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## Systemic Design delivering policy for flourishing Circular Regions

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### ABSTRACT

Systemic Design expertise is rising as relevant on Policy Design fostering better governance towards Circular Economy. On that journey, a current coordinated work between universities, local authorities, associations and public administration where the Systemic Design is anticipating the future economy actions through policy design is RETRACE Interreg Europe project. The aim of this project is to drive regional policies towards a Circular Economy applying the Systemic Design approach developed by the research group of the Department of Architecture and Design at Politecnico di Torino. This paper describes the role of Systemic Design on the future challenges on Regional Governance towards a Circular Economy through the outcomes of the RETRACE and discusses the opportunities and wicked problems of this expertise on policymaking. Becoming a milestone on the way to a deeper awareness of the impact the implementation of Systemic Design on Policy Design processes in Europe.

Key Words: Systemic Design, Policy Design , Circular Economy , Territorial Development

### 1. Introduction

We live in a world that is in the midst of interconnected megatrends such as rapid urbanization, climate change, resource scarcity, changes in global economic power, technological breakthroughs and erratic demographic/social transformations, carrying out an unprecedented complex revolution (PWC, 2017). Consequently, this phenomenon has brought many increasingly pressing challenges threatening society's well-being and economic prosperity. Proving that today more than ever the world is rapidly going towards several tipping points as humanity is consuming the equivalent of 1.7 Earths (NGF, 2010). Such megatrends will have several implications on the ways mankind consumes, certainly shaping the types of products, services, and technologies that will be designed, developed and used in the future. This scenario represents a serious challenge for EU regions, which are dependent on most of the resource supply from raw materials from international markets.

Nowadays linear economy has raised the exposure of unpredictable hazards as resource prices, job instability, and supply disruptions. These situations are complex and interconnected, which means that addressing one could have positive implications towards the others. By 2030, tackling sustainability will be essential considerations in the design and development of products, services, and technologies . On that view, the transition to a Circular

Economy (CE), is a chance to generate competitive advantages on a sustainable basis with the potential to generate an income benefit of EUR 1.8 trillion by 2030 (EMF, 2015) and over 1 million new jobs across at EU level by 2030 (EPRS, 2017). From a foresight perspective, applying CE principles across all sectors and industries could decrease environmental, social and economic pressures globally, and increase the EU regions strategic autonomy (EC, 2019).

These erratic shifts are underway on a vast scale with transforming economies, governments and societies in complex, interconnected in unpredictable ways. The nature of such global trends, claim to redesign the current public policy conditions in order to be more future-oriented on the way to sustainable development. The need for and the potential of innovation has never been greater.

Today is not possible to conceive or solve the so-called wicked problems individually (Jones, 2014). Mainly because the volume and complexity of such problems are growing so fast that governments are unable to catch up with them, failing with the citizen trust and business confidence. Indeed, these interconnected challenges require a structure of interconnected solutions and change-makers able to understand and visualize complexity. Given that the nature of design in encounter wicked problems, shifting an existing complex context into a new one. However, this doesn't mean that designers generate solutions to wicked problems. Instead, designers reformulate those scenarios to generate different possibilities and relationships (Rittel and Webber, 1973). From that point of view, designers could respond to this need on new anticipatory approaches on governance from a holistic and systemic point of view which fosters a cohesive transition to a CE.

To be able to conquer innovative approaches in governance, the aim of the design processes has turned into a key tool for the shaping of decisions. In the last decade, the design as a discipline has assumed an important role in the field of policy-making. Since that moment, it has been inevitable to compare both design and policy-making as they are considered problem-solving processes (Blair, Cunningham, 1999). Because of this, more and more design has been comprehended as an important and practical component in the formulation of better policies and governance strategies. So, in order to solve the current wicked problems: How design can innovate in policy planning for sustainable development and the growing of circular economies?

To the best of our knowledge, the Systemic Design (SD) methodology tackles the complex phenomena delivering new relations between the local actors, through specific design tools which highlight the hidden potentialities of a scenario boosting active collaboration among the components of a system (Bistagnino, 2011). The SD expertise is rising as relevant on Policy Design fostering better governance towards CE (Barbero & Giraldo Nohra, 2018). An exemplification of this is the RETRACE Interreg Europe project (A Systemic Approach for Transition towards a Circular Economy funded by the Interreg Europe, <https://www.interregeurope.eu/RETRACE/>) coordinated work between universities, local authorities, associations and public administration where the SD is anticipating the future economy actions through policy design. The aim of this project is to drive EU policies towards a CE applying the SD approach developed by the research group of the Department of Architecture and Design at Politecnico di Torino.

