



GUIDE ON SUSTAINABLE START-UP

Introduction to: what we need to have into mind when creating a new business: environmental, economic and social sustainability.

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How to create an environmentally sustainable business

1.1 The Business Approach

The main concept is to support organized eco-entrepreneurship moving away from running operations that are dependent on government or donor contributions. The approach supports farmer organizations define how they do business with their customers based on a better understanding of buyers' needs, so that they can begin to prioritize activities and guide smallholder members in responding to those requirements. Also supported is the strategic prioritization of activities that contribute to more effective business relationships between smallholder supplier groups and small, medium or large agribusinesses. The inclusive element of the concept applied addresses the development constraints and concerns of linking commodity dependent smallholders through farmer organizations to markets. The approach supports farmer organizations improve the aspects of their business related to:

1. Strategic business management of operations
2. Better business to business coordination between farmer groups and immediate buyer
3. Responding to customer and value chain needs and priorities.



1.2 The Green Economy Transition

The Green economy transition demands time, but several countries show important leadership signs by adopting national economic plans for 'green growth' or 'carbon reduction'. While there are many patterns of successful, large-scale business activities that sustainably improve productivity, freelances and SMEs examples are rarer, even though they can massively contribute to form an integral part of the green economy business strategies.

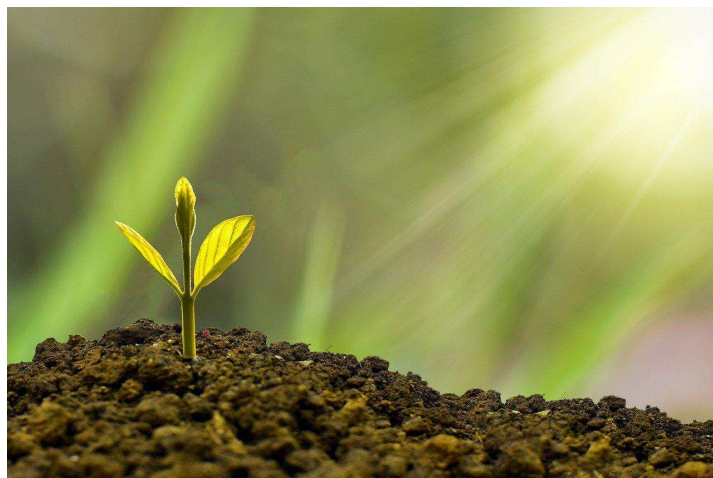


1.3 Green Entrepreneurship and Green Jobs

Green entrepreneurship gives countless opportunities to earn money and - at the same time - lets you contribute to an ecologically sustainable economic model. There are several definitions of green entrepreneurship:

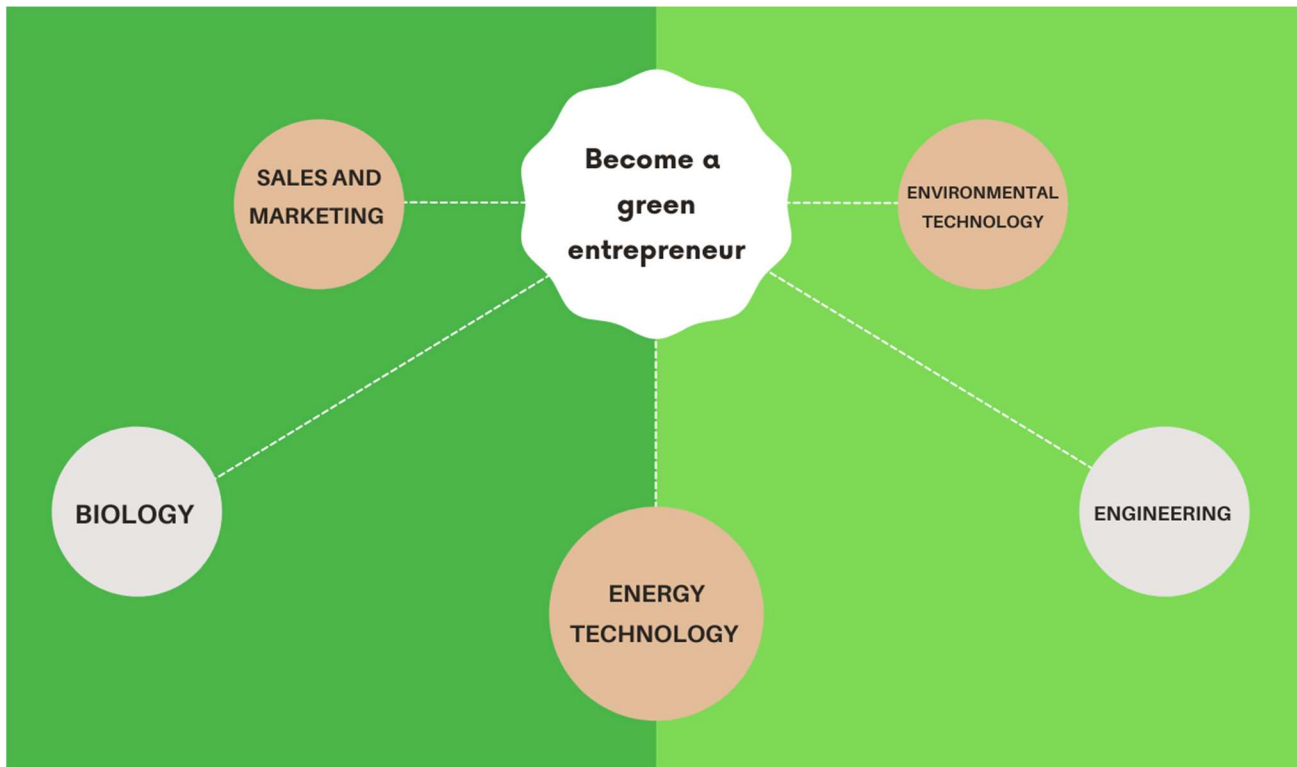
- Green entrepreneurs have businesses and are aware that they will persevere in reaching sustainable goals through their actions.
- Everything a green company does must be compatible with the idea of leaving a positive footprint on the environment rather than a negative one.
- Business ideas and performance which address sustainability issues.

