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EUR 10 billion to support the Circular Economy in the EU

The EU's largest National Promotional Banks and Institutions and the European Investment Bank launch an EUR 10 billion initiative to accelerate the transition to a sustainable and circular economy

Five European national promotional banks & institutions and the European Investment Bank (EIB) launched today in Luxembourg the **Joint Initiative on Circular Economy** to support the development and implementation of circular economy projects and programmes in the European Union (EU). This flagship partnership will target at least EUR 10 billion of investments over the next five years (2019 – 2023). The aim is to prevent and eliminate waste, increase resource efficiency and foster innovation by promoting circularity in all sectors of the economy.

The five national promotional banks & institutions are:

- Bank Gospodarstwa Krajowego (BGK - Poland)
- Groupe Caisse des Dépôts (CDC – France) including Bpifrance
- Cassa Depositi e Prestiti (CDP - Italy)
- Instituto de Crédito Oficial (ICO - Spain)
- Kreditanstalt für Wiederaufbau (KfW - Germany)

The six partner institutions will combine their expertise, experience and financial capacity to better support the implementation of viable circular projects and programme approaches. The Joint Initiative on Circular Economy (JICE) will provide loans, equity investment or guarantees to eligible projects and develop innovative financing structures for public and private infrastructure, municipalities, private enterprises of different size as well as for research and innovation projects. JICE builds on the ongoing initiatives led by the European Commission to build knowledge through dedicated working groups and develop financing schemes.

The joint initiative will focus particularly on investments in the EU Member States that will help accelerate the transition to a circular economy. It will target all stages of the value chain and lifecycle of products and services:

- Circular design and production: applying “reduce and recycle” strategies to design out waste at the source, prior to commercialisation.
- Circular use and life extension: enabling the reuse, repair, repurposing, refurbishing or remanufacturing of products in use phase
- Circular value recovery: recovering materials and other resources from waste, recovering waste heat and/or reusing treated wastewater
- Circular support: facilitating circular strategies in all lifecycle phases, for example with the deployment of key ICT technologies, digitalization and services supporting circular business models and circular value chains.

Quotes

EIB President Dr. Werner Hoyer said: *“Fighting global warming and environmental crises is the most urgent challenge of our time. Strengthening the circular economy is one of the most powerful tools in our arsenal. It will not only help achieve the Paris Agreement targets but also bring huge benefits for the economy and society. With the Joint Initiative for Circular Economy, we are scaling up our ambition and joining forces with our peers to stem the tide of waste.”*

BGK President of the Management Board Beata Daszyńska-Muzyczka said: *“At BGK we are convinced that sustainable development with a circular economy is an expression of responsibility for future generations. We are pleased that, together with our partners, we develop such important*

solutions that will support innovative, environmentally friendly investments in the European Union. The approach is in line with the Polish government Roadmap for Circular Economy based on The EU Circular Economy Strategy. The roadmap is stressing 4 priorities: supporting innovations, creating European market for recycled materials, ensuring high quality recycled materials, developing the service sector.”

CDC CEO Eric Lombard said: “With this Joint initiative, Caisse des Dépôts Group aims to support further circular projects in France and together with our European counterparts, to highlight the full potential of circular economy to achieve sustainable growth while creating new economic opportunities for our territories.”

CDP CEO Fabrizio Palermo said: “The 2019-21 CDP Business Plan for the first time aims at integrating sustainability into our strategic choices. CDP is committed to foster a paradigm shift toward a more sustainable and inclusive development model in Italy with a focus on local communities. This European partnership shows once again how crucial is the role of National Promotion Institutions (NPIs) to achieve adequate sustainable growth and development at European level”.

ICO Chairman José Carlos Garcia de Quevedo said: “ICO aims to promote inclusive economic growth and to transition to more sustainable development. Support for alternatives such as the circular economy perfectly aligns with the SDGs and with the public policies covered internationally in the 2030 Agenda, including the EU Sustainable Finance Action Plan and the Spanish national Change Agenda. As public promotion banks, we have a clear leadership responsibility in this field and a great commitment to enhance collaboration among European institutions.”

KfW CEO Dr. Günther Bräunig said: “KfW has always been focused on sustainability: About 40% of our financing already accounts for environmental and climate protection. But no country can handle the huge challenges in this field on its own. That’s why it’s of utmost importance to join forces with our European partners. The conservation of our natural resources is a pivotal task for all of us, and we have to devote more attention to this issue. The shift to a circular economy will play a key role here, and our joint initiative is a first step to achieve this goal.”

