



Institute for
European
Environmental
Policy

**ENVIRONMENTAL COMPLIANCE ASSISTANCE FOR SMES:
ANALYSIS OF SPECIFIC INITIATIVES AT NATIONAL AND
LOCAL LEVEL AND IDENTIFICATION OF BEST PRACTICES**

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The contents and views contained in this report are those of the authors, and do not necessarily represent those of DG Environment.

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EXECUTIVE SUMMARY

The revised Lisbon Strategy, launched in March 2005, placed a renewed emphasis on the competitiveness of the EU economy, and the need for higher levels of economic growth and employment. Small and Medium Sized Enterprises (SMEs) are a key part of this agenda, given that in the EU they account for 99% of all businesses, provide two thirds of the 122 million jobs in private enterprises and 60% of overall value added. Overall, these enterprises make an important contribution to employment, innovation and growth in the EU economy.

As with their larger counterparts, SMEs can exert considerable pressure on the environment. However, SMEs are often unaware of their environmental impacts, or of the environmental legislation affecting their company. According to a survey of UK firms, for example, only 7% of SMEs thought their activities could cause harm to the environment; but when prompted with a list of harmful activities 41% admitted they undertook at least one of them¹.

In order to help SMEs overcome the wide range of barriers they face to improving environmental performance and complying with environmental legislation, initiatives have been developed both at Member State and at EU levels. But more needs to be done so that SMEs can benefit from the economic opportunities presented by addressing environmental performance and embracing opportunities for eco-innovation, and to ensure that the objectives of Community environmental legislation are not undermined by low levels of legal compliance. As part of this effort, the European Commission is to present an Environmental Compliance Assistance Programme for SMEs (ECAP-SME) in autumn 2006.

DG Environment commissioned IEEP to produce this report to inform the development of ECAP-SME. Its aims are threefold:

1. To identify the range of initiatives that are already in place in Member States and other industrialised countries, which are designed to help SMEs comply with environmental legislation and adopt more positive approaches to environmental management.
2. To identify the factors that contribute to the effectiveness of these initiatives.
3. To assess lessons for their transferability elsewhere.

The study looked at the range of initiatives in place in fifteen Member States, the USA and Japan, then selected seventeen interesting or good/best practice cases for further investigation. The analysis demonstrated that several key factors impact on the effectiveness of an initiative. These include the way in which the initiative is funded, how it is delivered and by whom, and how it is communicated to the target audience. However, it is not possible to establish a direct causal link between one

single factor and an outcome. Rather, it is the unique combination of ‘ingredients’ in a given context which determines whether something works well in practice. If SMEs are motivated to participate in an environmental improvement programme - for example, because of an effective marketing campaign - the ultimate success of the initiative still depends on, *inter alia*, how the support is delivered, the expertise of the delivering agent, and successful working relationships. Similarly, if an excellent IT tool is developed to help SMEs identify legal requirements and improve compliance, this objective will not be achieved if SMEs are not aware of its existence. External factors can also be significant in influencing changes in business behaviour, independently of the initiative itself.

An initiative aimed at improving environmental compliance or performance can be described as ‘transferable’ to another country, region or industrial sector if it can be as effective in the new context as in the one within which it was developed. In practice, however, transferability is not an absolute concept: rather, a transferred initiative will be more or less effective depending on a range of contextual factors. Initiatives are developed to respond, for example, to a certain level of consumer awareness, industry standards or government priorities, and their success may be influenced by such factors as cultural preferences (eg in relation to website design or levels of engagement) or the administrative context (eg whether there is a suitable delivery organisation, funding availability, or access to finance). Therefore, when assessing the transferability of an initiative from one country to another, the local context in both the countries has to be taken into account and the initiative applied accordingly. It is also possible to transfer experience in relation to only some of the identified key factors, rather than the initiative in full. This enables best practice to be shared in areas such as delivery, management, communication and funding, rather than requiring the initiative to be transferable in full. Further, it does not require initiatives to be directly comparable to learn from other experience. Consequently, in this report key factors for effectiveness are presented, based on the seventeen case studies analysed, and lessons for transferability are identified for each factor. These lessons are brought together below.