As in any other field, an essential factor in having a successful company is to create a proper financial plan to move the business forward.



1.4 Useful Skills and Education Programs

Actually, green jobs can be found in every sector, from the construction and energy industries to science, as more and more sectors aim to become more sustainable. As the green economy's idea is moderately recent, there are tonnes of opportunities for new business concepts. These are just a few of the many fields of education that will support you become a green entrepreneur:



Whatever you are interested in, whatever your talents - you could find a place in a green business environment. Skills in all fields are enormously valued in the green economy as almost all aspects of life can be modified in ecological terms. All that is needed is to be an informed, caring, and willing person to think ecologically.

Try to improve skills such as: sales and marketing, biology, environmental technology, energy technology.

Like skills, even the tools you need in a green job are also varied. Advanced technology offers many gadgets that the green economy can utilise. Everything from computer programming software to monitoring tools, databases and industrial machinery is used to achieve the green economy's tasks. If you master a number of these tools and comprehend how to use them in your field, you will have an advantage over your competitors. You also have to be

environmentally resilient, determined and well aware of potential dangers. If you are starting as an entrepreneur and want to launch a business, you may encounter various difficulties and barriers, such as dealing with bureaucracy and legislation.

Education and training are vital factors for determining how to promote green economy plans. Through practice, you can learn how to cope with life's challenges and discover innovative solutions to complex problems. Education also gives the knowledge needed to become a productive and responsible member of the workforce. Many possible paths in the education jungle will provide you with the right skills to become a successful green entrepreneur. Education occurs in various ways and forms and does not necessarily mean only formal education. It gives you ample opportunities since it enables you to choose what, when and where you want to learn. To be fit and ready to start your green business, you need to be well prepared in several areas:

- Select the necessary knowledge that your specific chosen location requires.
- Earn the skills you need to be capable to use the appropriate technology.
- Be resilient to overcome the most difficult times and be open to always learning new things and broadening your horizons.

If you practice in your chosen discipline, you will realise that you have the skills required to succeed. Regularly widening your horizons is a decisive factor when you want to achieve. The more awareness you have and the more you know how to do it, the better it is for you and your future company. If you would like to become a teacher yourself, your need for education might become a job opportunity to enter the field of education and training within the green economy. There will be an exceptional demand for trainers to educate people on environmental issues.

1.5 Green Strategies For Your Business

Green Procurement - Sustainable Enterprise Procurement

The first step is the determination of suppliers. With rigorous analysis, you can select the most conscious and sustainable suppliers. Green procurement is not about substituting suppliers with accredited ones. This can be harmful to the business and may not certainly produce benefits in the future. A peculiar green procurement approach requires at least these steps:

- Identify a standard for picking the most sustainable businesses, with end customers in mind
- Describe the requirements to suppliers (and clients) asking them to describe their own needs
- Create a cost/benefit scale
- Build a training course for strategic and non-sustainable suppliers
- Develop growth synergies for shared economic interest
- Improve primary criteria

Green planning

Investing in your region is a meaningful and general way to be more sustainable. Massive investments are not always needed. Getting a company noticeable for its green skills demands knowledge of the area. You have to understand the characteristics of the area in which you work, the communities there, and their obstacles. This is the first step to making suitable investments and obtaining actual results. Mainly if you are a local business, achieving local projects pays off quickly.

Corporate Welfare

Now, in addition to business welfare, we frequently talk about territorial interest. These are actions to replace the social necessities of a specific area by offering services to residents. Such solutions ensure notable savings and are usually tax-exempt. Corporate welfare payments could be tax-free for both the business and the citizens.

