



CIRC4LIFE

THE IMPORTANCE OF INCENTIVE SCHEMES FOR CIRCULAR ECONOMY

Presented by [...]
[Date]



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Basic information about CIRC4Life



- CIRC4Life is an international collaborative innovation project (May 2018 until April 2021) with the aim to develop and implement a circular economy approach for sustainable products and services through their value and supply chains.
- Coordinator Nottingham Trent University
- Partner organisations

Enviro Data (ENV), Jonathan Michael Smith (JS), Kosnic Lighting Limited (KOS), Centre of Research for Energy Resources and Consumption (CIR), European EPC Competence Center GmbH (EECC), The Institute for Ecology of Industrial Areas (IETU), RISE IVF AB (SWE), Make Mothers Matter (MMM), ONA PRODUCT (ONA), INDUMETAL Recycling (IND), GSI Germany GMBH (GSI G), Laurea University of Applied Science (LAU), Center for European Policy Studies (CEPS), Institute of Communication and Computer Systems (ICCS), Recyclia (REC), S.A.T. Alia (ALIA)

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INCENTIVE SCHEMAS



- Pushing end-users to sorted collection (a basis for circular economy) can be performed by means of two main incentive schemas:
 - Rewards
 - Penalties





DIFFERENT APPROACHES

REWARDS

- **Positive incentive systems encourage citizens by providing a benefit.**
- **Monetary rewards, as well as non-monetary rewards can be utilized.**
- **These instruments can be easily promoted both by public administrations and private organizations.**
- ***For example: fidelity cards, reverse vending machines, return points...***

PENALIZATIONS

- **According to different studies* is generally more effective.**
- **Usually promoted by public administrations.**
- ***For example: Pay as You Throw (PAYT): model for disposing different types of waste in which citizens are charged a rate based on how much waste they present for collection***

* Mahmoodi et al. Energy Policy 123 (2018) 31-40.

REWARDS

The system of rewards developed in public administrations and private companies can be oriented around:



WORKERS

- To increase performance and recognize their efforts of successfully completing the objectives.
- Companies that understand the capacity of motivating workers during a recession are most efficient at recovering afterwards.
*E.g. Bawa. Int. J. Economics, Commerce and Management, vol 5, 12, 2017.
- For example: recovering the portion of the lost profit.

CLIENTS

- Useful to create a reliable offer, attract new clients and maintain relationships with existing ones.
- For example, loyalty cards which utilize points and other systems

MOTIVATION OF COMPANIES TO INCENTIVIZE END-USERS

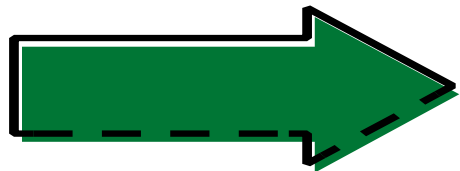


- Recruit of new clients.
- Loyalty of existing clients.
- Improve the offers on products/services.
- Identifies as a sustainable company.
- Service and added value for the clients
- New models of business.
- Publicity for their businesses.
- Advertising, promotion and reinforcement of brand.
- Relations with sustainable companies.
- Citizen awareness and consciousness.
- Promotion and support of local businesses.

EXAMPLES OF INCENTIVES



- Local authorities may offer incentives linked with the promotion of good practices and benefits for their regions
- Other agents, like producers, manufacturers or distributors, usually give bonus, discounts and other benefits linked with their own businesses, products and services, for example:
 - Discounts on new products and services.
 - Discounts on after-sale services.
 - Extension of guarantees of products and services.
 - Coupons, vouchers and travel tickets.
 - Reduction on charges, secondhand products and after-sale.
 - Free attendance to courses.
 - Monetary incentives in bank accounts.
 - Extension of insurance coverage.



