



Circular Economy Investment Fund

Guidance Notes for Completion of Outline
Project Proposal For Circular Economy
Investment Fund

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EUROPE & SCOTLAND
European Regional Development Fund
Investing in a Smart, Sustainable and Inclusive Future

This document will briefly explain the background to the Circular Economy Investment Fund (“the Fund”), who is eligible to apply and what types of projects are within the scope of the Fund. Application for Funding will involve a two stage process. The first stage will require the completion of an Outline Project Proposal Form to determine (a) whether your organisation is eligible to apply and (b) whether your proposed project is in scope of the Fund.

Zero Waste Scotland (ZWS) will aim to respond to this initial Outline Project Proposal within 30 working days of receipt. Please note that this completed Outline Project Proposal does not constitute an application for funding. Zero Waste Scotland will review this document and may invite you to submit a full and formal application according to how well the planned project fits in terms of eligibility and suitability as well as how it aligns with our key priorities and budget availability. A separate full application form along with a more comprehensive guidance document for the application process will be sent to you if your organisation and project meet the eligibility criteria.

There are two funding strands – one for funding applications of £50,000 to £99,999; and another for higher value applications from £100,000 to £1,000,000. Recipients of funding will be subject to State Aid rules, these will be specifically applicable to De Minimis Regulations (EC 1407/2013) **or** ZWS's General Block Exemption Regulation (GBER) (EC Scheme No. SA.39221) (you cannot apply for both). Please refer to Appendix A (eligibility and state aid) and the National Rules of Eligibility of Expenditure for full details and to the relevant sections of the outline project proposal form.

Please note that if you have previously received EU funding in relation to your proposed project from other source/s then this will render you out of scope to apply as this would count as double funding. Furthermore, it would be a condition of contract if you are successful, that you would be unable to apply in the future for EU funding specifically relating to the ZWS funded project.

The Fund has been established by Zero Waste Scotland (ZWS), funded in part with European Regional Development Fund (ERDF) funding to support the development and implementation of circular economy¹ (“CE”) practices in Scotland.

The Fund is part of ZWS’s Resource Efficient Circular Economy Accelerator Programme (RECEAP). The overall aim of RECEAP is to maximise both the economic and environmental value of resources used in Scotland, delivering a transformative approach to supporting a resource efficient circular economy in support of both Scottish Government and wider EU policies on sustainability and economic development.

Our programme aims to deliver a step change in the scale, range and depth of Circular Economy and existing resource efficiency work across all business and social economy sectors in Scotland.

1 The objectives of the Fund are to:

- Stimulate the development and uptake of innovative and resource efficient technologies, products and services to support a circular economy in Scotland.
- Encourage the collaboration of organisations across value chains, including enterprises and academia, to exploit the opportunities, and confront the challenges, of a circular economy in Scotland.
- Provide support and capacity building to enable the development and adoption of innovative and creative business models for a circular economy in Scotland.

¹ A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.

- Provide funding for resource efficiency and circular economy projects in Scotland that have demonstrated proof of concept and have the potential for commercial exploitation within five years, to enable them to progress to a stage at which they are attractive to follow-on funders or investors.
- Achieve significant carbon savings² through enabling projects to proceed which contribute towards a resource efficient circular economy in Scotland.

2 Eligible organisations

The following types of organisation are eligible to apply for funding:

- Small and medium-sized enterprises (SMEs) that are registered with Companies House and fit the following profile (European Commission definition of an SME):

Company category	Staff headcount	Turnover or	Balance sheet total
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

These ceilings apply to the figures for individual enterprises only. If the enterprise is partly owned or controlled by another organisation, or partly owns or controls another organisation, then the calculation of employees, turnover and balance sheet has to take this into account. If this applies to your enterprise then you may want to consult the Commission's guidance on what is an SME, including the revised User Guide to the SME Definition.³

- Registered third sector organisations (including community and voluntary groups, registered charities, foundations, trusts, social enterprises, Community Interest Companies (CICs) and cooperatives); that conform to the EU SME definition.
- Collaboration between two or more organisations is actively encouraged where it strengthens the overall proposal. For the purposes of this Fund, a large enterprise (i.e. larger than a SME) and an academic partner or research organisation can be part of a wider collaboration but cannot be the recipient of ZWS funds. The lead partner (the applicant) must conform with the organisation types listed above and will be the only direct recipient of the funding. Any State Aid shall apply directly to the lead partner with whom all contractual obligations shall be binding.

For the avoidance of doubt, the following types of organisation are not eligible to apply for grants:

- Public sector bodies (publically funded bodies such as councils, academic institutions)
- Large sized companies, i.e. companies which are not SMEs.

² 'carbon savings' refers to a reduction in tCO₂ equivalent / GHG emissions.