Sustainable installations

Investing in energy-saving and renewable energy generation has distinct benefits. Great for the environment, great for your wallet. Moreover, solar energy can also be a great opportunity. Buy or sell shares, from or to citizens. You can create a system on your shed and share the expenses with your fellow citizens or workers. It can be considered an effective way to develop social relations, network, brand and save on investment.

Sustainable events

Designing green events is one way to connect with clients. But still better can be to organise sustainability communication educational or dissemination events that are not self-promotional. These events will be more valuable than the specific events you have always organised. In fact, your business sets itself up as a reference point for local, sustainable development through them.

Marketing strategies – Communicating your sustainability.

A green business needs to let everyone know. To be considered sustainable, a company must also involve customers and suppliers. Even when a business is sustainable, it must have a return on investment more significant than its initial costs¹.

An effective strategy always includes at least the following points:

- Definition of general and specific objectives
- Analysis of strength and weakness points
- Evaluation of costs/benefits of specific actions
- Priority planning

¹ https://www.amfori.org/sites/default/files/amfori_effective_sustainability_communication_guide_2019_0_1.pdf

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- Identification of KPIs
- Implementation phase
- Performance analysis
- Strategy remodelling

Circular Economy Strategies

Funding the circular economy makes sense because relevant natural resources are reused when the initial product is thrown away. In the circular economy, goods are not just utilised once as most of them (or parts of them) are gathered and reused. In this way, things are used several times, with a positive effect as fewer resources are required, and less waste is generated. As the planet's resources are insufficient, this is a crucial aspect of making the world's economy more sustainable. Turning from fossil to renewable energy is an added example of the circular economy, as fossil power uses resources that cannot be replaced².



Renewable Energy

Concern for the environment and the reduction of emissions is also increasingly influencing business environments. Customers, in fact, are turning to green and environmentally sustainable products. For this reason, businesses need to implement their strategies, improving energy efficiency through the use of renewable energies. Environmental sustainability has become a competitive advantage for companies, attracting more and more investors, and consumers³.

² https://ec.europa.eu/environment/green-growth/index_en.htm

³

<https://www.sciencedirect.com/science/article/pii/S1364032116301848#:~:text=A%20green%20economy%20is%20based,sustainable%20development%20model%20%5B2%5D>

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Controlling emissions of polluting gases, utilising raw materials and water efficiently, and recycling waste are only some of the ways you can make your business green and more sustainable. Both the modernisation of power systems and solar panels' instalment can support your company's energy efficiency. Simultaneously, both of these actions let you reduce your energy costs allowing your company to receive significant tax deductions. Besides, choosing local and environmentally friendly suppliers is better for the environment and provides a more efficient service.

Companies can also adopt separate waste collection in their offices regarding circular economy processes, using as little plastic as possible, or encouraging reuse. Enhancing staff awareness about sustainability issues can also mean a winning strategy. An effective smart working plan, for example, will support reducing traffic during peak hours, cutting CO2 emissions. Raising employee knowledge about e-bikes, car-sharing, and public transport will reduce workers' stress levels, so developing a mobility plan will also be a critical factor in greening your company.



1.6 Best practices and success stories of environmentally sustainable brands

According to flygreen.com, those following have been among the best sustainable brands in 2020:

- Patagonia

According to Rank a Brand, Patagonia is among the most environmentally friendly clothing marks in the sport & outdoor sector⁴. One per cent of their income goes to environmental associations. They arrange workshops where consumers learn how to fix their clothing. They also promote sustainable travel by organising an annual event in June. In 2019, CEO Rose Marcario declared that Patagonia attempts to be completely CO2 neutral by 2025, using solar energy and complying with strict standards about production materials and the use of raw materials.



- Tony's Chocolonely

Winner of the Sustainable Brand Index 2019, Tony's Chocolonely is a Dutch company focused on making the cocoa fair trade⁵. They "calculate the true social cost of their chocolate bar, including all negative social and environmental impacts, like child labour or CO2-emissions." Moreover, Tony's Chocolonely also restricts their environmental impact. According to Rank a Brand, they don't use palm oil. They perform several measures to compensate and reduce climate change emissions, such as estimating the climate impact of activities.

