

Handout for the
Lead Market Initiative and Sustainable construction
EBC annual congress, Bucarest, 20 June 2008



I. What is the Lead Market Initiative?

The Lead Market Initiative (LMI – adopted on 21 December 2007) is a demand driven innovation policy. This means in concrete terms that Europe should not only endeavour to ensure supply of e.g. R&D funding and skilled workers, but we should also stimulate demand for innovation.

In the next few years, the implementation of the LMI will be at the heart of the deepening and implementation of the innovation strategy. The European Commission plans to pay particular attention to the globalisation and regional aspects of innovation, as well as to the needs of high-growth innovative SMEs. The LMI provides a methodology to identify promising emerging markets and to support them through a package of coordinated innovation-friendly policy actions that would facilitate the growth of the demand of innovative goods and services.

The LMI approach is applied to six markets: eHealth, protective textiles, **sustainable construction**, recycling, bio-based products and renewable energies. In all these areas there is a strong market potential in the short-term in Europe and beyond. Also, public intervention could address any obstacles that are holding back innovation in these markets. To assure fair and open competition, the LMI approach avoids ‘picking of the winners’ or favouring specific companies. These six markets cover domains of high economic and societal interest. They currently have a total value of **€ 120 billion** and with this initiative they may increase to **over € 300 billion and over 3 million jobs in the EU in 2020**.

The LMI calls for urgent and coordinated action along **six action plans**, with a short timeline of up to 3-5 years. The action plans deploy a core set of policy instruments (legislation, public procurement, standardisation, labelling and certification, and complementary instruments).

The implementation of the LMI’s action plans will be carried out in close cooperation between Member States (notably procurement authorities, standardisation and innovation agencies, and regional authorities), the European Commission, business and other stakeholders. Notably, European enterprises and business organisations are instrumental for a successful implementation of the LMI. Firstly, a continuous feedback of the business community as regards the effectiveness of the measures adopted in the action plans is needed. Secondly, Europe’s business community should meet the challenge of making innovative goods and services available with the ambitious requirements and standards set in the initiative.

II. The sustainable construction lead market:

Sustainable construction can be defined as a dynamic of developers of new solutions, investors, the construction industry, professional services, industry suppliers and other relevant parties towards achieving sustainable development, taking into consideration environmental, socio-economic and cultural issues.

It embraces a number of aspects such as design and management of buildings and constructed assets, choice of materials, building performance as well as interaction with urban and economic development and management.

Different approaches may be followed according to the local socio-economic context; in some countries, priority is given to resource use (energy, materials, water, and land use), while in others social inclusion and economic cohesion are the more determining factors. In the context of the Lead Market initiative, the sustainable construction lead market will primarily focus on the interaction and combined effects of two market drivers on innovation: (a) the rational use of natural resources (energy, water and materials), (b) the user's convenience and welfare (accessibility, safety & security, indoor air quality, etc.).

III. LMI Communication: translation of the part dealing with sustainable construction in Romanian:

Piața **construcțiilor** reprezintă 10% din PIB și 7% din forța de muncă. **Clădirile absorb cea mai mare parte din consumul final total de energie în UE (42%)** și produc aproximativ 35% din emisiile de gaze cu efect de seră. Piața foarte diversificată și foarte extinsă a construcțiilor durabile include aspecte referitoare la mediu (de exemplu, aparate electrice și instalații de încălzire eficiente), aspecte privind sănătatea utilizatorilor (de exemplu, calitatea aerului din interiorul clădirilor) și aspecte legate de confort (de exemplu, privind autonomia persoanelor în vârstă). Aceasta include dezvoltarea de soluții durabile pentru clădirile rezidențiale și nerezidențiale, precum și pentru infrastructuri. O coordonare insuficientă a reglementării, nu numai la nivelul UE, ci, mai specific, la nivel național în domeniul construcțiilor, asociată cu o structură predominant locală a întreprinderilor, duce la apariția unor obligații administrative considerabile și a unei fragmentări importante a pieței construcțiilor durabile. Există o lipsă de informații cu privire la posibilitățile oferite de către cadrul juridic actual în ceea ce privește achizițiile publice care ar putea favoriza cererea de soluții axate pe inovație. De asemenea, este nevoie de o abordare anticipativă, atât în ceea ce privește reglementarea, cât și cu privire la deciziile în materie de achiziții publice.