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NOTES FOR THE MEDIA

1. Project examples:

Promoting a circular economy is high on the EU and Member States' policy agenda because of its potential to increase resource resilience, foster sustainable economic growth, boost competitiveness and generate new jobs. To illustrate the type of projects eligible under the Joint Initiative for Circular Economy, here are some examples of projects already financed by the six partner institutions. Please visit also the webpage: <https://www.eib.org/en/projects/initiatives/circular-economy/index.htm>

[Blog story: Bread, steel and exfoliating creams - Concrete examples of what the circular economy means](#)

BGK (Poland)

PKP SKM in Tricity: PKP SKM in Tricity is the local railway carrier, operating on the very important railway line no. 250, connecting Tricity metropolitan area (Gdansk, Gdynia and Sopot) in the north of Poland. In 2012 BGK issued for this company bonds worth 55 million PLN with 9 years to maturity. The funds obtained by the company were used as the own contribution to investment in refurbishment of 22 electric multiple units, which allowed to extend their lifetime by another 20 years.

www.skm.pkp.pl

Sklejka Orzechowo: Polish plywood manufacturer: BGK signed a PLN 22 million investment loan for a new production line for plywood and blockboard production and for related infrastructure. The investment will result in a higher production capacity and improved resource efficiency and quality during the production process. The new production technology and resource loops to be introduced as part of the investment will result in sewage reduction, more efficient biomass use, reduced water consumption, heat recovery and reduced noise emission. <http://www.sklejkaorzechowo.pl/>

CDC (France)

PHENIX (EUR 15 million deal in equity): Bpifrance, via its Smart Cities VC fund, co-led a EUR 15 million financing round in PHENIX, the French pioneer and leader in the field of smart waste management. PHENIX has disrupted food donation in France, Spain and Portugal, addressing the devastating social and environmental issue of food waste. The capital raised is used to accelerate growth throughout Europe, invest in the development of new digital services, including the launch of B2C mobile app ('Phenix app'), and expand towards the management of other waste streams.

<https://presse.bpifrance.fr/phenix-leve-15-millions-deuros-aupres-detf-partners-bpifrance-sofiouest-et-arkea-pour-accelerer-son-developpement/>

BDT - Terradona (France): CDC (Banque des Territoires), together with other public and private institutions, has financed the fundraising of the green-tech company Terradona, creator of Cliiink®, smart and eco-responsible solution for waste sorting. Proposed to local authorities, the innovative Cliiink® solution reduces the cost of treating their waste and improves the cleanliness of their agglomerations, while rewarding good sorters and boosting local trade.

<http://terradona.com/fr/news-detail/caisse-des-depots-entre-capital-terradona>

CDP (Italy):

Ex Sadoch (Trieste): The urban regeneration project has concerned the retrofitting of a building complex with over 8,900 square meters area that once housed the Saul Sadoch paper factory, a site with considerable historical value for Trieste located within a purely residential neighborhood. The building complex, built in 1957 and left unused since the 1990s, consisted of an 8-storey building with basement and a secondary 3-storey building with annex which were given new life with new housing units, commercial space, and socializing areas. Besides the buildings, the project has also allowed the renovation and redevelopment of the surrounding formerly industrial area, which for a long time represented a space of abandonment and degradation. The project was carried out by the FVG Social Housing Fund, in which CDP Investimenti SGR has invested over EUR 60 million through "Fondo Investimenti per l'Abitare" (FIA), real estate fund dedicated to social housing.

https://www.cdp.it/sitointernet/page/en/social_housing_in_triESTE_new_life_for_the_former_paper_mill?contentId=PRG20621

Ex Manifattura Tabacchi (Milan): A comprehensive retrofitting project of 90,000 square meters of abandoned public estate on a former industrial site, aimed at regaining a semi-central urban plot located close to the Università degli Studi di Milano-Bicocca and right in front of the subway stop Bicocca. Within the Real Estate complex, the building called Edificio2 have been already successfully retrofitted with the aim of providing 17,000 square meters of brand-new residential units and 2,000 square meters of brand-new workspaces. The site, which was in a state of neglect until CDP Immobiliare's commitment, was built in 1930 to manage the storage of raw tobacco as well as to package and store products of the State Monopolies. The project is being led by an SPV of which 50% of shares are held by CDP Immobiliare and in which CDP invested over EUR 40 million to redevelop Edificio2. CDP Group confirms its role in supporting the territory, with initiatives aimed at giving new life to abandoned and no longer usable historical and industrial buildings and areas of the cities.

<http://www.cdppimmobiliare.it/en/projects/manifattura-milano.html>

EIB (EU-wide)

Novamont Renewable Chemistry (EUR 30 million EIB loan): Novamont develops innovative bioplastics and biochemicals based on renewable resources, which are biodegradable and compostable. Novamont's holistic approach and vision for the bioeconomy, where the business model includes local agriculture as well as the reuse of by-products, is producing positive results for material innovation.