⁴ <https://directory.goodonyou.eco/brand/patagonia>

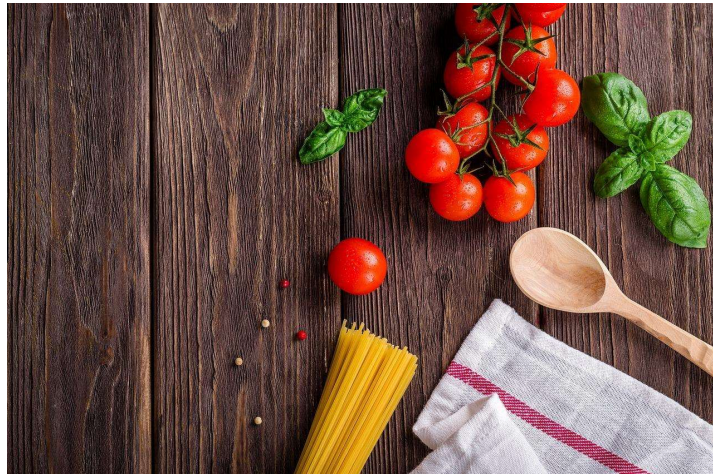
⁵ <https://www.sb-index.com/news/2018/6/15/chocolate>

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- Too Good To Go

Too Good To Go is an app that everyone can download, which encourages "rescue food waste"⁶. Every day, restaurants and markets throw away excellent food due to business policies. This adds up to 10 million tons of food per year. With Too Good To Go, you choose your favourite food or shop, and then you go pick it up at the shop for a discount price (often more than 50%).



- Triodos Bank

Triodos Bank assumes a different way of funding: ethical banking. They manage their clients' funds to finance sustainable businesses⁷. For example, instead of loaning your capital to the fossil sector, Triodos spends it on renewable energy. They also provide customers with sustainability tips.

⁶ <https://toogoodtogo.org/en>

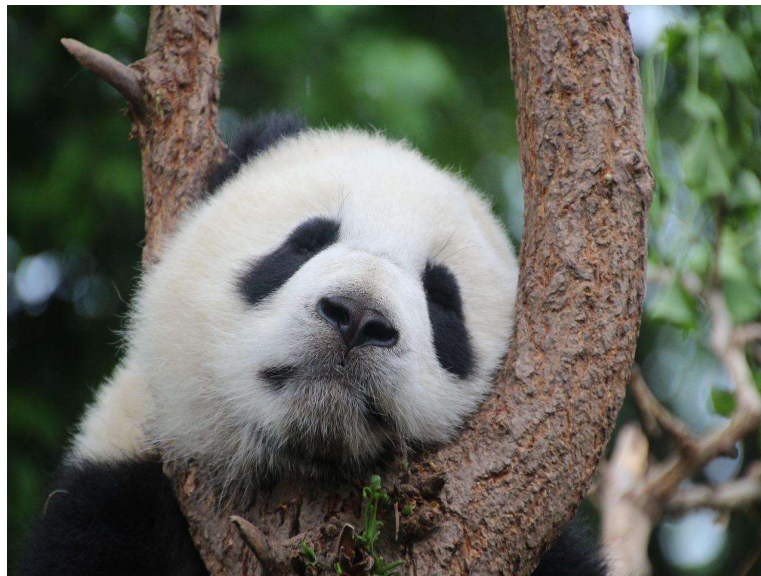
⁷ <https://www.triodos.com/press-releases/2018/sustainability-classification-at-triodos-bank>

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- WWF

According to Hays Journal, WWF's "Living Planet Centre" (a workplace for about 300 employees) was awarded an excellent rating by the Building Research Establishment Environmental Assessment Method (BREEAM) and incorporated a central, tall room with trees. CO2 emissions have been decreased by 25 per cent compared to the WWF's former office structure, and the building produces 50 per cent of its water by gathering rain and recycling used water. Additional sustainable initiatives include producing 20 per cent of their electricity through solar panels and water pumps. WWF has also introduced an environmental purchasing procedure⁸.



⁸ <https://www.worldwildlife.org/blogs/sustainability-works>

2. How to create an economically and socially sustainable business?

2.1 What is Economic Sustainability?

The economy is about conserving resources, and concept is used to define and explain the value resources have today and their possible value in the future. For example, the value can be presented with indicators like added value, assets and debts, savings, patent and intangible assets. Economic sustainability is an integrated part of sustainability⁹.

2.2 What is Social Sustainability?

Social sustainability deals with identifying and managing business impacts, both positive and negative, on the population. The quality of company relationships and commitment with its stakeholders is crucial. Businesses directly or indirectly influence employees, workers in the value chain, clients, and local areas, and it is fundamental to manage impacts proactively.

Companies' social license to operate depends mainly on their social sustainability purposes. Moreover, a lack of social development, including poverty, disparity and the weak rule of law, can impede business operations and growth¹⁰.

The trend of corporate responsibility is growing faster. Recently, CEOs from some of the biggest World corporations recognised their commitment to solving some of the urgent social and environmental issues we meet today¹¹.

Companies are frequently combining corporate social responsibility programs (CSR programs) into their business. CSR actions can look different for various companies, but it typically involves programs around workplace conditions, social benefits like healthcare, and environmentalism, and charitable fundraising. And some businesses go further than a program—social responsibility is in their DNA.

