

Review of policies and current situation in participating regions

(PART I)

Component 3: Exchange of experience

Phase 1

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PART I – EU directives and initiatives

EU POLICIES HAVING A SIGNIFICANT IMPACT ON NATURAL AREAS

1.1 Introduction

Partner institutions of the B2N project come from EU countries what results in their subordination to the EU policy which influences very strongly their national law. That's why the analyses devoted to policy on natural areas in the participating countries has to begin with a short review at EU level taking into consideration EU directives and initiatives aimed at encouraging companies to implement an environmental management system having a significant impact on natural areas.

1.2 EU entrepreneurship policy

A crucial aim of the EU policy on entrepreneurship is to create good conditions for investments that will enhance competitiveness and innovation. The EU supports mostly SMEs as they employ 75% of employees and constitute 99% of all enterprises in the Community.

Crucial guidelines for the EU policy against SMEs are included in the **Small Business Act** /COM(2008) 394 final/ which aims at improving the overall policy approach to entrepreneurship, to irreversibly anchor the “Think Small First” principle in policy-making from regulation to public service, and to promote SMEs’ growth by helping them tackle the remaining problems which hamper their development. The symbolic name of an “Act” given to this initiative underlines the political will to recognize the central role of SMEs in the EU economy and to put in place for the first time a comprehensive policy framework for the EU and its Member States through¹:

-  a set of 10 principles to guide the conception and implementation of policies both at EU and Member State level,

¹ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions “Think Small First”, a “Small Business Act” for Europe.

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1. Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded
2. Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance
3. Design rules according to the “Think Small First” principle
4. Make public administrations responsive to SMEs’ needs
5. Adapt public policy tools to SME needs: facilitate SMEs’ participation in public procurement and better use State Aid possibilities for SMEs
6. Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions
7. Help SMEs to benefit more from the opportunities offered by the Single Market
8. Promote the upgrading of skills in SMEs and all forms of innovation
9. Enable SMEs to turn environmental challenges into opportunities
10. Encourage and support SMEs to benefit from the growth of markets

-  a set of new legislative proposals which are guided by the “Think Small First” principle,
-  a set of new policy measures which implement these 10 principles according to the needs of SMEs both at Community and at Member State level.

The EU directives which implement this policy are focused mainly on strictly business and market scheme work problems that’s why they are not analyzed here. A connection between the EU policies against entrepreneurship and natural environment comes from the EU wide duty to implement environmental regulations when developing enterprises and supporting in bigger extent enterprises which take into account eco-solutions and sustainable development principles. The fact is that in today’s world business has to attach great attention to environmental aspects in order to achieve a goal of being competitive.

Apart from the EU directives and rules which have to be implemented and obeyed by all entrepreneurs, there are few programmes and initiatives helping business to develop in a competitive way. These mechanisms deal with business and nature matters but – is should be strongly noted – they act on voluntary rule – as opposed to the regulations.

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A main tool for the SMEs support in the EU is the **Competitiveness and Innovation Framework Programme (CIP)**, with the 2007-2013 budget of 3,6 mIn EUR². It supports innovation activities (*including eco-innovation*), provides better access to finance and delivers business support services in the regions. Their main target groups are SMEs. It encourages a better take-up and use of information and communication technologies (ICT) and helps to develop the information society. It also promotes the *increased use of renewable energies and energy efficiency*. The CIP is divided into three operational programmes, each with its specific objectives, aimed at contributing to the competitiveness of enterprises and their innovative capacity in their own areas, such as ICT or sustainable energy:

- ✚ the **Entrepreneurship and Innovation Programme (EIP)**, which focuses on:
 - Access to finance for SMEs through "CIP financial instruments" which target SMEs in different phases of their lifecycle and support investments in technological development, innovation and eco-innovation, technology transfer and the cross border expansion of business activities.
 - Business services: the "Enterprise Europe Network". Business and innovation service centers all around the EU and beyond provide enterprises with a range of quality and free-of-charge services to help make them more competitive.
 - Support for improving innovation policy: Supports transnational networking of different actors in the innovation process and innovative companies, including benchmarking initiatives and the exchange of best practice.
 - Eco-innovation pilot and market replication projects for the testing in real conditions of innovative products, processes and services that are not fully marketed due to residual risks and that are aimed at reducing environmental impacts, preventing pollution or achieving a more efficient use of natural resources (Eco Innovation Scheme).
 - Support for innovation and SME policy-making through contracts and grants: Analytical work and awareness raising activities (i.e. conferences and studies) on certain industrial sectors, SMEs or innovation policy are organized to inform and support policy-makers, and make policy suggestions to increase cooperation between EU Member States.
- ✚ the **Information Communication Technologies Policy Support Programme (ICT-PSP)** which aims at stimulating a wider uptake of innovative ICT based services and the exploitation of digital content across Europe by citizens, governments and businesses, in particular SMEs.
- ✚ the **Intelligent Energy Europe Programme (IEE)** which helps deliver on the ambitious *climate change and energy targets* that the EU has set for itself. Examples of projects funded under