Lessons for transferability

General lessons

- Designing an initiative which is ‘fit for purpose’ from the outset provides a higher chance of meeting the objectives.
- The approach needs to reflect the characteristic of the target audience coupled with the objectives being pursued.
- Support already in place needs to be considered, to avoid duplication of services.
- SMEs should be involved in the design of the initiative to ensure it will meet the needs of the audience.
- Potential barriers to participation need to be considered and avoided.

- An initiative should evolve and improve over time, based on monitoring and evaluation. This should focus on outcomes as well as outputs.

Delivery

- Deciding what the most appropriate option is will depend on the type of initiative, and the strength of existing relationships in the target audience.
- Building on existing relationships and utilising ‘gatekeepers’ such as business associations, which are already well connected to the SME community, can enhance levels of engagement and participation.
- Public authorities or bodies tend to be best suited to delivering initiatives which are one-way and information based; whereas for more hands-on support initiatives the preference is for an independent deliverer, such as a private organisation or business association. Partnership approaches appear to be highly successful, combining the respective expertise and merits of both public and independent organisations.
- Trust and confidentiality are important, given that information shared between the SME and deliverer can be sensitive – especially when dealing with environmental compliance.
- The way in which the delivery organisation is structured can also be significant. Management structures can help improve the effectiveness of delivery and facilitate the sharing of best practice between advisors, and between networks of similar initiatives, regionally, nationally and internationally.
- Lead actors need to have a high level of commitment and drive, in order to push the initiative forward.
- Expertise is important for ensuring that the support provided meets the needs of SMEs, and that the initiative is seen as credible and worthwhile.
- There is evidence to suggest that the most effective initiatives for influencing behavioural change in SMEs are delivered at a regional level.
- Providing services that are targeted specifically at SMEs (rather than all companies) is important, given the different barriers faced by these organisations, such as resource constraints and limited access to finance.
- Support tailored to individual SMEs is more effective.
- Greater benefits are achieved from longer-term relationships between SMEs and a support initiative. This is due to the time taken to develop relationships and trust, to influence behavioural change, and to realise environmental outcomes.

Engaging SMEs

- Different delivering organisations and administrative structures offer different opportunities for communication. The deliverer and/or its partners might have existing communication channels through which SMEs can be reached.

- Several initiatives mention communication as a weak point, due to lack of funding and lack of a marketing strategy. A key lesson is: do not underestimate the costs of marketing.
- Branding and awareness campaigns can improve the image of the initiative and give competitive advantages to participating businesses. However, while this often works well in a particular region/area this can sometimes be difficult and costly to carry out on a broader scale.
- Despite marketing efforts and easily accessible marketing channels, engaging SMEs might still be difficult because of resource and time commitment problems in SMEs.

Funding

- Long term financial security is important, but this should be combined with shorter term milestones to encourage evaluation and continual improvement.
- Some source of public funding is needed in most cases, especially to fund the start-up of initiatives, or initiatives where there are no clear competitiveness benefits for SMEs taking part. Funding therefore needs to be available, and SMEs or potential deliverers need to be aware of these possibilities. Accessing funding (ie application) should not be overly burdensome and prohibitive to SMEs or potential deliverers.
- Some initiatives will need to be delivered to SMEs free of charge, for example one-way information services. Where SMEs do pay, costs should be kept low so that participation is not deterred.
- Where possible, initiatives should avoid dependence on one source of funding, particularly public funding where priorities can change over time.
- The administrative burdens placed on the deliverers should be as low as possible, so that important resources are not diverted away from delivery of the objectives of the initiative. Otherwise this can be a problem, especially in cases where funding is secured from different sources at the same time.
- Cost savings can be made by transferring existing support tools elsewhere – although resources will be needed to apply these effectively in a new context.
- Cost savings can be made by transferring practical experience of delivering SME support initiatives, and this should be encouraged.