This paper describes the role of SD on the future challenges on Regional Governance towards a CE through the outcomes of the RETRACE project such as the CE Regional Action Plans (RAPs). Also, discusses the opportunities and wicked problems of this expertise on policymaking. Focusing on how the SD approach fosters interregional experiences towards an integrated territorial development through the promotion of future productive activities and effective policies to enhance CE. Proving that at European level this expertise for policymaking will be vital to support key policy instruments Smart Specialization strategy, Corporate Social Responsibility, and Cohesion Policy.

## 2. Systemic approaches for Policy Design

The last decades have demonstrated that most of the methods and tools used traditionally for public policy have not kept up with the speed of shifting in economies and societies. Even though it is true that governments are clearly adapting, progress is often done from reactive measures and sporadic rather than fostering preventive policy systems. Also, it is undeniable that as wicked problems grow exponentially, it is vital to adopt the right foresight actions on governance that take policy planning one step forward.

To approach this kind of policy planning it is essential that bottom-up and top-down approaches coexist with a common goal (Krauz, 2016). In this sense, all the actors involved in this process should be able to communicate and work together with the same clear objective. Design for sure has an increased capacity to facilitate and mediate different competencies (Celaschi, 2008).

Design for sustainability has gained momentum delivering a contrasting vision on the role of the design. The discipline has shifted from a product-oriented design process towards dematerialization designing approaching solutions for complex social, environmental, and even political problems (Papanek, et al., 1972). Making the designer an active role in the optimization of resources and minimizing political, social and cultural disruption ensuring a more resilient solution (Barbero & Giraldo Nohra, 2018).

The design applications on the field of policymaking is growing exponentially. There is an increasing recognition from the public sector in acknowledging the designer's approach as effective in improving the ability of governments to manage public issues (Bailey, 2017). Supporting it with a qualitatively different approach to the process of policymaking, delivering more effectiveness and innovation. On that view, design for policy addresses a different perspective on policy issues. This is due to the combination of different research methods from systems thinking; anthropological to scientific databases, generating transdisciplinary collaboration teams that through design elements can make policy-making processes more tangible (Bason, 2014).

To achieve this, the SD method recognizes territories to be acknowledged in a profound overview, through the creation of new relations between actors of a context enabling the visualization of the so-called "sleeping assets" (Bistagnino, 2011). Fostering horizontal dialogues among the actors of the territory enabling innovative and productive decision-making strategies. As a result, this will generate a new scenario of collaboration that can enhance future productive activities sustainably. This strategic thinking process leads to the definition and implementation of effective policy planning. Anticipating better governance for major local and regional development targeting environmental, social and economic benefits (Barbero, 2017).

Such situations the designer inside SD undertakes the role of "designer mediator", (Celaschi et al., 2011). On these active processes, the systemic designers have the key responsibility to enable the co-creation of strategies to foster territorial cohesion that can encourage relations between all the involved actors. Hence, the SD delivers tools that can achieve new scenarios of economic profit and cooperation in order to guarantee sustainable development (Barbero, 2017).

As SD is effective on the conceptualization of systems, it also demonstrates that is the more suitable expertise to deal with complexity at the scale of government, but also to comprehend on a wider scenario a particular policy or intervention. Furthermore, through tools like the Holistic Diagnosis (HD) through the process of problem finding by system mapping (Sevaldson, 2011), it is delivered a different starting point of analysis for the development of policy (Battistoni, Giraldo Nohra, 2017). From this detailed comprehension of systemic context, the HD delivers innovative opportunities for intervention, opening the spectrum of possibilities according to each territory.

These approaches on an EU governance scale could boost territorial cohesion and EU public policy planning process for sustainable development. On that perspective, the SD approach for territorial development includes actors from different sectors/backgrounds to co-create within a trans-disciplinary scenario from governments, civil society and the industry with the goal of creating effective policies for circular regions.

From that point of view in the case of RETRACE project, the SD enables a deeper comprehension of the complex industrial systems through the HD of each participant region. Focusing on identify potentialities to transform the system into a more circular one. It is true that within the design for policy field, the application SD has much more to explore as emergent expertise but the following will expose how it is turning in to a key element on the policymaking scenario.