Businesses can also take additional steps:

Participate in other ways to improve the lives of the people they affect, such as creating adequate jobs, goods and services that help meet basic needs, and more comprehensive value chains.

⁹ <https://www.hig.se/Ext/En/University-of-Gavle/About-the-University/Environmental-Work/What-is-sustainable-development-at-HiG/Economic-sustainability.html>

¹⁰ <https://www.esg.adec-innovations.com/about-us/fags/what-is-social-sustainability/>

¹¹ <https://growensemble.com/socially-responsible-companies/>

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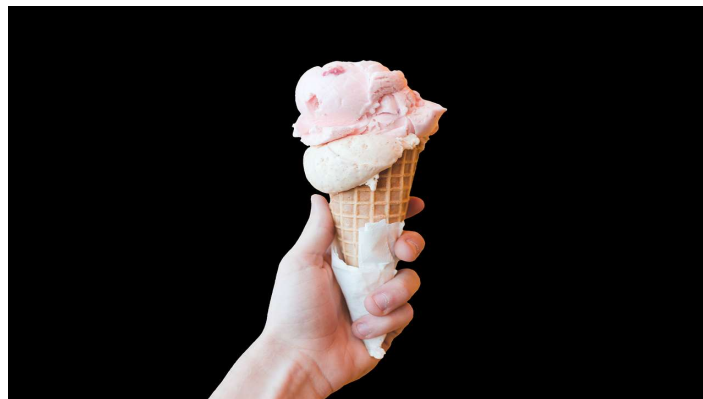
Make strategic social investments and support public policies that promote social sustainability.

Associate with other businesses, pooling strengths to make a more significant positive impact.

2.3 Best practices and success stories about economically and socially sustainable brands

1. Ben & Jerry's

Ice cream tastes just a little sweeter when you know the makers work to promote safe, socially responsible ingredients and business practices. In 1989, they first opposed Recombinant Bovine Growth Hormone use in cows due to "its adverse economic impact on family farming." They have also used their packaging to support the family farm organisation, Farm Aid. The company even created the Ben & Jerry's Foundation, offering social justice programs grants¹².



2. LEGO

The LEGO Group is one of the most notable examples of how social responsibility can be an incredible asset to a well-known brand. Their dedication to social impact is somewhat recent (a 2014 Greenpeace video put pressure on the toymaker to end their 50-year partnership with Shell Global due to their plans to drill in the Arctic), but the extent of their commitment has made the Danish company a shining example of the far-reaching impact of CSR.

The company was recently slated as one of the top examples of social responsibility by Reputation Institute and ranked second for Reputation Institute's RepTrak 100, which lists the world's most highly-regarded companies. In addition to partnerships with organisations like the World Wildlife Fund, LEGO has also

¹² <https://www.benjerry.com/about-us/media-center/sustainable-agriculture-vision>

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committed to reducing their carbon footprint and is working towards 100 per cent renewable energy capacity by 2030¹³.



3. Levi Strauss

In recent years, the company has committed to reducing the amount of water used in producing their jeans, a product they have been making since 1873. According to Levi Strauss's website, its water design and manufacturing have saved more than 1 billion litres of water since its inception in 2011.



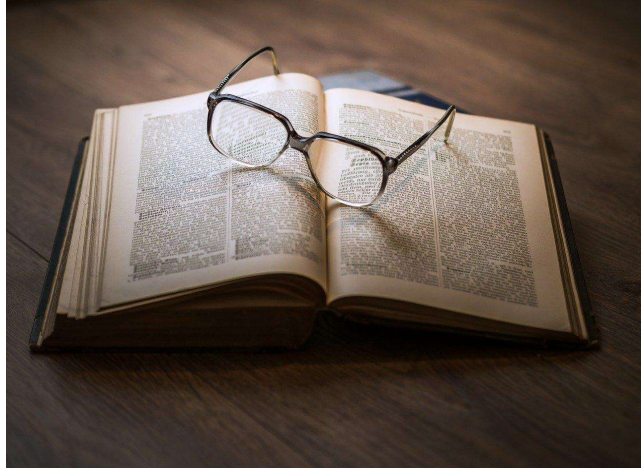
4. Warby Parker

Through their Buy-A-Pair, Give-A-Pair program, Warby Parker makes a monthly donation to their nonprofit partners, such as VisionSpring, to bring prescription eyewear to people in

¹³ <https://www.lego.com/it-it/aboutus/sustainability/environment/>

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developing countries. The company has distributed more than four million pairs of glasses since its start in 2010¹⁴.



5. Microsoft

The company, founded by Bill Gates who now devotes his time to philanthropy, began its giving program in 1983 when the fledgeling company raised \$17,000 for charity. The program reached \$1.6 billion in 2017¹⁵. Initiatives cover everything from providing computer education, offering grants to nonprofits, and forming partnerships with organisations worldwide.



