European
Commission

A framework for Member States to support business in improving its resource efficiency

An Analysis of support measures applied in the EU-28

Executive Summary

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A framework for Member States to support business in improving its resource efficiency

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Project objectives and methodological approach

In order to support businesses in improving their resource efficiency, Member States use a variety of approaches, ranging from voluntary to regulatory measures. An analysis of current support measures and how they are employed in different Member States can contribute to advancing the implementation of EU and Member States' policy in this area. This study forms part of DG Environment's ongoing work to implement its Resource Efficiency agenda. The aim of this study is to identify key support measures that can be taken forward in Member States to support the achievement of EU resource efficiency and circular economy objectives. It does so by researching good practice examples that offer lessons on how to more systematically support resource efficiency.

This study a) assesses the scope of application in the EU Member States of ten relevant measures that countries can put in place to support businesses to become more resource efficient; and b) provides good practice cases of these ten measures across different Member States to draw upon their lessons learnt. In close exchange with the Commission services we selected the following ten measures:

1. Support for industrial symbiosis
2. Incentivising external audits to support resource efficiency
3. Improving financing
4. Supporting voluntary agreements and initiatives
5. Providing targeted resource efficiency information and advice to companies
6. Building resource efficiency related skills and capacity within a company/business
7. Improving company accounting and reporting practices
8. Development of non-legal standards for products and services
9. Measures supporting extended producer responsibility (EPR) for materials/ products
10. Other non-legislative support measures promoting Circular Economy/resource efficiency

We developed a country questionnaire for all 28 Member States directed at Member State officials, inquiring after the scope of application of these measures and for relevant examples of these measures in the country. To minimise the time and efforts required from the respondents, we prefilled the questionnaires based on literature review and asked the respondents to verify, correct and/or complement the pre-filled information.
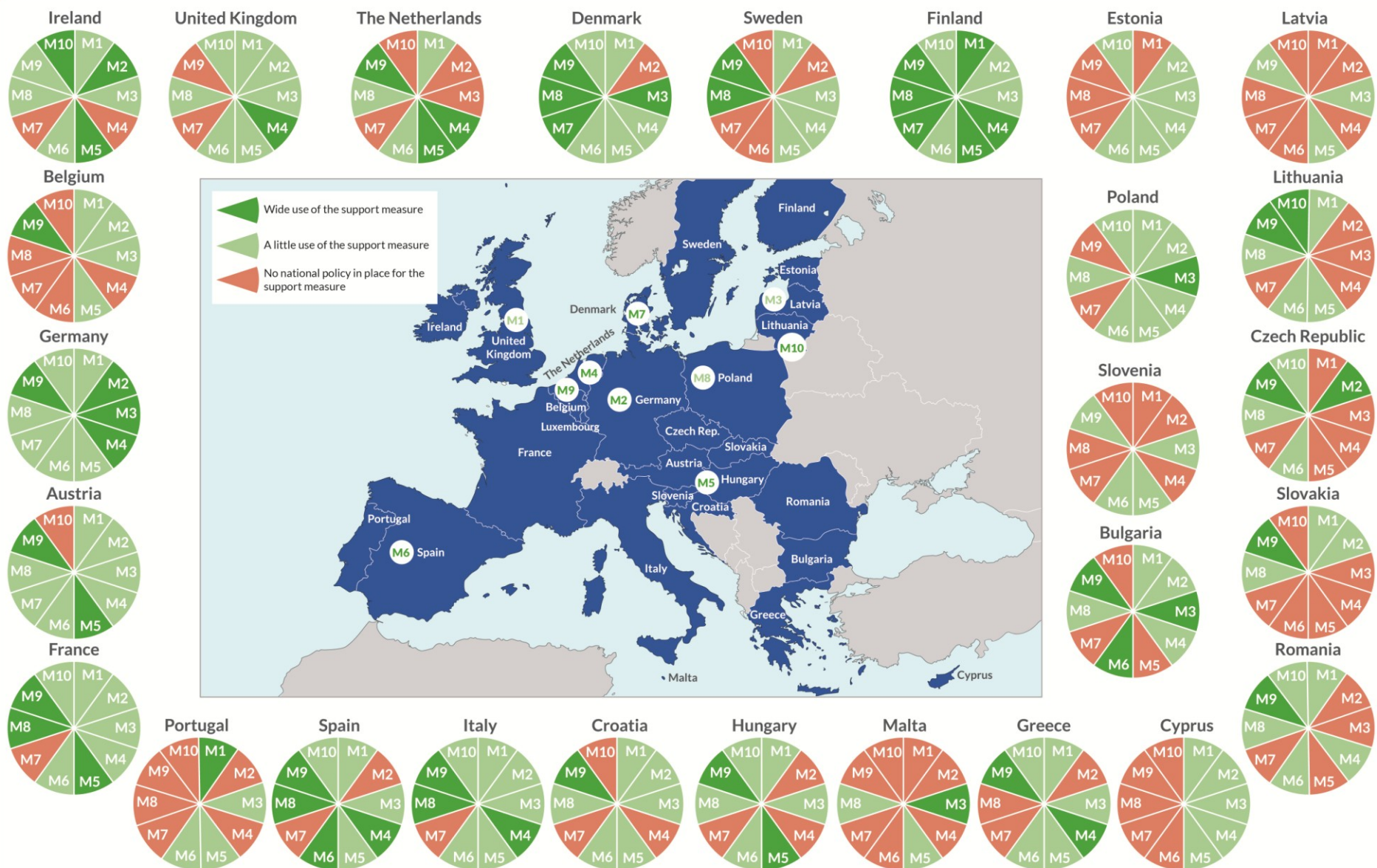
From all 28 Member States, we received responses either confirming or, in most cases, correcting and complementing the provided information. On this basis, we compiled an overview for each of the ten measures on its scope of application, relevant good practice examples and lessons learnt from its application in country-specific contexts.