² <http://ec.europa.eu/cip/> (03/07/2010)

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this programme include: training on new construction techniques that can lead to 50 percent or more energy savings compared with traditional buildings, improving the effectiveness of support schemes for electricity generation from renewable energy sources across Europe, helping Europe's cities to develop more energy-efficient and cleaner transport.

Two of the above mentioned CIP programmes (EIP and IEE) are directly connected with the B2N aspects. It should be noted here that CIP implements the **European Technologies Action Plan (ETAP)**, adopted by the European Commission in 2004, with the objective of to further environmental technologies to improve the environment and European competitiveness.

Other programmes to be used by entrepreneurs are:

- ✚ the **Environmental Compliance Assistance Programme** – it offers help to SMEs to meet environmental obligations in order to improve their environmental performance.
- ✚ the **LIFE+ programme** - it funds projects relating to nature and biodiversity, air, energy, climate, environmental management, industry and production, urban environment and quality of life, agriculture and land use, waste, water, and environment policy and governance.
- ✚ the **Marco Polo programme** - it funds initiatives aiming to produce a shift away from road transport towards rail and waterways. The projects contribute to reduced congestion and pollution and improve transport efficiency.

The above mentioned programmes finance business projects prepared by the EU entrepreneurs (through grants and procurement tenders). Except for them, there are some initiatives involving entrepreneurs. They also act on voluntary rule and constitute a tool for being recognized as eco-friendly. The most important are two environmental management systems:

- ✚ EMAS,
- ✚ ISO 14001.

Eco-Management and Audit Scheme (EMAS)³ is a voluntary environmental management system (EMS), under which companies and other public organizations operating in the European Union and European Economic Area evaluate, manage and continuously improve their environmental performance. EMAS has been operative since 1995. The latest revision (EMAS III) came into effect on 11 January 2010. It makes registration to the scheme also possible for organisations and sites located outside the EU and EEA. Currently, more than 4 400 organizations and approximately 7 600 sites are EMAS-registered.

³ http://ec.europa.eu/environment/emas/about/summary_en.htm (03/07/2010)

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The core elements of EMAS are performance, credibility and transparency. By carrying out annual updates of environment policy targets and actions to implement and evaluate them, registered organizations continually improve their environmental performance and provide evidence that they comply with all environmental legislation that is applicable to them. Third-party verification from independent auditors significantly adds credibility to registered organizations by guaranteeing the value of both the actions taken and the disclosed environmental information. Transparency is generated by the environmental statement, which an organization is required to provide as part of EMAS registration. The communication tool makes available to the public information on the environmental impact and performance of the organization.

To receive EMAS registration an organization must comply with the following steps:

- ✚ Adopt an environment policy containing commitment both to comply with all relevant environmental legislation and to achieve continuous improvements in environmental performance.
- ✚ Conduct an environmental review considering all environmental aspects of the organization's activities, products and services, methods to assess these, its legal and regulatory framework and existing environmental management practices and procedures.
- ✚ In the light of the results of the review, establish an effective environmental management system aimed at achieving the organization's environment policy defined by the top management. The management system needs to set responsibilities, objectives, means, operational procedures, training needs, monitoring and communication systems.
- ✚ Carry out an environmental audit assessing in particular the management system in place and conformity with the organization's policy and programme as well as compliance with relevant environmental regulatory requirements.
- ✚ Provide a statement of its environmental performance which lays down the results achieved against the environmental objectives and the future steps to be undertaken in order to continuously improve the organization's environmental performance.
- ✚ The environmental review, EMS, audit procedure and the environmental statement must be approved by an accredited EMAS verifier, and the validated statement needs to be sent to the EMAS Competent Body for registration and made publicly available before an organisation can use the EMAS logo.