<https://www.novamont.com/eng/>

De Lage Landen (DLL) Circularity Loan for SMEs and Midcaps (EUR 100 million EIB loan): DLL refurbishes and leases second and third life equipment to companies. The DLL engagement will allow SMEs to save costs and invest in other areas while strongly contributing to the realisation of the circular economy objectives.

<http://www.eib.org/en/infocentre/press/releases/all/2018/2018-226-dll-et-la-bei-soutiennent-des-modeles-economiques-circulaires-au-sein-des-pme.htm>

KfW (Germany)

Circular use of process heat: Traditional Bakery Müller Egerer had its production processes scrutinised by an energy consultant. KfW provided a promotional loan of EUR 900,000 and the company benefitted from a redemption grant of EUR 150,000. "We produce up to 4,500 loaves and 75,000 rolls a day. Despite a 20% increase in sales, we can now save almost 650,000 kWh of primary energy per year. Yes, this is an investment, but it's worth it!"

<https://www.kfw.de/stories/environment/energy-efficiency/exhaust-heat-video-interview-bakery/>

Supporting start-ups for circular design: German firm Superseven GmbH won the KfW Entrepreneurs' Award 2018 for developing an innovative packaging foil made out of 100% renewable material (cellulose) that is fully compostable even under natural conditions. Despite keen interest from all over the world, the start-up is currently focusing on the European market. Superseven has gained serious momentum, spurred on by discussions about marine pollution, waterborne microplastics and the forthcoming new EU directive on plastic waste. KfW has provided an [entrepreneurial loan](#) and the KfW Entrepreneurs' Award is giving the company further impetus.

<https://www.kfw.de/stories/economy/start-ups/superseven/>

Instituto de Crédito Oficial (ICO - Spain)

Red de Calor de Soria - Biomass District Heating: Leading district heating project in Soria, Spain, promoted by a local expert in biomass management, using woodchip residue from local wood industry as fuel. The project supplies heat and water to more than 16,000 inhabitants and 8,000 homes. Total investment adds up to EUR 20 million and ICO participates in a relevant proportion in equity through the FondICO Infrastructures fund. The amount of renewable energy supplied is around 80 GWh/year, saving CO2 emissions for more than 28.000 Tm/year, using local fuel and creating local jobs.

Recycling sea waste: ECOALF: Ecoalf is a circular economy start-up in Spain that collects marine debris from the bottom of the sea, treats it, and converts it into thread to make clothes and accessories. ECOALF was born from the idea of creating a fashion truly sustainable brand. Its goal was to design the first generation of fashion items created with recycled materials that would have the same technical properties as the best non-recycled products, and be of equal quality and design, showing that continuing to misuse the planet's natural resources indiscriminately is unnecessary. Ecoalf works with 3,000 fishermen across 40 ports, collecting and transforming 250 tonnes of sea waste per year, with nearly 80% of what comes out of the sea being recycled. ICO has granted a EUR 50,000 loan through its on-lending SMEs facilities programme- to boost ECOALF's activity in third markets. <https://ecoalf.com/en/p/history-9>

2. Brief description of the six partner institutions:

Bank Gospodarstwa Krajowego (BGK) is a state development bank whose mission is to support the social and economic development of Poland and the public sector. BGK is a financial partner for strategic investment projects and stimulates entrepreneurship. www.bgk.pl

Caisse des Dépôts (CDC) and its subsidiaries form a public long-term investor group serving the general interest and economic development of local areas. It combines five areas of expertise: pensions and professional training, asset management, monitoring subsidiaries and strategic shareholdings, business financing (with **Bpifrance**) and **Banque des Territoires**. <http://www.caissedesdepots.fr/en>

Cassa Depositi e Prestiti (CDP) is the National Promotion Institution that has supported the Italian economy since 1850. It finances public investments, supports international cooperation and is a catalyst for the Development of the Country's infrastructure. It supports Italian Companies, encouraging their innovation and growth, promoting their export and internationalization. Contributes to the development of the Italian real estate market as the main operator of social and affordable housing. <https://www.cdp.it>

The **European Investment Bank (EIB)** is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investments in order to contribute towards EU policy goals. www.eib.org

Instituto de Crédito Oficial (ICO) is a Corporate State-owned Entity attached to the Spanish government's Ministry of Economy and Business. ICO has become a point of reference in the financing of both SMEs and large-scale investment projects. ICO contributes to sustainable growth, promoting those economic activities, which, due to their social, cultural, innovative or environmental significance, are worthy of promotion and development. www.ico.es

Kreditanstalt für Wiederaufbau (KfW) is one of the world's leading promotional banks. Since 1948 KfW has been committed to improving economic, social and ecological living conditions all around the world on behalf of the Federal Republic of **Germany** and the federal states. To do this, it supplied funds totalling EUR 75.5 billion in 2018 alone; of this total, 40% was spent on measures aimed at protecting the climate and the environment. www.kfw.de