Scope of application and good practice examples for the ten measures

The following figure shows an overview of the scope of application of the ten support measures (in pie charts) across all EU Member States. The map in the centre of the figure indicates a selection of 10 good practice examples, one for each of the studied measures.

Across the EU-28, there is a diversity of good practices for all ten support measures from many different countries, while the scope of application strongly differs both per measure and across the Member States (see the figure on the following page, where M1-M10 stands for measures 1 to 10 – see pages 4 and 5 for the names of the measures). According to the information retrieved, only two Member States have applied all ten support measures at least a little: Germany and Finland. In eight Member States, all but one or two support measures are used at least a little: Austria, Denmark, France, Ireland, Italy, Poland, Spain and the UK. Data for Bulgaria, Croatia, Greece and Hungary each indicate that there is no national policy in place only for three support measures.

Policy measures to support resource efficiency in business – scope of application in the EU-28

Support for Industrial Symbiosis *(Measure M1)* is used in the majority of Member States (22 out of 28). One good practice example is the UK's National Industrial Symbiosis Programme (NISP). Running from 2005 – 2013, NISP helped businesses to improve their profitability, commercial competitiveness and environmental performance. More than 15,000 companies have been members. The Impact of 8 years' investment (36.8 million £) for the time period 2005–2013 covers 47 million tonnes of material recovered and reused, 60 million tonnes virgin material savings, 1.1 billion £ cost savings and 1.0 billion £ additional sales.

One success factor identified across the examples analysed for this support measure is to improve matchmaking between supply and demand through meetings and data analyses supporting identification of potential synergies.

Incentivising external audits to support resource efficiency *(Measure M2)* is used in 14 Member States. An interesting example is the (cleaner production, i.e. P̲rodukt-i̲ntegrierter U̲mwelts̲chutz in German PIUS) PIUS-checks for resource efficiency in Germany, targeted at SMEs to help optimise production, primarily by implementing new production equipment or by organisational changes. Since its launch in 2000, more than 500 checks have been conducted, inducing investments of approximately 36 million EUR and achieving savings of around 10.4 million EUR annually.

One successful way to promote this support measure is to establish external auditing as a beneficial criterion for audited companies in public tendering processes.

Improving financing *(Measure M3)* is used in 22 Member States. One example is the 'Green Technology Incubator' in Latvia that offers financial support, inter alia, for green industry growth and for facilitating international business and institutional cooperation within the green technology sector. The implementation period lasts from July 2014 to April 2016. Incubation grants (<140,000 EUR) are available for proof of concept, commercialisation and business development.

Success factors of this measure emerged to be the design of financial mechanisms so that they (i) minimise formal procedures and administrative processes, (ii) have low/modest interest rates, (iii) include a range of loans to make them attractive to companies of various sizes and (iv) offer a reasonable grace period, loan redemptions and repayment period in order to mitigate (too) long payback periods.