IV. Further information:

The website of the Lead Market Initiative:

<http://ec.europa.eu/enterprise/leadmarket/leadmarket.htm>

The consultation on the establishment of public procurement networks to stimulate innovation in key areas identified under the Lead Market Initiative (deadline is July 25th):

http://ec.europa.eu/enterprise/leadmarket/public_procurement_networks.htm

The website of DG Enterprise – Construction sector:

http://ec.europa.eu/enterprise/construction/index_en.htm

LEAD MARKET INITIATIVE IN THE AREA OF SUSTAINABLE CONSTRUCTION - STATUS OF THE IMPLEMENTATION OF THE ROAD MAP (JUNE 2008)

Actions	Organisations involved	Timetable
<p>1. Screening of national building regulations:</p> <p>The scope of this action is to assess how national building regulations and/or voluntary codes have evolved in order to integrate sustainability requirements and how these have been implemented in practice, especially in the framework of public procurement. It will outline any similarities between the various national regulations/codes and the domains/areas for which a performance-based approach has been adopted.</p>	<p>The action will be undertaken in collaboration with the European Construction Network (ECN), a network of the Member States officials responsible of technical matters related to the construction sector. The ECN members will prepare a contribution on the state of affairs in their respective country according to a common structure</p>	<p>Start end of 2008 – Preliminary results available in Sept. 2009</p>
<p>2. Industrial leader panel on cumulative administrative costs/benefits</p> <p>This action is aiming at developing an information base and a better understanding of the impact of the European legislations and their implementation at national level in terms of activities, human and financial resources for construction practitioners and their clients. It would build on concrete case studies about the cumulative legislative effects and the market opportunities generated by the legislations for sustainable construction.</p>	<p>The EC will manage this project and a panel of industry stakeholders, including companies covering the whole supply chain, will support the development of such information base and elaborate recommendations for further streamlining and better targeting the enforcement of existing legislation.</p>	<p>Start end of 2008 – Preliminary results available in Sept. 2009</p>
<p>3. Guidance and pilot schemes on award criterion and LCC use</p> <p>This action will develop guidance to allow contracting authorities to motivate the choice of the award mechanism (Economically Most Advantageous Tender or Lowest Cost) in a more objective way from a sustainability point of view. It would also encourage a more systematic use of a Life Cycle approach in both award mechanisms.</p> <p>The action will provide an analytical framework for a number of typical situations in construction projects for public clients and a validation of these scenarios in a number of pilot schemes, possibly in the framework of lighthouse projects financed by the Commission (Concerto, CIP, etc.).</p>	<p>EC will launch in 2008 a preparatory action for a promotional campaign on Life Cycle Costing targeted to the needs of contracting authorities and construction practitioners.</p>	<p>It is foreseen to start with the preparatory action in Nov. 2008 and to complete it by the end of 2009.</p>
<p>4. Establish a network between public authorities in charge of procuring sustainable construction</p> <p>Some proposed activities (final call text is under preparation) The network would inter alia:</p> <ul style="list-style-type: none"> – Identify good practices in the field of PPE – Promote their application across the EU – Collate a best practice catalogue and put it on the Web. <p>Set-up of an information and training platform for buyers and users of sustainable construction products and services. Provide an overview of technical features of the products and IPR protection aspects.</p>	<p>The EC will develop the call text and manage the projects.</p>	<p>Call to be launched possibly in September 2008</p>
<p>5. Framework, assessment method and benchmarks for the assessment of sustainability performances</p> <p>The scope is to explore whether it is worth considering some global indicative voluntary targets to achieve sustainability and the policy instruments which would allow achieving these targets. Defining such targets and monitoring progress would require socio-economic research and consensus building on a number of socio-economic and environmental indicators.</p>	<p>This could be building on the work of the FP6 EU research project LEnSE (Methodology Development towards a Label for Environmental, Social and Economic Buildings).</p>	<p>A FP7 call may be published in Summer 2008.</p>