¹⁴ <https://www.warbyparker.com/assets/img/sustainability/report-2018.pdf>

¹⁵ <https://investors.micron.com/news-releases/news-release-details/microns-fifth-annual-sustainability-report-unveils-new>

3. How to finance a sustainable business?



3.1 The European Structural and Investment Funds and specific programmes

The European Structural and Investment (ESI)¹⁶ Funds are part of the cohesion policy, defined by the Treaty on the Union as a fundamental objective of the European economic integration process. Cohesion policy supports job creation, business competitiveness, economic growth, and sustainable development.

The ESI will focus on four specific goals of cohesion policy:

- Promoting employment and supporting worker mobility
- Promoting social inclusion and fighting poverty
- Investment in education, skills and lifelong learning
- Improvement of institutional capacity and efficiency of public administration

¹⁶ https://ec.europa.eu/info/funding-tenders/funding-opportunities/funding-programmes/overview-funding-programmes/european-structural-and-investment-funds_en

The ESI is delivered through five central funds:

- European regional development fund (ERDF)¹⁷: strengthens economic and social cohesion in the EU by correcting imbalances between regions.
- European social fund (ESF)¹⁸: supports employment- and education-related projects and investments in human capital.
- Cohesion fund (CF)¹⁹: focuses on more impoverished regions in Europe and aims to reduce disparities and promote sustainable development.
- European agricultural fund for rural development (EAFRD)²⁰: addresses the challenges faced by the EU's rural areas.
- European maritime and fisheries fund (EMFF)²¹: focuses on fishing and aquaculture and coastal communities across the EU.

There are also some specific direct programmes such as Horizon Europe, LIFE, Interreg and COSME. These programmes are used to finance specific projects about different topics such as sustainability from different perspectives: Horizon Europe (previously Horizon 2020) will include academic research; LIFE project is more focused on close-to-market projects; Interreg on regional cooperation and COSME on SMEs.

3.2 European funds for research

Horizon Europe

The Eu Research And Innovation - Programme (2021-27) for A Green, Healthy, Digital And Inclusive Europe

Research and innovation provide new knowledge and innovative solutions to overcome our societal, ecological and economic challenges. Horizon Europe helps researchers and top-class innovators to develop and deploy their ideas. It supports excellent science by teaming up the best talent and equipping them with world-class infrastructures. Moreover, it supports breakthrough innovations and helps to create new services and markets.

Horizon Europe will have a budget of around €95.5 billion for 2021-2027 (current prices). This includes €5.4 billion (current prices) from NextGenerationEU to boost our recovery and make the EU more resilient for the future and additional reinforcement of €4.5 billion (current

¹⁷ https://ec.europa.eu/regional_policy/en/funding/erdf/

¹⁸ <https://ec.europa.eu/esf/home.jsp>

¹⁹ https://ec.europa.eu/regional_policy/en/funding/cohesion-fund/

²⁰ https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/rural-development_en

²¹ <https://ec.europa.eu/easme/en/european-maritime-and-fisheries-fund-0>

prices). Horizon Europe will also be implemented through the European Defence Fund and complemented by the Euratom Research and Training Programme²².

Horizon Europe will include three pillars:

- The Excellent Science pillar aims to increase the EU's global scientific competitiveness. It supports frontier research projects defined and driven by top researchers themselves through the European Research Council, funds fellowships for experienced researchers, doctoral training networks, exchanges for researchers and entices more young people to a career in research, through Marie Skłodowska-Curie Actions, and invests in world-class research infrastructures.

- The Global Challenges and European Industrial Competitiveness pillar supports research relating to societal challenges and reinforces technological and industrial capacities through clusters. It sets EU missions with ambitious goals tackling some of our biggest problems. It also includes activities pursued by the Joint Research Centre, supporting EU and national policymakers with independent scientific evidence and technical support.

- The Innovative Europe pillar aims to make Europe a frontrunner in market-creating innovation via the European Innovation Council. It also helps develop the overall European innovation landscape, by developing European Innovation ecosystems and through the European Institute of Innovation and Technology (EIT) which fosters the integration of the knowledge triangle of education, research and innovation.

- Widening Participation and Strengthening the European Research Area (ERA) increase support to the EU Member States in their efforts to make the most of their national research and innovation potential and promote an ERA where researchers, scientific knowledge and technology circulate freely.

3.3 European funds for Territorial Cooperation

INTERREG

The European Funds for territorial cooperation (ETC) provide a framework for implementing joint actions and policy exchanges between national, regional and local actors from the different Member States. The overarching objective of European Territorial Cooperation (ETC) is to promote a harmonious economic, social and territorial development of the Union²³.