ISO 14001⁴ is an international voluntary environmental management system and constitutes together with EMAS the most important norm regulating eco-management. It specifies the actual requirements for an environmental management system. It applies to those environmental aspects

⁴ <http://www.iso14000-iso14001-environmental-management.com/iso14001.htm> (15/07/2010)

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which the organization has to control and over which it can be expected to have an influence. This standard is applicable to any organization that wishes to:

- ✚ implement, maintain and improve an environmental management system,
- ✚ assure itself of its conformance with its own stated environment policy (those policy commitments of course must be made),
- ✚ demonstrate conformance,
- ✚ ensure compliance with environmental laws and regulations,
- ✚ seek certification of its environmental management system by an external third party organisation,
- ✚ make a self-determination of conformance.

Moreover, implementation of eco-management systems is supported among others by:

- ✚ Life Cycle Thinking,
- ✚ European Business Awards for the Environment,
- ✚ Ecodesign.

Life Cycle Assessment (LCT)⁵ seeks to identify possible improvements to goods and services in the form of lower environmental impacts and reduced use of resources across all life cycle stages. This begins with raw material extraction and conversion, then manufacture and distribution, through to use and/or consumption. It ends with re-use, recycling of materials, energy recovery and ultimate disposal. The key aim of LCT is to avoid burden shifting. This means minimizing impacts at one stage of the life cycle, or in a geographic region, or in a particular impact category, while helping to avoid increases elsewhere. For example, saving energy during the use phase of a product, while not increasing the amount of material needed to provide it.

The European Commission's Joint Research Centre proactively supports the facilitation of Life Cycle Thinking in business and public administrations. This has involved the development of recommended international methods, indicators, reference data and pilot studies. The focus is on increased awareness and use through scientific robustness, quality-assurance and consensus building.

European Business Awards for the Environment recognizes and promotes today's pioneers in green innovation.

⁵ http://lct.jrc.ec.europa.eu/index_jrc (03/07/2010)

Ecodesign aims at improving the environmental performance of energy-related products, by taking into account their environmental impact from the early stages of their design.

1.3 EU environment policy

The EU has one of the highest environmental standards in the world. Its way of thinking is based on so called “**precautionary principle**” which means that polluters pay and pollution is managed and controlled at source.

The goals of the European policy in the field of environment are described in Consolidated Version of the Treaty on the Functioning of the European Union. According the article no. 191 “Union policy on the environment shall contribute to pursuit of the following objectives:

- ✚ preserving, protecting and improving the quality of the environment,
- ✚ protecting human health,
- ✚ prudent and rational organization of natural resources,
- ✚ promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change⁶.

The principles of the European environment policy are included in the **Sixth Environment Action Programme 2002-2012** “Environment 2010: Our Future, Our Choice” and they focus on 4 priority areas:

- ✚ climate change – aimed mainly at reducing greenhouse effect by setting comprehensive package of emission-cutting measures,
- ✚ nature and biodiversity – with an aim of stopping the decline of endangered species and habitats, mostly by expanding Natura 2000,
- ✚ environment and health – targeted at establishing health-based standards for pollutants,
- ✚ natural resources and waste – aiming at sustainable use of resources and proper waste management.

The EU’s environment law helps protect against water, air and noise pollution and control risks related to chemicals, biotechnology and nuclear energy within the Union. European regulations concentrate on concrete sectors or kinds of pollution. Moreover there are some horizontal and

⁶ Consolidated Version of the Treaty on the Functioning of the European Union 30.3.2010, Official Journal of the European Union C 83/47, s. 132.

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framework regulations. Achieving EU goals is possible only because there is an interdisciplinary model of their implementation – which means that they are being achieved through other EU policies, like energy, agriculture, health, transport policies.

As far as **sectoral regulations** are concerned, there are following thematic areas:

-  air,
-  water,
-  nature and biodiversity,
-  waste,
-  chemicals,
-  civil protection,
-  industrial emissions,
-  noise,
-  Genetically Modified Organisms (GMO).

Horizontal regulations cover environment matters as a whole and concern access to information, evaluation of an impact on the environment, environmental management and information networks. In order to harmonise sectoral regulations there are moreover **framework regulations** implemented (like Water Framework Directive 2000/60/EC or Air Quality Framework Directive 92/62/EC).

As it was noted before the EU environment law is implemented through other policies. Taking into account the crucial issues of the B2N project it seems that the most important of them are competition policy and common agricultural policy.