Relationships and sharing best practice

- It has proved easier to engage SMEs in programmes when they are contacted through familiar channels, such as existing business associations
- It is important to reserve opportunities for SMEs to interact and input to initiatives, particularly at the design stage.
- The type of partners in an initiative can largely determine what can be achieved within the programme. For example, tax incentives can only be provided by national, and in some cases, federal government.

Monitoring and evaluation

- All SME support initiatives should include a requirement for regular monitoring and evaluation to support continuous improvement.
- Assessing outcomes and impacts of the initiative is more useful than focusing merely on outputs.
- Questionnaires seem to be the most appropriate way to assess outcomes.

1 INTRODUCTION

1.1 About the Project

This project was commissioned by DG Environment to help inform the development of the Commission's Environmental Compliance Assistance Programme for small and medium sized enterprises (ECAP-SME) in the EU. The aims of the project were threefold:

- to identify the range of initiatives that are already in place in Member States and other industrialised countries, which are designed to help SMEs comply with environmental legislation and/or adopt more positive approaches to environmental management;
- to identify the factors that contribute to the effectiveness of these initiatives; and
- to assess lessons for their transferability elsewhere.

In this report, the term 'compliance assistance' is taken to embrace any initiative designed to help SMEs fulfil their environmental legislative obligations and/or improve their environmental performance.

The study was undertaken by a team of researchers in the UK, Germany and Hungary from January to May 2006. It involved two main phases: the first provided a detailed inventory of initiatives in place across 17 countries (15 EU Member States, Japan and the USA); and the second examined case studies on a selection of initiatives identified as being best or interesting practice. The case studies provide in depth information on the initiatives selected including how they are funded, how they are managed and communicated to the business community, and how – if at all - they are evaluated. From this information the main factors contributing to the effectiveness of an initiative have been identified, together with lessons for transferability. A detailed methodology is set out in Annex 1.

This introductory section sets the scene for the report by providing some background information on SMEs in Europe and the current policy context. Section two of the report provides an overview of the types of initiatives in place at present, illustrating the different approaches with real-life examples from the research. Section three explains the approach we have taken to assess effectiveness and transferability, and focuses on the key factors that have contributed to the success of the selected case studies. For each 'key factor' we highlight lessons for transferability. The report concludes by recommending a number of actions that could be taken at the EU level to facilitate improved compliance with environmental legislation and improved environmental performance of SMEs.

1.2 Setting the Scene

The revised Lisbon Strategy, launched in March 2005, placed a renewed emphasis on the competitiveness of the EU economy, and the need for higher levels of economic growth and employment. SMEs are a key part of this agenda, given that they account for 99% of all

businesses, provide two thirds of the 122 million jobs in private enterprises and 60% of overall value added¹. Clearly, SMEs make an important contribution to employment, innovation and growth in the EU economy.

Box 1: What are SMEs?

SMEs are defined as enterprises which employ fewer than 250 employees and which have an annual turnover not exceeding €50 million, and/or a balance sheet total not exceeding €43 million². They are further categorised into three groups: micro (0-9 employees), small (10-49 employees) and medium (50-249 employees) sized enterprises. There are 23 million SMEs in the EU³. Micro enterprises account for almost 93%, 6% are small enterprises and less than 1% are medium sized enterprises⁴.

SMEs are active in a range of sectors across the EU economy: 22.2% in producer services (ie business to business services); 20.4% in personal services (ie business to consumer services); 20% in retail distribution; 11.9% in manufacturing; 11.6% in construction; 8.1% in wholesale trade; 5.5% in transport and communication; and 0.2% in extraction and energy⁵. They contribute up to 80% of employment in some industrial sectors, such as textiles, construction or furniture⁶. The presence of SMEs in different economic sectors varies between Member States. In Germany and the UK for example, almost 60% of SMEs are engaged in producer and personal services, with less than 10% in manufacturing; whereas in Malta and Slovenia the manufacturing sector accounts for the highest percentage of SMEs (19.2% and 26.7% respectively).

SMEs are far from being a homogenous group. However they have a number of features in common, and encounter similar problems in relation to environmental compliance and performance.