POSSIBLE BARRIERS IDENTIFIED



- Interaction with **stakeholders** needs to be created.
- System **easy** to understand, with transparent conditions.
- Clearness about how to achieve the incentive, the reasons to be offered and how the system of rewards work are essential to create **trust** from the users.
- System focus on promote **Circular economy principles**, for example, not incentivising consumption.
- Adequate the **amount of incentive**. If the amount is too low, citizens may not be motivated but if is too high the system can promote unsustainable behaviours.
- The temporal distance to the **reception** of the incentive. If the time elapsed is too long, end-users can loss the motivation and incentives may be useless.
- Other barriers related to cultural, economic and social aspects may appear.

POSSIBLE BARRIERS IDENTIFIED: SMART BINS



- Smart bins are usually used in incentivized system for recycling and reuse because a selective recollection is needed. Main problems associated with them are:
 - High cost
 - Technical problems related to the use of the smart bins may occur as they are electronic products.
 - Lack of information or difficult to use can result in demotivation of people
 - Smart bins needs to be placed inside of the establishments, stores or indoor places where a current source is available and the electronic components are protected from climate conditions, as well as to protect the value both of the containers and the waste disposed.

INCENTIVES SYSTEMS FOR REUSE AND RECYCLING IMPLEMENTED IN CIRC4LIFE PROJECT



TABLETS



Discounts on purchasing new electronic devices offered by local distributors.

The incentives given as a result of the disposal of tablets in the Smart bins are based in the eco-credits system and are calculated depending on:

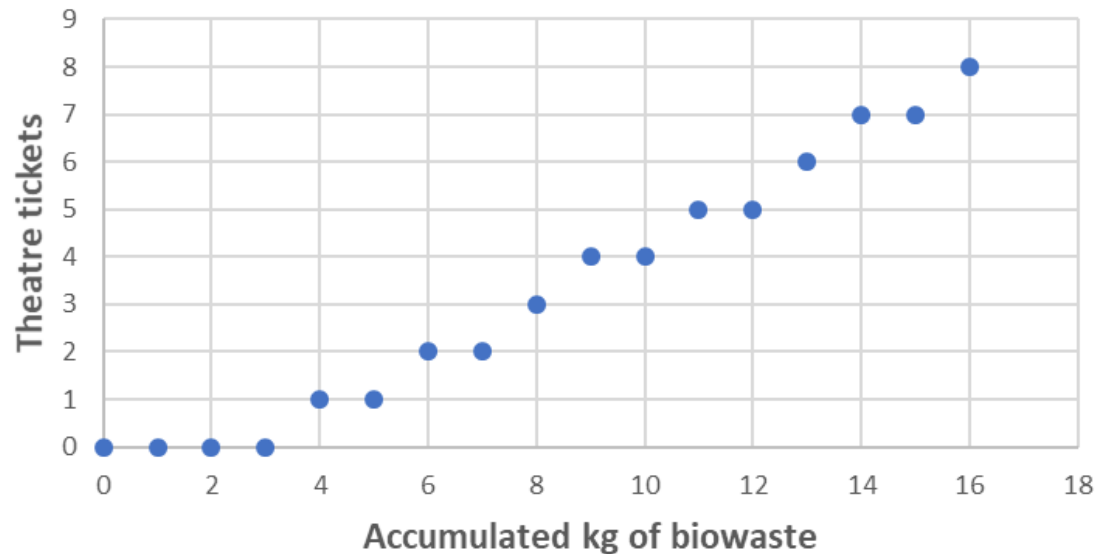
- Properties of the waste disposed
- State of the Tablet (can be reuse/can be repairable/broken)
- Lifetime of the Tablet compare to the expected lifespan

INCENTIVES SYSTEMS FOR REUSE AND RECYCLING IMPLEMENTED IN CIRC4LIFE PROJECT



BIOWASTE

Example of incentives for biowaste



The incentive is free tickets to a local theatre.

If will apply from 4 kg onwards, and its expected to reward the loyalty of people who use the service as a regular practice, thus people who dispose the biowaste during two consecutive months would earn extra tickets and using the service three months in a row people would receive 6 tickets.

THANKS





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References



- Mahmoodi, J., Prasanna, A., Hille, S., Patel, M. K., & Brosch, T. (2018). Combining “carrot and stick” to incentivize sustainability in households. *Energy policy*, 123, 31-40.