### 3. RETRACE Regional Action Plans for Circular Regions

There are different paths in which the EU regions can transition to a CE these could be revolutionary or evolutionary. The EU has targeted that by 2030 most of the industry should have a transition towards a circular industrial model, so in that scenario, the current policies will have to promote a cohesive transition in EU regions (EC, 2017). A current example of this priority is the RETRACE Interreg Europe Project (2016-2020) which aims at

promoting SD approach for local and regional policies to move towards a CE, according to which waste from one productive process becomes input in another, preventing waste to be released into the environment. This project includes 8 private and public partners and more than 70 stakeholders from Piedmont (IT), Basque Country (ES), Nouvelle Aquitaine (FR), North-East Romania (RO) and Slovenia (SL) to promote collaboration among EU regions towards a CE.

Cases like RETRACE a project lead by systemic designers, prove their ability to coordinate these transdisciplinary teams in order to tackle complex problems for designing innovative policies. The SD perspective enabled a wider overview of the regional systems and a profound comprehension of the complex phenomena through the HD executed for each region (Barbero,2017). This evidence was featured through the results of the 5 Regional Action Plans (RAPs) in CE for each partner region one of the main milestones of the project (Barbero & Giraldo Nohra, 2018).This document defines the regional priorities addressing a range of CE Policy Gaps in the 5 regions. Also, it includes planned measures and support actions the implementation period (2018-2020) and beyond. These future orientated vision actions are pointless if not followed by a real implementation. The success of them relies on the quality of the path that led to RAPs' definition which was defined by the SD.

In order to elaborate a RAPs for each region, there was an assessment of the regional context on relation to the CE. Therefore, each Region regarded their current Smart Specialisation Strategies (RIS3) and development goals, among them a low-carbon CE. This lead to the identification of Policy Gaps to be overcome; a process defined by the HD and 7 Field Visits on best Good Practices CE across Europe.This analysis allowed regions to highlight their hidden assets and criticalities that could act as leverages to deliver more effective policies for CE (Battistoni & Giraldo Nohra, 2017). Despite the fact that certain potentialities and challenges are particular from each Region, the RAP approached 6 Policy Gap (PG) common to the partner regions. These ones emphasized the different aspects that implied the transition to a CE in such regions. Moreover, they explore the fields of intervention that could be tackled to support a CE (Pallaro & Pereno, 2018). The identify 6 PG where the following:

- **Support collaboration between sectors:** This gap was related to the eligibility rules for the open industrial calls which in many cases forbid actors from different sectors to participate. Preventing the generation of local value chains from the output-input principle and the technology transfer among actors.
- **Raise and knowledge of operators concerning CE:** There is a scarce amount of actions for operators to raise their participation, awareness, and knowledge on CE. This emerges as an important issue as it jeopardizes the development and success of CE related projects.
- **Policy regulations on CE:**The analysis delivers the unclear and disharmonized policy regulations on CE, specifically on by-products production conditions, at (regional, national and European).
- **Tailored policy measures on CE:** In the current European funding schemes it is clear that the CE is a transversal topic, however, it emerges from the analysis that there is required to create tailor-made policy measures and calls that address CE directly.
- **Policy in support to business and market development for CE activities:** At the side of executing CE projects, it is required to promote the creation of a business model for CE activities, in order to foster the market to the reuse of by-products. These actions are key to solve waste management issues towards the success of the CE.
- **Policy focused on Small and Medium Enterprises (SMEs) and micro manufacturing:** This aspect addressed two main issues; the one is the limited tailored support on CE for SMEs transition and the other is the scarce assistance for the generation of micro-manufacturing processes sized on the local context.

To achieve a successful outcome it was key the strong engagement of all actors of the territory in order to generate tailor-made policy measures. In that way the SD ensures the delivery of policies were all participant parties can oversee the progress of the multiple actions on CE within a short, mid and long term, where the short and medium ones are designed in order to foster future implementations. Specifically, on the long run, the execution of the RAPs aims to shift important policies instruments for regions as the EU regional operational programme, Smart Specialisation Strategies (RIS3), waste management plans, industrial development plans and Corporate Social Responsibility (CSR) (Barbero & Giraldo Nohra, 2018). Such process reveals the “actionable and proactive“ mindset of designers that combine with a foresight vision, can deliver tangible outcomes in the short term while pointing to activate broader actions in the long term.