²² https://ec.europa.eu/info/horizon-europe_en

²³ <https://interreg.eu/>

Its primary instrument for the development of these actions is the INTERREG strands, funded by the European Regional Development Fund (ERDF):

INTERREG Cooperation has 4 main priorities:

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy

3.4 European funds and network for innovation

EIP-AGRI

The European Innovation Partnership for Agricultural productivity and Sustainability (EIP-AGRI) was launched in 2012 to contribute to the European Union's strategy 'Europe 2020' for smart, sustainable and inclusive growth. This strategy sets the strengthening of research and innovation as one of its five main objectives and supports a new interactive approach to innovation: European Innovation Partnerships²⁴.

EIP-AGRI works to foster competitive and sustainable farming and forestry that 'achieves more and better from less'.

LIFE Programme

LIFE is the European Union's program aimed at protecting the environment, understood as habitat, species and biodiversity, also promoting efficient and sustainable use of natural resources, environmental protection and environmental governance to safeguard health, fight against polluting emissions and climate change, improvement of policies, governance and introduction of more effective ecological systems.

The LIFE program involves a wide range of beneficiaries: associations, non-governmental and nonprofit organisations, public and private companies, national, regional and local public authorities and institutions²⁵.

3.5 European funds for training

Erasmus +

²⁴ <https://ec.europa.eu/eip/agriculture/en>

²⁵ <https://ec.europa.eu/easme/en/life>

Erasmus + is the EU's education, training, youth and sports program for 2014-2020. It is a very complex program, as it brings together in an integrated framework a large number of different activities. One of the Horizontal Priorities of Erasmus+ is about Environmental and climate goals, aiming at supporting, across all sectors, awareness-raising about environmental and climate change challenges.

Priority will be given to projects aimed at developing competences in various sustainability--relevant sectors, developing green sectorial skills strategies and methodologies, as well as future-oriented curricula that better meet the needs of individuals²⁶.

3.6 European funds for business development

EU Funding is available for all types of companies of any size and sector, including entrepreneurs, micro companies, small and medium-sized enterprises, and larger businesses. A wide range of financing is available: business loans, microfinance, guarantees and venture capital.

The decision to provide EU financing will be made by the local financial institutions such as banks, venture capitalists or angel investors. Thanks to the EU support the local financial institutions can provide additional financing to businesses.

COSME Programme

COSME stands for Competitiveness of Enterprises and Small and Medium-sized Enterprises. Managed by the European Commission, it is a new programme specifically designed to support SMEs²⁷. COSME aims to make it easier for small and medium-sized enterprises (SMEs) to access finance in all phases of their lifecycle – creation, expansion, or business transfer. Thanks to EU support, businesses have easier access to guarantees, loans and equity capital. Therefore, companies that are active in the field of agriculture may profit from its provisions.

- Access to finance: COSME will finance guarantees provided by financial intermediaries, sharing the risk and encouraging them to support SMEs. It will also support equity funds providing businesses with venture capital and mezzanine funding.
- Access to markets: COSME supports the Enterprise Europe Network, which all companies can freely approach via their region's local partner. They offer advice on EU funding

²⁶ <https://www.erasmusplus.org.uk/what-are-the-key-actions>

²⁷ https://ec.europa.eu/growth/smes/cosme_en

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opportunities, find business partners abroad or expand abroad, advise on EU access to finance, support for innovation, and technology transfer.

- Supporting entrepreneurs: support for education, development of entrepreneurship, mentoring, and exchange activities for young entrepreneurs and women entrepreneurs. Besides, COSME works with administrations to promote more favourable conditions for business creation and growth. COSME publishes calls regularly that support these objectives.

3.7 European Investment Funds

The European Investment Fund (EIF)

support micro, Small and Medium-Sized businesses (SMEs) by improving their access to funding (it does not lend money directly). The EIF can support agricultural, food and forestry SMEs through banks and other financial intermediaries such as microfinance institutions, private equity, and venture capital funds. An example of a funding scheme supported by the EIF is represented by JEREMIE - Joint European Resources for Micro to Medium Enterprises²⁸.

EIC Accelerator

The EIC Accelerator (previously SME Instrument) is part of the European Innovation Council (EIC) pilot that supports top-class innovators, entrepreneurs and small companies with funding opportunities and acceleration services.

The EIC Accelerator Pilot is part of the Enhanced European Innovation Council pilot, which serves as the umbrella for different EU funding tools. It offers funding and coaching support to innovative SMEs also involved in high-risk and high-potential projects. The EIC Accelerator aims to develop and commercialise new products, business models, and services, creating new production chains and economic growth and shaping new market opportunities²⁹.

3.8 Tools for funds searching for business development

Fi-compass

Fi-compass is a platform for advisory services on financial instruments under the European Structural and Investment Funds (ESIF), provided by the European Commission in partnership with the European Investment Bank³⁰.