As with their larger counterparts, SMEs can exert considerable pressure on the environment. For instance, in the UK it has been estimated that they account for 60% of total CO₂ emissions from firms⁷, and 70% of all pollution⁸. Moreover, it has been suggested that SMEs have a greater environmental impact per unit than larger firms⁹. However, SMEs are often unaware of their environmental impacts, or of the environmental legislation affecting their company. According to a survey of UK firms, for

¹ Euro-abstracts, August 2005

² As defined in Recommendation 2003/361/EC

³ Commission of the European Communities *Implementing the Community Lisbon Programme: Modern SME Policy for Growth and Employment* COM(2005)551 10.11.2005

⁴ EIM Business & Policy Research *Promoting Environmental Technologies in SMEs: Barriers and Measures*, Zoetermeer, May 2006.

⁵ EIM Business & Policy Research, *op cit*

⁶ Commission of the European Communities *Implementing the Community Lisbon Programme: Modern SME Policy for Growth and Employment* COM(2005)551 10.11.2005

⁷ Marshall Report (1998) *Economic instruments and the business use of energy*, HMSO, London.

⁸ Hillary (1995), KPMG (1997), Smith and Kemp (1998) quoted in *A blueprint to support environmental compliance among European SMEs*, Staffordshire University, January 2006.

⁹ Gunningham (2002) *Regulating Small and Medium Sized Enterprises*, Journal of Environmental Law, 14(1) pp3-32

example, only 7% of SMEs thought their activities could cause harm to the environment. Yet when prompted with a list of harmful activities 41% admitted they undertook at least one of them¹⁰.

This situation is undesirable for two main reasons: Firstly, by being unaware of the environmental impacts of their own activities, and the environmental legislation affecting them, SMEs can present a significant threat to the environment, and undermine Community measures focused on environmental protection; and secondly, SMEs are missing the chance to benefit economically from the opportunities presented by better environmental management (eg energy efficiency or improved process management) and eco-innovation. These opportunities need to be harnessed in order to support the overall growth, competitiveness and innovation of the EU economy.

'SMEs are an important engine for economic growth and employment throughout the European Union. However, SMEs are also an important contributor to environmental pollution. Environmental requirements should be related to the nature and magnitude of environmental pollution and not to the size of the enterprise'.

Informal meeting of EU Environment Ministers, Amsterdam, April 1997

A growing body of research has sought to identify the main barriers faced by SMEs. Such barriers include the limited resources (staff and financial) available to them, particularly at the smaller end of the scale; a lack of information and awareness; a short-term economic perspective; and the perception that environmental management is peripheral to core business¹¹. The small size of many SMEs means that managers have a number of different roles and responsibilities, and consequently environmental issues tend to suffer from lack of attention compared with core business decisions. The lack of resources can also lead to the SME being risk-averse and less willing to invest in new environmental technologies, partly as the pay-back period of these investments is often only apparent over a number of years. Moreover, the organisation and operating procedures of SMEs are significantly different from those in larger companies. They are unlikely to have an environmental division or a specialist/dedicated person responsible for environmental compliance and management in the company. Consequently many SMEs rely on external actors and relationships, eg business associations, for information about environmental legislation¹².

While there is some common ground between SMEs operating in the EU economy, there are also many issues which are specific to national and regional contexts. SMEs

¹⁰ NetRegs, 2005 quoted in *European Commission Consultation Document for the Stakeholder Meeting on the Future Environmental Compliance Assistance Programme*, Brussels, October 2005.

¹¹ See for example *'SMEs and the Environment'*, Ecotec, February 2000

¹² UEAPME's proposals for a European Environmental Policy more compatible with SMEs, UEAPME, Brussels, December 2004.

in Central and Eastern Europe, for example, face the challenge of building trust between public administrators and entrepreneurs, access to finance, and creating a more entrepreneurial and innovative culture. These nuances need to be considered when assessing whether certain approaches to compliance assistance can be easily transferred to different regions and countries.