³ http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm

3 Project eligibility

The project eligibility requirements of the Fund are as follows:

- **Contribution to the Circular Economy (CE)**
Projects must actively contribute to the development of the CE in Scotland through a) demonstrating that the project will result in a carbon saving or add value to a 'waste' product or material; and b) meeting at least one of the objectives of the Fund (see above). For guidance on the CE in Scotland, potential applicants may refer to ZWS's website⁴. The type of projects anticipated would include those focussing on: innovative CE business models, remanufacturing, re-use, repair, reprocessing, recycling and innovation in the collection of products and materials.
- **Project development stage and innovation**
Projects must be well advanced along the development pathway. Early-stage research or basic science projects will not be supported. Projects must plan to take a product, model, service, technology or invention towards commercial scale development. Projects must deliver an innovative solution in the theme or sector where the potential benefit has been demonstrated.
- **Significant potential for carbon savings**
The project must outline the circular economy benefits of the project, this may be a carbon saving or through adding value to a 'waste' product or material. Zero Waste Scotland would like to see wherever possible that projects demonstrate how they will offer significant carbon savings and an estimation of what these will be in tCO_{2e} (tonnes of carbon dioxide equivalent).
- **Commercial or industrial sector**
The following commercial or industrial sectors have been identified as key targets for funding:
 - The bio economy (food and drink).
 - Built environment (construction and demolition).
 - Energy infrastructure (oil and gas decommissioning, renewables, transmission).
 - Remanufacture
 - Re-use & Repair

However, Zero Waste Scotland may, at its discretion provide support for organisations engaged in other sectors provided the project meets Zero Waste Scotland's aims and objectives.

Please note that under ERDF Regulations ZWS is unable to fund any activity which relates to the production of agricultural or fisheries products.

Please also note, energy from waste projects are not eligible for funding under the CEIF, unless the technology employed produces a high-value end product. Fundable projects are likely to be those that can also demonstrate innovation using difficult waste streams and/or have the potential for transformational change. EfW utilising mixed wastes and bulking of waste materials, such as RDF & SRF, are not within scope of this programme.

⁴ <http://www.zerowastescotland.org.uk/our-work/circular-economy>

- Finally, projects must be located and delivered in Scotland. The majority of inputs to the project shall come from arisings sourced in Scotland.

4 What can be funded?

Funding support can be provided for eligible operating and/or capital costs of the project, dependent upon which funding mechanism you select. For full details please refer to Appendix A. Basically, under De Minimis Regulations 1407/2013 both operating and/or capital costs are eligible. Under the General Block Exemption Regulation (GBER), funding eligibility is subject to the requirements of the various Articles which in some instances specify capital or revenue only. Funding will only be provided for costs that are directly associated with the project. The costs funded under this programme must be additional costs incurred as a direct result of the project. Any costs associated with “business as usual” activities will not be eligible. Funding will only be provided in full where the costs (capital and operating) are utilised 100% for the purpose of the project. Mandatory items that are required for health & safety or environmental regulations are not eligible (for example, dust suppression equipment, wheel washes etc). Please refer to the National Rules on Eligibility of Expenditure which is downloadable alongside this document for full details on eligible and ineligible costs.

For the avoidance of doubt please also note that under ERDF Rules ZWS can only reimburse salaried staff costs where the employee has been 100% exclusively involved with the project being funded. To clarify, salary costs will not be reimbursed for staff who have only worked part time on the project. Furthermore, ZWS cannot reimburse ‘pooled’ costs where a number of staff members have worked in part on the project and their individual contributions accumulate to 100%.

Also under ERDF Rules, if you are claiming for overhead costs, you must be able to demonstrate and provide a justification if you are invited to full application stage, as to why and how these costs are intrinsic to the project. All overhead or operating costs must be 100% attributable to the project and ZWS will not pay for any apportionments of less than 100%. This will be assessed by ZWS and a decision made as to whether these costs will be eligible for funding. ZWS will not pay for any costs in relation to operating or overhead costs that represent “business as usual” activities.

5 Next steps

If your organisation is eligible to apply and if you think your proposal would meet the scope of this Fund, please complete the Outline Project Proposal Form that is available alongside this guidance document.

**It should be emailed to Lynda Stephens, Grants & Payments Officer:
lynda.stephens@zerowastescotland.org.uk.**

Your Outline Project Proposal will be forwarded to the appropriate team who will determine whether the proposal would meet the scope of the Fund. Zero Waste Scotland will aim to advise you of whether or not to submit a full application within 30 working days of receipt of your Outline Project Proposal and full guidance will be provided at that stage. If it is decided that your project proposal is not applicable to the Fund, you will be advised accordingly.

If eligible and your proposal is successful, funding would be available for eligible expenditure incurred for projects running to June 2023.

(subject to continued funding for the programme from Scottish Government and the EU ERDF programme).

Please note that if you are invited to submit a full application ZWS will conduct a credit check on your organisation and your full application will be subject to a commercial assessment to examine the financial robustness of your project.

We aim to hold a series of workshops at which the Fund will be explained along with the provision of one to one sessions to discuss your proposal. Full details will be announced shortly.

In the meantime should you have any queries please contact Will Myles at Zero Waste Scotland on 01786 239708 or 07715 065928 or will.myles@zerowastescotland.org.uk

Please refer to the Zero Waste Scotland Data Policy and Privacy Policy below
<http://www.zerowastescotland.org.uk/content/data-protection-policy>
<http://www.zerowastescotland.org.uk/content/privacy-policy>

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