#### 4. RETRACE supporting EU governance

There is a considerable part of EU policies towards a CE already ongoing as the Circular Economy Package, EU Bioeconomy Strategy and the EU Plastics Strategy (EC, 2019). Nevertheless, they still require to be put into practice in an integrated across all EU regions. On the view, it is to put in action these strategies it necessary holistic understanding of the territory that can activate systematically on the promotion of sustainable local value chains. An example of how to achieve such transition is the RETRACE's CE RAPs which deliver a systemic policy approach for an effective CE policy-making, including the combination of several policy interventions to stimulate the cooperation among different actors over networks (Barbero & Giraldo Nohra, 2018). To enable this EU strategy on CE, the SD expertise for policymaking will be vital to support key policy instruments on regions such as RIS3, CSR and Cohesion Policy (EC,2017).

Considering the ambitious goals of the EU towards a CE implying tackling poor institutional management which diminishes the competitiveness and sustainable economic growth (EPSON , 2018) . Therefore, it is necessary a cohesive regional development that achieves major environmental-economical-social advantages fostering a CE. In response to that, the SD creates strategies through a territorial thinking process for an effective decision-making process. In the case of RETRACE, such Policy Design processes lead by an SD approach can support Cohesion Policy or regional policies on CSR at different levels in EU regions through a holistic overview from regions enabling a better comprehension of the needs of the territory, to consequently deliver an effective implementation of innovative regional strategies.

Hence, the RETRACE's RAPs actions propose an effective way for regions to achieve productive investments on RIS3, CSR and Cohesion Policy, to avoid wasteful investments to foster CE. These actions clarify how CE strategies can be scaled up at the European level, fostering interregional cooperation. More specifically, the RAPs are aligned with the Cohesion Policy a policy instrument that considers a long-term vision to guarantee sustainable development over time. To reach this goal the SD delivers a deep systemic understanding of EU regions allowing an appropriate diagnosis of the gaps and potential assets that can impact a sustainable development towards a CE (Pereno & Pallaro, 2018).

#### 5.Conclusions

Transitioning towards a CE is amidst the most pressing challenges Europe has to face. Given the current panorama, actions are needed at all levels from governments to all EU Member States and institutions will have to be on board. Tangible results will be only possible through key change drivers as cities, municipalities, and regions. At the same time, it will require multidisciplinary teams from citizens, businesses, social partners and the research community. The RETRACE project has exemplified that does dynamics are disruptive but truly transformative, contributing to this collective effort in promoting the implementation of an SD approach as a practical methodology to boost the CE transition.

In order to accelerate local development towards a CE, it is essential to set up a dialogue and common ground between all the stakeholders of the policymaking process, to reach a complementarity between bottom-up and top-down making them coexist with a common goal. Ultimately, the final purpose of embrace a synergetic approach is to strength strategies and policies towards a CE (Lambi et al., 2013). Inside the project framework of RETRACE, it was possible to experience these synergies within the first two years of the project (2016-2018) across the research process with policymakers, governments, communities, industry and many innovators across Europe. This journey involved different points of view from many actors who are fostering a CE in their regions, to eventually accomplish a common ground inside the regional context of policymaking. This outcome was clearly reflected on RAPs that reflects an inspiring path across Piedmont, Biscay, Nouvelle Aquitaine, Slovenia, and North-East Romania, also by all those collaborators who have contributed their experiences to foster effective and more sustainable governance.

Through this paper has been highlighted that RETRACE's outcomes contained several successful components that could be extended into other EU regions to transition towards a CE in EU regions. The RAPs explained above acknowledge that a transition towards CE will not be possible without essential changes in fields such as :

- multi-governance coordination: focusing in synergies across different administration levels (from regional and national governments).
- multi-stakeholder collaboration: reinforcing relations between different sectors in industries clusters and value chains .

- consumption and production patterns: emphasizing in the resource efficiency preventing the production of waste, to encourage secondary raw materials.

The EU strategies as the CE Package, EU Bioeconomy Strategy and EU Plastics Strategy, underlined the important role Regions play in achieving the European transition to a CE a reality. Nevertheless, Region's challenges in this process are similar, even if the answers are multiple still this transition will carry several implications in EU regions given the various economic, productive and social contexts that will have to be addressed. On this perspective for the RAPs are relevant to underline the role that interregional cooperation for policy planning, their goal is to spread and communicate the outcomes of RETRACE beyond the internal process of the project.

More and more SD is turning into key expertise to generate effective CE strategies promoting a cohesive territorial development for Europe. On that view, the RETRACE project outcomes should not be missed on the way. By the contrary, they should be valorized to spread deep awareness on how the SD is becoming a milestone in the implementation of Policy Design processes in Europe. Also delivering an overview of the disruptive character towards the traditional paradigms on governance and new ways for territorial cohesion and EU policymaking for sustainable development.

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