

# Central Macedonia, Greece

*Integrating circular economy in EU-funded regional  
development policies*



## Region of Central Macedonia, Greece



1.8 Mio inhabitants



18,810 km<sup>2</sup> area



95 per km<sup>2</sup> population density

## Characteristics of the region

- Situated in the north of Greece, the region shares borders with the Republic of North Macedonia and Bulgaria; it is structured in seven regional units.
- Of the 1.8 Mio people in the region, about 1 Mio live in the metropolitan area of its largest city: Thessaloniki. Outside the urban center, the Region of Central Macedonia is very rural.
- It is characterised by its lowlands, rivers and sandy beaches at the Thermaic Gulf.

## Baseline situation and objectives

The Region of Central Macedonia produces about 15 % of the Gross Domestic Product (GDP) of Greece. However, it is only 8th in terms of GDP per capita, performing below the national average. Economic development is therefore the main motive for fostering circular economy.

The region has a largely diversified economy with a strong agricultural sector and tourism industry. Furthermore, manufacturing, energy and mining play an important role. Overall, the region's economic structure is characterised by the large presence of small and medium sized enterprises (SMEs). However, only few innovative clusters exist and the degree of collaboration between the companies is low.

The port of Thessaloniki is the second largest in the country and considered the gateway to the Balkans.

## Starting point and objectives

The Region of Central Macedonia integrated circular economy actions in the ERDF Regional Operational Program as early as the programming period 2014-2020. Three approaches were implemented:

- “Circular economy” was established as a criterion for calls that concern small and medium sized enterprises (SMEs). Funding was provided for the synchronization of facilities of SMEs

## Focus of the approach

The Region of Central Macedonia integrates circular economy in regional development policies whenever possible. It uses mainly strategies based on EU structural funds like the ERDF and ESF to channel funding into the development of a circular economy.

In addition to adapting regional policies, the regional approach includes a variety of participatory and awareness raising events. The region organised information events in the seven sub-regions about the new funding opportunities. SMEs and public officials were informed about funding opportunities related to circular economy and showed good practices and possible improvements through the application of circular economy principles.

Networking, knowledge exchange and awareness raising doesn't concern regional stakeholders exclusively. Instead, the Regional Development Fund of Central Macedonia regularly participates in

INTERREG or other projects involving actors from outside the region. It uses the findings and experiences so derived to improve its own policy instruments. Bringing together SMEs from all over Europe, it also contributes to awareness raising and knowledge exchange on the possibilities of new technologies and the principles of circular economy.

In the tourism sector, there are several successful projects in the field of circular economy. Many of them close water cycles by reusing water or recycling wastewater, which is particularly relevant given Greece's high degree of water stress. Others focus on sustainable procurement and managing waste more sustainably. The second thematic focus of activities lies in the agricultural sector and the nexus between waste, recycling and bioenergy.

and measures to improve resource efficiency based on circular economy principle.

- The idea and good practices on circular economy were promoted through the program.
- Introduction of "innovation vouchers" for funding SMEs' circular actions.

In the current programming period (2021-2027), circular economy is integrated in the Regional Operational Program and reflected in the financial priority axes.

Furthermore, targeted strategic actions of RIS3 are implemented to foster circular economy in the region (see spotlights).

The objective has always been to foster development in a sustainable manner. With many SMEs in the agricultural sector and food processing industry, closing material streams through recycling or generating bioenergy has a great potential. Furthermore, the strong tourism industry is based on unspoiled nature and the availability of resources. Therefore, circular economy offers a resource efficient approach for economic devel-



Circular economy is successfully practiced in the tourism sector in Central Macedonia © Matthias Lemm / Pixabay

opment while building on the region's potential and economic structure.

Nowadays, many SMEs are weakened by the losses of revenue caused by the COVID-19 pandemic. Necessary investments in new technologies or products are being delayed. The approach of the Region of Central Macedonia therefore aims at triggering private investment by providing financial aid for SMEs. The objective is to increase the efficiency of production processes and strengthening the economy's structure.

## ★ Spotlight

### Targeted strategic action of RIS3 to enforce circular economy

- The „Regional Innovation Strategy for Smart Specialisation“ (RIS3) of the Region of Central Macedonia includes the idea of circular economy by identifying the need to reduce environmental impact of specific economic sectors and by using the terms “clean energy”, materials and packagings’ recycling and waste treatment.
- Circular economy is a priority for the Research & Innovation Strategy for Smart Specialisation (RIS3) of the Central Macedonia region. Circular economy is a horizontal sector, crossing all the champion sectors of the region (tourism, agro-food industry, textiles, and construction materials).



### BIOREGIO – Interregional learning to boost bio-based circular economy

The INTERREG project aimed at improving the management of biological streams to increase recycling rates of biological materials or increase energy production. The concept was to foster a bio-based circular economy through closing the loop in regard to organic waste.

The improvement of the Operational Program of the Region of Central Macedonia as a main funding tool was one of the results of the project. Further results were an improvement of collaboration models, which resulted in increased professional capacity among stakeholders. The project also contributed to an increased awareness about the potential of a bio-based circular economy on a public level.



With its products ranging from food to fibre, the agricultural sector plays an important role for the circular economy in Central Macedonia © Shvets (left) © Magda Ehlers (right)

## 🏢 Stakeholders involved

- Initiative is driven by the Region of Central Macedonia (RCM)
- The Regional Development Fund of Central Macedonia (RDFCM) is responsible for managing public investment programs and funding from EU programs related to regional, county, local or spatial development. In addition to the implementation of a variety of programs, it supports the region through studies and research. The RDFCM is responsible for implementing the RCM’s policies and organising many of the activities fostering circular economy.
- The measures and projects address and target the private sector and public administrations at the regional and municipal level. Furthermore, some activities include the collaboration with institutions in the field of research, education and training.

## Key learnings and replicability

- EU structural programs successfully contribute to developing a circular economy.
- Research and knowledge exchange programs like INTERREG can be very useful for transferring established technologies and modes of governance from one region to another.
- Funding programs become more effective if they are accompanied by awareness raising activities and the possibility of the target group to interact with each other. The goal should be to create an innovative environment and collaborations beyond the duration of funded projects.
- Technical expertise and information are key to identifying and closing resource streams as well as managing innovative processes and technologies.
- Values such as trust in collaborating companies and innovative spirit also contribute to an environment for developing a circular economy.

### Contact person of the initiative

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## Financing

The main source of funding comes from EU structural funds. The region channels ERDF and ESF funds from the Regional Operational Programmes and Sectoral Operational Programmes to foster circular economy. In addition, it uses national funds (e.g. Green Fund) and the region's budget to finance complementary activities. Finally, private funding is stimulated by public funding and by activities supporting entrepreneurship in the sector of circular economy.

## Outlook

- The Region of Central Macedonia will continue to integrate circular economy precepts in its regional development policies.
- The issue of qualification and training will be addressed by discussing training needs with schools and universities. The aim is to continuously improve training curricula.
- Additional activities will focus on awareness raising for the principles of circular economy. They will not only address SMEs but also the wider society.

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