1.3 The Policy Background

In order to help SMEs overcome the wide range of barriers they face, initiatives have been developed both at Member State and EU level. In November 2005, the European Commission proposed a single, coherent framework for the Union's policies towards SMEs, in order to strengthen their contribution to meeting the objectives of the Lisbon Strategy's Integrated Guidelines and the Community Lisbon Programme for Growth and Jobs¹³. The Commission's Communication – *Modern SME policy for growth and employment* - sets out a wide range of measures aimed at making the 'Think Small First' principle effective across all EU policies. It integrates the objectives of existing instruments, in particular the EU Charter for Small Enterprises, which was adopted in June 2000 in response to the original Lisbon Strategy. The Charter is based on the open method of coordination, and calls upon Member States and the Commission to support SMEs by taking action in 10 key areas, including better legislation and regulation, access to training, easier and faster business start up procedures, improving access to finance, and the strengthening the technological capacity of enterprises, etc.

Subsequently endorsed by the Competitiveness Council and EU Heads of Government in March 2006, the Communication made reference to the development of an Environmental Compliance Assistance Programme to improve compliance, environmental performance and support eco-innovation in SMEs. The Environmental Compliance Assistance Programme needs to build upon several existing EU policy tools and initiatives to assist the business community and SMEs in particular. These include: the Eco Management and Audit Scheme (EMAS), with a toolkit specifically developed for SMEs; eco-labelling; Integrated Product Policy initiatives; and EU funding programmes, including LIFE and the Structural Funds. In 2003-2004, for example, SMEs received approximately 45% of LIFE Environment funding.

Better Regulation is a key component of the Lisbon and SME Strategies, and there are several initiatives aimed at improving the regulatory environment, and ensuring that legislative requirements do not present a disproportionate administrative or financial burden on SMEs. In 2005 DG Enterprise commissioned a study to look specifically at simplifying environment related regulatory requirements under its 'BEST Procedure'¹⁴. The study report¹⁵, presented in June 2006, provided details of actions

¹³ Commission of the European Communities, Implementing the Community Lisbon Programme: Modern SME Policy for Growth and Employment COM(2005)551 10.11.2005

¹⁴ The Business Environment Simplification Task Force (BEST) was set up in 1997. It involves representatives from the business community and public authorities in the Member States. The BEST

taken by Member States, Candidate Countries and other non-EU countries to simplify and streamline the requirements of environmental regulation, and thereby reduce burdens on businesses. Though the research covered actions relating to all businesses, it also included a number specifically targeted at SMEs. Whereas the 'BEST' report focussed specifically on simplification, this report focuses on compliance assistance initiatives. Therefore, simplification initiatives are not covered here, unless they are part of a broader compliance assistance initiative.

Procedure was launched in 2000 and provides a framework to support Member States' efforts to improve their performance by learning from best practices in the EU or in the rest of the world.

¹⁵ Simplification of Environment Related Regulatory Requirements, DG Enterprise, June 2006

2 IMPROVING THE ENVIRONMENTAL COMPLIANCE AND PERFORMANCE OF SMES - OVERVIEW OF EXISTING INITIATIVES

2.1 Introduction

It is clear from this research and a growing body of literature that there are already a large number of initiatives in place in the EU which seek to help SMEs comply with legislative requirements and improve their environmental performance. The range, approach and level of support differs across the EU: in some Member States, such as Belgium, the Netherlands, Austria, the UK, Germany and Spain, there are already a number of national and regional initiatives in place which offer environmental compliance support to SMEs. In other countries, support is available for SMEs, but it is not necessarily related to environmental compliance, nor targeted specifically at SMEs. In Finland, for example, the initiatives found in this study are mainly targeted towards information technology and innovation, and cooperation projects between Finland and Estonia tend to lack an environmental dimension. Further, though one might expect that support would be less well developed in the new Member States, this did not appear to be the case for Hungary, the Czech Republic and Slovenia. Instead, the issue in these countries – as is often the case elsewhere – is about how to encourage SMEs to take advantage of the services available. The cultural-administrative background in this respect is very important. For instance, if the industrial and tax policy of a particular country is not ‘SME friendly’, these issues alone can consume the limited management resources available, thus leaving little time for additional considerations, such as environmental compliance and performance. Variations in the level of support currently available need to be considered when determining the type of assistance appropriate to individual countries, regions and sectors. Some countries may need support to start up initiatives, while Member States with already well established initiatives may benefit more from best practice sharing, or better coordination of services on the ground.

