**, Byström observed that it doesn't comprehensively cover all sectors, with some criteria being too ambitious to achieve,

suggesting frameworks **should be more obtainable to reduce investor risk**. Marco Musso argued for simplifying the EU Taxonomy without reducing ambition, recommending broadening its scope while avoiding burden shifting.

A highlight of the session was Askar Sheibani, CEO of Comtek Network Systems, offering valuable real-world perspective on policy mechanisms that have successfully enhanced investment in his company's circular business model that's revolutionizing the network equipment industry through sustainable supply services. He stated, "We talk a lot, but action is not there. We need to give more incentives to investors—they have the money and want to spend it. They can create wealth, growth, and jobs... **We need to be encouraging and engaging with them, showing the main benefits of investing in the circular economy, to help them shift their investments and engaging us in PPP [public-private partnerships] to build together the ecosystem needed to boost circularity.**

Participants actively engaged through polls during the workshop (moderated by Hélène Dworak, Public Policy Expert at G.A.C. Group, member of RESOURCE project) providing valuable insights into policy priorities and investment barriers. When rating preliminary policy recommendations proposed by RESOURCE and InvestCEC, attendees identified circular taxation systems and mandatory circular public procurement as top priorities for driving systemic change.

Main obstacles to private investment in circular businesses identified by the participants	
Financial and Economic Barriers	• Low willingness to invest in adaptation processes and in areas where there are risks (e.g., success risk), which makes it difficult to approach new circular ideas and start their implementation. • Business and investors can't see the prospect of making profit from circularity in a short period. There is a need/desire for instant returns in investments. • Lack of revenue models and financial sustainability. • Long terms to recover inversions. • Unclear return on investment due to policy uncertainty and lack of knowledge about the big potential in the midterm. • High upfront costs limited scalable models, and lack of investor understanding of circular business benefits. • Circular business models involve international, cross-border business models that may seem too risky or detached for EU private investors.
Lack of Knowledge, Awareness, and Visibility	• Lack of knowledge and awareness on circular economy (examples of good business cases, clear governance models to develop collaborative solutions, scalable models, sharing of experience and lessons learned). • Lack of information on customer interest and impression that it's not popular – cultural change needed – more business cases are needed to show the potential of investing in CE solutions. • Need for better investor understanding of circular business benefits.
Legislative and Regulatory Uncertainty	• Waste treatment legislation needs to be amended: someone's waste can be another's resource. • Uncertain legislation and regulatory environment. • Lack of support from government and absence of tax incentives for circular economy projects.
Value Chains and International Supply Chains	• Complexity of value chains. • Lack of support for the international supply chain. • Need for better investment infrastructure that connects EU green tech companies to local communities for supply chains in developing countries.

Risk and Uncertainty	• Inability to mitigate risks, unknown risks, power play. • Uncertainty in innovation and their potential return.

Main policies identified by the participants to overcome the barriers	
Taxation and Economic Incentives	• Tax incentives for second-hand goods to promote reuse • Introduce clear regulations, green public procurement, blended finance schemes, and investor education to reduce risk and boost confidence in circular economy investments • Circular taxes on virgin materials use
Public Procurement and Investment Instruments	• Public procurement • Mandatory circular public procurement • Public procurement requirements on circularity and repair • Requirements for procurement for the government • Green public procurement • Support from the public investment instruments can be a model that attracts
Regulatory Environment and Administrative Burdens	• Reduce the administrative burdens • Stop deregulation disguised as 'simplification' • Clear regulations • New regulations for start-ups are required, otherwise we are not visible enough to make changes
Repair, Product Durability, and Access to Parts	• Mainstream the right to repair! • Extended guarantees and option to repair • Open data regarding technical requirements and possible spare parts and materials
Labels, Certifications, and Assessment Tools	• Need for labels and LCA • Green labelling, circular certifications, LSA cost a lot for start-ups • Circular certification/labels to broadly inform investors • Policies that support interconnection of EU tech universities–international development–private sector investments
CE Knowledge, Skills, and Culture	• Promote CE knowledge and skills • Spread CE culture across the regional innovation ecosystems • Investor education to reduce risk • Awareness/information campaigns to consumers/users • Create TRUST in a long-term policy vision, and associate awareness/information campaigns to consumers/users • Extended Producer Responsibility (EPR)

5.2 The final internal workshop on exploitation

During the consortium meeting held in Zaragoza on June 16-17, 2025, partners conducted a fruitful internal workshop focused on identifying the unique requirements for supporting circular economy projects. The collaborative session involved small group work that systematically analysed the distinct needs across four key stakeholder categories (see Table 1- Outcomes from the discussions during the Consortium Meeting in Zaragoza, 16-17 June 2025): startups, investors, business support organizations, and policymakers. This comprehensive approach ensured that policy recommendations would address the full ecosystem of circular economy support, recognizing that effective policy intervention requires understanding the interconnected challenges faced by all stakeholders in the circular economy transition.