²⁸ https://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/efsi_esif_compl_en.pdf

²⁹ <https://euronovia-conseil.eu/en/eic-accelerator-horizon-europe/>

³⁰ <https://www.fi-compass.eu/>

The European Investment Advisory Hub (EIAH or the Hub)

The European Investment Advisory Hub is a partnership between the European Investment Bank Group and the European Commission as part of the Investment Plan for Europe. The Hub is a single access point to various types of advisory and technical assistance services. This includes project development support throughout all project stages, as well as upstream or policy advice³¹. Financial advice is also provided to enhance companies' ability to access adequate sources of financing.

EU funding available at national or regional levels

European Structural and Investment Funds (ESIF)

The European Structural and Investment Funds (ESIF) comprise the:

- European Agricultural Fund for Rural Development (EAFRD)
- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- Cohesion Fund (CF)
- European Maritime & Fisheries Fund (EMFF)

European Agricultural Fund for Rural Development (EAFRD) and the European Regional Development Fund (ERDF)

The program is divided into four intervention axes:

- Axis I: improvement of the competitiveness of the agricultural and forestry sector
- Axis II: improvement of the environment and the rural area
- Axis III: improvement of the quality of life and diversification of the rural economy
- Axis IV: implementation of the LEADER approach (aims to support and implement local development strategies)

3.9 Private funds

Fundations

European Foundations for Sustainable Agriculture and Food (EFSAF)

The European Foundations for Sustainable Agriculture and Food (EFSAF) network has a medium to long-term focus, aiming to support more sustainable food policies in Europe. It also promotes innovative policies on agriculture and rural areas³².

Good Planet Foundation (EU)

³¹ <https://eiah.eib.org/>

³² <https://www.efc.be/thematic-networks/sustainable-agriculture-and-food/>

The GoodPlanet Foundation is involved in educational documents and in the organisation of events to raise awareness about sustainable development and ecology³³.

European Climate Foundation (EU)

European Climate Foundation (ECF) was founded in 2008. It aims to promote climate and energy policies that can reduce Europe's greenhouse gas emissions and help Europe play a more substantial international leadership role in mitigating climate change consequences³⁴.

3.10 Crowdfunding

Startup companies or growing businesses nowadays see crowdfunding as an opportunity to develop their business, new ideas and projects.

Through online platforms, fundraisers such as entrepreneurship activities might ask for the crowd's contribution to their new business ideas and financial pledges can be made and collected through the crowdfunding platform.

There are different kinds of crowdfunding accordingly to the commitment the fundraiser has decided and set up :

- Peer-to-peer lending: the crowd lends money to a company to understand that the money will be repaid with interest.
- Equity crowdfunding: sale of a stake in a business to several investors in return for investment.
- Rewards-based crowdfunding: individuals donate to a project or business with expectations of receiving in return a non-financial reward, such as goods or services, at a later stage in exchange for their contribution.
- Donation-based crowdfunding: individuals donate small amounts to meet the larger funding aim of a specific charitable project while receiving no financial or material return.
- Profit-sharing / revenue-sharing: Businesses can share future profits or revenues with the crowd in return for funding now.
- Debt-securities crowdfunding: individuals invest in debt security issued by the company, such as a bond.
- Hybrid models: a mix of the ones below on different part of the project.

At the international level, there are several crowdfunding platforms, and the following are the main ones with a focus on SMEs, investment and new business ideas:

- Crowdfunder: it connects to a community of entrepreneurs and investors

³³ <https://www.goodplanet.org/en/>

³⁴ <https://europeanclimate.org/>

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- Fundable: it's dedicated to helping companies raise capital
- WeFunder: it's for kickstarting raising fund from investors
- SeedInvest: it's a community of high-growth, professional and early-stage companies investing in each other
- Kickstarter: it's dedicated to the creative sector
- Chuffed: it's made for social causes
- Fundly: It's made for individuals and no profit

3.11 Private investments

Business angel

A business angel is a private investor with disposable income or wealth that provides seed capital for entrepreneurship in exchange for equity. Angels typically look for scalable entrepreneurship activities which have the potential for generating high rates of return. They often invest locally and can be hard to identify, but business angel networks or entrepreneurship events are a great start. Angels are a source of smart capital due to their business acumen, sector knowledge and network they often bring to the table. Further information can be found on the European Business Angel Network Space and the Angels Network³⁵.

Venture capital

Venture capital (VC) is financing in private funding given to a startup in exchange for equity. VC invests only in startups deemed to have high potential, address a significant market and potentially offer a substantial return on investment in the future. A VC's goal is to have their startups reach a stage where they are ready for an exit (sale) within a few years. Any startup reaching a point ready to go to market but requires a more considerable investment to progress through the growth stage can source funding from early-stage³⁶.

References, useful websites

https://www.amfori.org/sites/default/files/amfori_effective_sustainability_communication_guide_2019_0_1.pdf

³⁵ <https://www.businessangelseurope.com/>

³⁶ https://ec.europa.eu/growth/access-to-finance/funding-policies/venture-capital_en

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