Most initiatives researched in this study tend to address both environmental compliance and environmental performance, although the primary objective can vary. Initiatives with environmental performance objectives tend to address, as an integral part, compliance with legislative requirements; initiatives focused on compliance will ultimately aim to encourage performance which goes beyond requirements. Further, initiatives are not always exclusive to SMEs, but can be directed at the whole business community in a certain geographical area or sector.

Across the seventeen countries covered in the research, a total of 104 initiatives were identified (see Table 1). Inventory sheets were completed for each separate initiative, providing basic information and suggesting whether the approach would make an interesting case study. The selection of case studies was based on whether the whole initiative or certain elements could be viewed as best, or at least, interesting practice, and whether the experience could be transferred. Rather than being a comprehensive list of everything in place in these countries, the inventories provide an indication of the current state of play, and provide examples of the different approaches being

taken. The number of initiatives presented in Table 1 is therefore not an indicator of the absolute level of activity in any one country. It is simply the number of initiatives identified, and for which inventory sheets were produced, in the time permitted by the project.

A summary table of all of the initiatives researched, providing details of the type of initiative and references for further information can be found in **Erreur ! Source du renvoi introuvable.**

In the report, case studies will be referred to as ‘Case 1’, ‘Case 2’ etc, and initiatives in the inventory as ‘I - the country name and number (eg ‘I-Austria 1’; ‘I-Austria 2’ etc). An overview of all the compliance assistance initiatives as well as the individual case study summaries can be found on DG Environment’s ‘Environment and SMEs’ website: http://ec.europa.eu/environment/sme/cases/case_study_en.htm#01 .

Table 1: The number of SME environmental compliance and performance initiatives identified in each country

Country	Number of inventories completed
Austria	5
Belgium	6
Czech Republic	13
Denmark	4
Estonia	2
Finland	5
France	4
Germany	6
Hungary	19
Italy	5
Netherlands	6
Slovenia	10
Spain	5
Sweden	5
UK	9
Japan	5
USA	7
TOTAL	104

2.2 Types of support and services

Initiatives can be categorised in a number of different ways. One way is to use the *objectives* as an organising principle. For example, initiatives may aim to improve compliance with environmental legislation, or increase the adoption of environmental management systems, or deliver a particular environmental improvement, such as improved local air quality. Many of the initiatives in this study have similar objectives and focus on delivering benefits such as supporting the implementation of an environmental management system (EMS), improved waste management and energy savings. Additionally, those initiatives which are designed to deliver environmental performance objectives usually also include compliance objectives. For example, to be awarded Ökoprofit status in Austria, in addition to fulfilling requirements to produce an annual environmental programme, document achievements, and complete an internal audit etc, a company must also provide documentary evidence of compliance with all relevant legal provisions and conditions of installation permits.

Another approach is to categorise on the basis of the *target audience*, eg whether it is a sectoral or regional initiative or whether it is focused on only SMEs or open to companies of all sizes. Though important, this criterion is often not the most distinctive characteristic of an initiative, and hence not the most useful form of classification for this study.

A third option is to classify initiatives according to *how the objectives are delivered* - for example, the provision of 'hands on' support or the creation of websites and IT support tools. This is the approach that we have taken in this report.

Six main 'types' of support and services have been identified:

- Passive information and advice tools, eg website, campaigns, electronic packages;
- Active/direct support and advice (eg 'hand-holding');
- Training;
- Network approaches;
- Incentives: economic and market incentives; and
- Voluntary agreements.

In reality one initiative rarely fits into just one category, and many of the more sophisticated approaches include both the provision of information and raising awareness as part of their activities.

The type of support and services offered is largely determined by what the initiative intends to achieve. If, for example, the intention is to simply provide information to SMEs on what the legislative requirements are in relation to certain sectors, then a well targeted and communicated website may suffice. However, if the intention is to increase the number of SMEs adopting environmental management systems, then more direct contact and tailored support will be necessary. The local context and

characteristics of the target audience are also significant considerations, as discussed in section 3.3.