Startups	Investors	BSOs	Policy makers
- Ensure consistent quality of circular raw materials, and targeted services - Better demonstrate and quantify environmental and social impact - Master their environment, to better develop their business - Look at mixed funding sources - Understand waste classification and regulation in different regions - Need of local circular friendly ecosystems - Need for clients to adapt circular processes	- Better understand investing in CE and catch opportunities - Know the environment for cross-investment - Clear understanding financial impact & ROI risks - Create a community of CE friendly investors for co-investment	- Technical expertise and specific support programme - Have a holistic approach (cross-support at regional level) - Harmonize the pool of startups supported (maturity...) - Collaborate cross-regions - Develop programs to help on 1st pilot/PoC	- Educate population in the new green circular BMs (customer cultural shift) – support NGOs - Support cash flow at their start (tax exemptions...) - Waste classification clarification and harmonization / Common definition of CE - Driving operational agenda with cluster set-up / BSO organisation (demonstrate friendly CE region) – create cross-thematic linkages - Mapping of resources – knowledge data base - Regional challenges about real regional issues to be answered through hackathons (regional procurement calls)

Table 1- Outcomes of the discussions session during the Consortium Meeting in Zaragoza, 16-17 June 2025

The workshop identified several critical areas where policymakers can provide essential support for circular economy development.

Public education emerged as a fundamental requirement, with participants emphasizing the need for policymakers to educate populations about new green circular business models while supporting NGOs that can facilitate the necessary **cultural shift in consumer behavior**.

Financial support mechanisms represent another crucial intervention area, particularly through **tax exemptions** and other incentives that can improve cash flow for circular economy startups during their critical early stages. Participants stressed that these financial instruments should be specifically designed to address the unique funding challenges that circular economy ventures face compared to traditional business models.

Regulatory clarity and standardization constitute essential policy foundations for circular economy growth. The workshop highlighted the urgent need for waste classification clarification and harmonization, along with establishing common definitions of circular economy concepts that can provide consistent frameworks across different regions and sectors.

Operational coordination and regional development strategies also require policy attention through driving operational agendas that include cluster setup and business commitment to becoming circular economy-friendly environments while creating cross-thematic linkages that maximize synergies between different sectors and initiatives.

Knowledge infrastructure development emerged as a critical policy priority, with participants calling for comprehensive **mapping of resources and establishment of knowledge databases** that can serve as foundational tools for circular economy development. Finally, the workshop emphasized the importance of addressing real regional challenges through targeted initiatives such as hackathons and regional procurement calls that can stimulate innovation while solving specific local circular economy issues.

5.3 The EBN Congress

The methodology received its official launch at the EBN Congress in June 2025, where it was presented to EBN members following the EU|BIC Excellence Awards 2025 session. These awards recognized the most impactful entrepreneurship support programmes driving the green transition, with particular emphasis on how EU|BICs enable startups and SMEs to innovate across energy, mobility, sustainability, and circular economy sectors. The awards highlighted how environmental challenges can be transformed into sustainable business opportunities, creating a natural alignment with RESOURCE's objectives. RESOURCE's co-sponsorship of this session positioned the methodology prominently within this strategic and international context.

The RESOURCE methodology is ready for adoption and prepared for widespread implementation. The framework includes comprehensive documentation featuring selection criteria, assessment templates, investor engagement frameworks, and policy recommendations that enable organizations to adopt or adapt the approach according to their specific needs.

The methodology presentation concluded with a direct call to action that generated substantial interest from the audience. **Twenty business support organizations immediately expressed commitment to implementing the RESOURCE methodology**, either through direct adoption or adaptation to their specific EU|BIC contexts. This immediate response demonstrates strong market validation and readiness for scaling.

The methodology will be made publicly available to maximize reach and impact. Several project partners have already committed to implementing the framework within their internal operations, as detailed in their individual exploitation plans. The complete framework will be integrated into the EBN impact report, ensuring distribution to all EBN members while maintaining public accessibility for broader industry adoption.