As far as the **competition policy** is concerned the EU support for enterprises is possible under some conditions which don't violate common market principles. The European Commission set following kinds of possible aid:

-  EU aid for enterprises which meet stricter requirements than those set by the EU law or which improve the level protecting the environment in case of no regulations existing,
-  EU aid for the purchase of means of transportation which meet stricter requirements than those set by the EU law or which improve the level protecting the environment in case of no regulations existing
-  EU aid for prior adjustment to future EU regulations,

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- ✚ EU aid for research on the environment,
- ✚ EU aid for energy saving,
- ✚ EU aid for renewable sources of energy,
- ✚ EU aid for cogeneration,
- ✚ EU aid for waste management,
- ✚ EU aid for polluted areas' rehabilitation
- ✚ EU aid for reallocation of enterprises,
- ✚ EU aid in the form of tax deductions and allowances in environmental taxes.

Regulations concerning **Common Agricultural Policy** are aimed at disseminating agricultural practices helping protect the environment and are implemented through two mechanisms:

- ✚ payments supporting sustainable development of rural areas,
- ✚ cross compliance.

Taking into account the fact that the crucial environmental issues arising from B2N project is business and biodiversity it should be noted here that the most important EU regulations in that field are: **Birds Directive** (2009/147/EC) and the **Habitats Directive** (92/43/EEC). Together these directives constitute the backbone of the EU's internal policy on biodiversity protection and form the cornerstone of Europe's nature conservation policy. It is built around two pillars: the Natura 2000 network of protected sites and the strict system of species protection.

The Birds Directive  rganizati that habitat loss and degradation are the most serious threats to the conservation of wild birds. It therefore places great emphasis on the protection of habitats for endangered as well as migratory species (listed in Annex I), especially through the establishment of a coherent network of Special Protection Areas (SPAs) comprising all the most suitable territories for these species.

The Habitat Directive protects over 1.000 animals and plant species and over 200 so called "habitat types" (e.g. special types of forests, meadows, wetlands, etc.), which are of European importance⁷.

Apart from directives mentioned above, there are also a few important regulations connected with business and nature which concentrate on the problem of evaluating influence of enterprises on the environment. These are:

⁷ http://ec.europa.eu/environment/nature/legislation/birdsdirective/index_en.htm and http://ec.europa.eu/environment/nature/legislation/habitatsdirective/index_en.htm (20/07/2010)

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- ✚ Council Directive of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (**85/337/EEC**) and Council Directive of 3 March 1997 amending Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment (**97/11/EC**),
- ✚ Directive of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment (**2001/42/EC**).

One more important act is Regulation (EC) no 401/2009 of the European Parliament and of the Council of 23 April 2009 on the **European Environment Agency (EEA)** and the **European Environment Information and Observation Network (Eionet)**.

The EEA's task is to provide sound, independent information on the environment. Currently, the EEA has 32 member countries. Its mandate is:

- ✚ to help the Community and member countries make informed decisions about improving the environment, integrating environmental considerations into economic policies and moving towards sustainability
- ✚ to coordinate the European environment information and observation network (EIONET).

Main clients of EEA are the European Union institutions — the European Commission, the European Parliament, the Council — its member countries. The business community, academia, non-governmental organizations and other parts of civil society are also important users of EEA information⁸.

Eionet aims to provide timely and quality-assured data, information and expertise for assessing the state of the environment in Europe and the pressures acting upon it. This enables policy-makers to decide on appropriate measures for protecting the environment at national and European level and to monitor the effectiveness of policies and measures implemented. It a partnership network of the EEA and its member and cooperating countries. It consists of the EEA itself, five European Topic Centres (ETCs) and a network of around 900 experts from 38 countries in over 300 national environment agencies and other bodies dealing with environmental information. These are the National Focal Points (NFPs) and the National Reference Centres (NRCs). Through Eionet, the EEA coordinates the delivery of timely, nationally validated, high-quality environmental data from individual countries. This forms the basis of integrated environmental assessments and knowledge that is disseminated and made accessible through the EEA website⁹.

⁸ <http://www.eea.europa.eu/about-us/who> (21/07/2010)

⁹ <http://www.eionet.europa.eu/about> (21/07/2010)

As far as the problem of financing actions in the field of the environment the most important source of financing is the **Cohesion Fund** and other **structural funds**. One of institutions involved in the process of financing the environment protection is the **European Investment Bank**. There is also a specially created mechanism – **LIFE+ programme** which was mentioned while describing the policy on entrepreneurship.

1.4 Conclusions

A short description of entrepreneurship and environment policy implemented in the EU leads to a few main conclusions:

- 1) the EU supports strongly the development of SMEs sector as it has the greatest potential,
- 2) the EU is very involved in environment protection,
- 3) being eco in the EU is profitable nowadays.

This is how the theory and regulations look like. The most important is however how it is transferred into practice, whether SMEs are able to take advantage of possibilities which they have and to what extent the existing European regulations hamper their development.