Supporting voluntary agreements and initiatives *(Measure M4)* is used in 18 Member States. One relevant example is the Dutch Green Deals policy, launched in 2011. Green Deals are agreements between the Dutch government and other parties (companies, civil society organisations and other public authorities), aimed at removing non-financial barriers such as regulation and permits in the fields of energy, climate, water, raw materials, biodiversity, mobility, bio-based economy, construction and food. By the end of 2014, 176 Green Deals had been concluded with 1,090 partners altogether.

Successful voluntary agreements and initiatives require working in partnership, ensuring and maintaining confidentiality of information and designing the agreements to be long term.

Providing targeted resource efficiency information and advice to companies *(Measure M5)* is used in 24 Member States. The Hungarian 'Money Thrown Out the Window' initiative presents an interesting example. Launched in 2002, the initiative aims to promote resource efficiency measures in the industry sector by providing a list of suggested measures to achieve environmental savings, which also result in financial savings. In 2014, 78 organisations participated in the programme, with 370 measures initiated and contributing to company savings worth 71.29 million EUR. Moreover, 663,000 tonnes of non-hazardous and 60,500 tonnes of hazardous waste and 751 GWh of energy were saved overall.

Important lessons learnt stress that the advice to companies needs to (i) be targeted at different sectors and include practical examples and (ii) promote exchange of experiences.

Building resource efficiency related skills and capacity within a company/business *(Measure M6)* is used in 21 Member States. An interesting example is the Spanish Green Jobs Programme (*Empleaverde*), which offers trainings for employees with the aim to reduce environmental impacts of activities in their respective sectors. The programme was operated nationwide from 2007 to 2013. By 2013, 55,000 workers in existing jobs had been trained through the Green Jobs Programme.

The impact of such measures can be increased by employing experienced trainers who have practical knowledge of company processes and by targeting teaching contents and materials to specific sectors, regions or types of companies.

Improving company accounting and reporting practices *(Measure M7)* is only used in 4 Member States, making it the least widespread of the ten support measures. One good practice example is the Danish Corporate Natural Capital Accounting (NCA). Operating since 2013, the NCA programme offers financial and technical support to companies for carrying out Environmental Profit and Loss (EP&L) reporting. EP&L reporting includes environmental costs related to water consumption, greenhouse gas emissions and air pollution, helping firms to identify areas with potential for reductions. Different projects have been realised under the NCA programme, among them an EP&L for the Danish apparel sector.

Offering assistance in form of standardised procedures for integrated reporting was identified as an effective way to support companies interested in integrated reporting, as it makes reporting activities comparable and provides guidance.

Development of non-legal standards for products and services *(Measure M8)* is used in 19 Member States, mostly through Eco-labelling. An illustrative example is the Polish Eco-labelling programme EKO, which was launched in 1998. The programme aims to promote products that have a reduced impact on the environment and are resource efficient over the whole product lifecycle. The EKO label is issued in accordance with the EU Ecolabel criteria, while at the same time it is possible to develop new ecological criteria for EKO at the request of and in cooperation with producer groups, stakeholders and other interested parties.

Involving relevant stakeholders (e.g. producer groups, consumer organisations, environmental NGOs) in the development and revision of the criteria for the label is a prerequisite for successful application, e.g. through meetings and consultations, or through the establishment of an advisory council.

Measures supporting extended producer responsibility (EPR) for materials and/or products *(Measure M9)* is used in 23 Member States. The large majority of examples obtained refer to the national legislation transposing relevant EU Directives laying down principles of EPR (batteries, end-of-life vehicles, WEEE and also the Packaging Directive). One good practice example is the Belgian high quality recycled granulates policy, which aims to increase the quality of recycled construction and demolition (C&D) waste in order to promote its reuse, in particular the stony fraction of this waste. It targets the C&D industry in Flanders (as supplier of the materials) and the (road) construction industry (as user of the recycled granulates). Already in the first year (2011) a total of 12.6 million tonnes of recycled aggregates were certified.

Involving targeted sectors in establishing the policy emerged as a success factor. In addition, EPR can be promoted through accompanying measures that establish a market for recycled materials, e.g. through product specifications, standards and regulation.

Any other non-legislative support measures promoting a Circular Economy and resource efficiency *(Measure M10)* are used in 16 Member States, taking on very different forms. One interesting example is the 'Green Industry Innovation' measure in Lithuania, which encourages common business projects between companies in Lithuania and Norway, thereby fostering international cooperation and bilateral matchmaking of companies for knowledge transfer and implementation. In order to receive financial support, partnerships between entities registered in Norway and Lithuania are mandatory. Supported activities include, for example, the creation, development or introduction into the market of new environmental technology or technologically new green products, improvement of existing processes, innovative environmental technology acquisition and deployment.