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<p>6. Eurocodes 2nd generation</p> <p>The widening of the scope of the Eurocodes from the current structural design focus to other design criteria related to sustainability would require as a first step in 2008-2009 a feasibility study looking at technical issues (assessing current setting of existing directives - norms – mandates and determine the gaps to fill in) as well as managerial challenges (modalities for cooperation with standardisation bodies, decisions on new/modified mandates, etc).</p> <p>Based on the results of the feasibility study, decisions on future actions should be taken, including a selection of appropriate priority areas and a definition of the expected results.</p>	<p>The EC will identify in cooperation with CEN/CENELEC and JRC Ispra what are the main steps forward for developing this 2nd generation of Eurocodes. The ongoing work and the results will be discussed with the Eurocodes National Correspondents in order to pave the way for a common agreement on the way forward.</p>	<p>Ongoing work in 2008 and 2009.</p>
<p>7. Construction Products Regulation and sustainability requirements</p> <p>With the proposal for the Construction Product Regulation, adopted on the 23d May 2008, the Commission will bring forward an improved legal framework for simplified procedures to obtain the CE marking for innovative construction products. This proposal will also intend to reduce the compliance costs for small manufacturers or manufacturers having to deal with small series production.</p> <p>Moreover, the environmental concerns are to be given a prominent place in the proposal, which thus should be seen as enhancing sustainability in a more general sense, as well.</p>	<p>The co-decision procedure has started in June 2008.</p>	<p>The CPR is expected to be adopted in 2009/2010 depending on the reaction of the Council and the Parliament.</p>
<p>8. SMEs guide on collaborative working schemes in construction projects</p> <p>A contract has been awarded in January 2008 to develop an EU wide framework for the promotion of voluntary arrangements for collaborative working in construction projects.</p> <p>It will concern set ups of relationships, decision making and management between contracting parties, professional services, industry suppliers and other relevant parties which enable meeting the objectives of a construction project or a series of projects in a cost-effective manner which is mutually beneficial for all parties. This set up might be agreed by the various parties involved through relevant framework agreements.</p> <p>The action will analyse the overall benefits/effects of such arrangements on the competitiveness of the construction sector in comparison with a traditional set ups. The analysis would also consider how well these concepts are compatible with other EU policies and assess possible adverse effects. It is also intended to identify relevant contractual, management and insurance arrangements which are compliant with EU legislation and propose accordingly an EU guide on good practice which could help SMEs entering into a collaborative working scheme.</p>	<p>The EC has set up a Monitoring and Steering Group including representatives of relevant Commission services, Member State representatives and other stakeholder experts, which will ensure the general supervision and guidance of the action.</p>	<p>The project started January 2008. It is planned to hold three meetings of the Monitoring and Steering Group in 2008. Preliminary results would be presented in July 2008. The final results of the action will be discussed at a workshop beginning of 2009.</p>
<p>9. Alternative warranty/label schemes related to construction insurance</p> <p>This pilot project, supported by the European Parliament, will provide the basis for developing an EU wide framework for the promotion of insurance schemes which could stimulate the uptake of innovative and sustainable solutions in construction projects as well as the adoption of responsible management in construction enterprises, in particular in craft and small firms.</p>	<p>The EC has discussed the broad lines of a feasibility study with a number of EU associations which overall welcomed the initiative of the Commission.</p> <p>The feasibility study will be awarded through a call for tenders. The Commission will set up a Monitoring and Steering Group involving Member States, the insurance sector, construction industry and related professional services (architects, engineering, etc.)</p>	<p>The contract would start in November 2008.</p>

Actions	Organisations involved	Timetable
<p>It is foreseen to make concrete recommendations about the extent to which the European Commission should support the formation and the promotion of such insurance schemes in the Member States, including legal, administrative, financial and management aspects.</p>		
<p>10. EU-wide strategy to facilitate the up-grading of skills and competencies in the construction sector</p> <p>This action will assess the future needs for skills and competencies in construction enterprises against the backdrop of the need to address skills shortages for the development of the sector's competitiveness. It will elaborate plausible scenarios for development of skills needs in the medium term (5-10 years) taking into account the likely effects of the main anticipated technological, economical, environmental and social developments.</p> <p>The analysis will look at how existing initiatives relevant for the construction sector have addressed skills needs in an efficient and flexible manner and within the perspective of life-long learning, at both managerial and technical levels on the one hand and crafts skills on the other. Particularly with regard to SMEs and targeting within this framework also specifically micro-enterprises, the main aim of this action will be to design a strategy for upgrading of skills and competencies in the construction sector. Such a strategy should constitute a flexible tool, possible to adapt to future developments, and should be based on the companies' ability and willingness to take up technological and managerial changes.</p>	<p>The action will be supervised by a Monitoring and Steering Group including representatives of relevant Commission services, Member State representatives and other stakeholder experts invited by the Commission</p>	<p>The project started January 2008. The Group will meet 3 times in 2008. Preliminary results would be presented in July 2008. The final results of the study will be discussed at a workshop beginning of 2009.</p>