For non-legislative support measures that do not fit into any of the previous categories, it appears to be particularly effective to target the regional or local level in order to encourage the resident SMEs to participate in the measure.

Synthesising lessons learnt and recommendations

All ten measures identified are important and have the potential to effectively support businesses in improving their resource efficiency. The ten measures serve different but complementary purposes and

should, therefore, not be seen or selected in isolation, but in combination(s) of several of the ten measures in a policy mix. For instance, state financial support for intercompany networks, external auditing, project implementation through improving financing or targeted business advice could well go hand-in-hand, depending on the sector(s) in focus in a national economy. Furthermore, building up skills and capacities could help implementing resource efficiency thinking in a company on different levels and in different departments (e.g. technology development, operation of machines and equipment, internal skilling programmes, company accounting, management boards) and, thus, prepare ground for a company to get involved in voluntary agreements, integrate resource efficiency issues into company accounting practices or make use of non-legal standards.

Therefore, while this study may point to some support measures promising quicker and easier gains (mostly in relation to identifying and exploiting resource and cost saving potentials), the complementary potential of the ten measures argues against a between-measure ranking. Moreover, the ten measures should be seen as a toolkit from which Member States can draw to design the best possible support to business resource efficiency in their respective national contexts.

The analyses of the **lessons learnt** of the examples obtained for each of the ten support measures reveals several aspects that seem relevant as **success factors** for application across several or all support measures (measures to which the success factors apply are listed below). Based on these success factors, we draw the following recommendations:

Success factor	Recommendation
Confidentiality of information & data	Encourage sectoral or intercompany network confidentiality agreements to allow disclosure of relevant best practice cases across sectoral or intercompany partners
Credible and relevant expert knowledge	Encourage and support the establishment of sectoral or intercompany expert networks, mentor-mentee programmes and consultancy pools
Easily accessible relevant information	Set up online information offers for resource efficiency in business and link to expert networks, mentor-mentee programmes and consultancy pools
Availability of best practices	Foster presentation and multiplication of best practice cases through online and on-site expert information offers
Involvement of business experts into measure design	Set up support-measure-specific advisory groups and pretest attractiveness and scope of support measures
One-stop-shops for information, advice and guidance	Establish national and regional centres for improving business resource efficiency
Financial support beyond the "Valley of Death"	Focus powerful, financial support measures at the up-scaling and commercialisation stage of innovations
Integration of EU and national funding schemes	Improve awareness of European financial support measures and integrate/match with national financing programmes
Low administrative burden for companies	Simplify application and registration procedures for support measures

Conclusion

Through pre-filling information and eliciting feedback and additions from Member State officials, this study found a wide range of examples of measures to support businesses in improving their resource efficiency. Reflecting subsidiarity, these measures vary from country to country and region to region, and also vary in the lessons learnt that can be drawn from their longer-term or shorter-term application in the Member States. This also holds within one measure category, i.e. there are a variety of examples across Member States applying the same measure in different ways.

Therefore, Member States can benefit from looking at interesting examples from other Member States. Beyond EPR schemes, there is no single programme that has been replicated by all Member States – the EPR coverage apparently being driven by the legal obligations to transpose EU Directives into national law. However, it seems that many of the support measures investigated could be more systematically adopted, building on the lessons learnt from where they have proven to be a success – this is already taking place within some countries (for instance the PIUS-resource efficiency checks in Germany), but also between countries (for instance the Austrian ÖKOPROFIT programme). Therefore, identifying ways of transferring and adapting this knowledge to other Member States in their respective context(s) will be instrumental in fostering business resource efficiency across the EU.

Fostering the exchange of good practice examples and lessons learnt, both on Member State level and through facilitation by European institutions, could well serve this task and, hence, enable businesses, and especially SMEs, to improve both their environmental and their financial performance. In many cases, EU funding and support enabled Member States to initiate business resource efficiency support in the first place. Therefore, using EU funding to finance international best practice exchange, as well as maintaining and better integrating EU funding with national funding needs and mechanisms, seems promising to continue enabling Member States to help their businesses improve their resource efficiency.

Here, further research is needed to complement this study with in-depth analysis of the context conditions conducive to or impeding a transfer of effective support measures across Member States.

The approach applied in this study, namely the pre-filling of information to elicit feedback from Member State experts, proved successful as at least confirmation of prefilled findings could be obtained from all 28 Member States. Therefore, it is recommended to integrate this methodological approach within several consultancy project contexts, where relevant information can be obtained through desk research.