In the following sections each 'type' of support and/or service is explained, and illustrated using examples from the research.

2.2.1 Passive Information and Advice Tools

Most of the studied initiatives include some sort of information tool, normally a website or a phone-line, providing information on environmental legislation and environmental management, eg in relation to waste and energy. Many European statutory environment agencies and business associations produce online or printed guides to legislation and EMS implementation. The public economic chamber of Vienna publishes the 'Umweltreferat Aktuell', a journal on environmental law and current law projects (I-Austria 2), for example; the French Chambers of Commerce and Industry run a website - Le Portail de l'Environnement (the Environment Portal) - which informs and supports companies on environmental management (I-France 3); in the UK, the statutory environmental agencies run the 'NetRegs' website, which provides information on environmental regulation affecting SMEs in different sectors (Case 4); and in the United States the Small Business Ombudsman service distributes a resource directory of small business environmental assistance providers to give the small business community easy access to resources (Case 3).

There are also examples of specialised information events. The Ministry of the Environment in the Region of Baden-Württemberg, Germany, organised an 'IPPC information day' in 2005 which informed companies of the steps necessary to comply with the new permitting law as required by the IPPC Directive. The conference provided advice on how permitting procedures could be accelerated and the pre-conditions that operators had to meet (I-Germany 4).

These approaches have proven useful for the dissemination of information to a wide audience, eg targeting all SMEs in one country or one region, or those in a specific sector.

Passive information and advice is often provided in combination with other forms of support. The research found several examples of this, such as IHOBE-Line in Spain, which runs a hot-line for questions related to environmental compliance as well as providing more tailored advice through IHOBE-Environmental Assessment (Case 1). Another case is UWE in the Walloon region in Belgium, which has a remit from the government to provide information, and operates a team of environmental advisors who carry out environmental diagnosis in SMEs (Case 15). EnergiGuiden in Denmark (Case 5) and EMAS-Easy (Case 10), both include IT tools which operate alongside more tailored advisory services.

2.2.2 Active/Direct Support and Advice

The initiatives discussed in this section differ from those in section 2.2.1 in that they have a more personal, hands-on way of providing advice to SMEs. Active/direct support services have frequently been developed in response to an explicit demand or identified need among SMEs. This is the case with the IHOBE Services in Spain (Basque country), which serves to answer environmental questions through IHOBE-Line and to provide environmental assessments through IHOBE-Assessment. These services were developed in response to the growing realisation that SMEs were looking for quick, independent and individually tailored information with regard to environmental matters (Case 1). The PBE+ initiative in France also provides hand-on support, whereby a local advisor goes into the company and assists with its self-diagnostic. A self-diagnostic is a global assessment of the company's environmental management and environmental risks. The service also covers compliance queries in relation to environmental regulation (Case 7).

In Belgium, the UWE Team of Environmental Advisors also provides support with ecodiagnosics. Participating SMEs are offered an initial assessment of their environmental performance through a standardised audit method. This involves two half days spent on site by a UWE environmental adviser, who then draws up an 'ecodiagnosics' report for the company's management. This includes an assessment of regulatory compliance, strengths and weaknesses, and recommendations to achieve compliance and improve environmental performance, together with information on any aid schemes that may be available. These recommendations are then discussed with the management, and they are invited to commit to implementing all or some of them on a voluntary basis. In all, the team will spend a maximum of five working days on counselling an individual enterprise (Case 15). Hands-on advice can also be made available in such a way that it is shared among several beneficiaries. In the Ökoprofit initiative a platform was created, which facilitates the exchange of experience and information between SMEs (Case 12), and a similar approach was taken in PBE+ (see 2.2.4).

2.2.3 Training

Training is an essential part of several of the environmental management system initiatives. The Giada Project in Italy, for example, includes training and communication activities for entrepreneurs in the tanning sectors; public administration employees; and students, as well as a web site aimed at providing information and connecting stakeholders (Case 17). A number of these initiatives take a stepwise approach towards an environmental management certificate. This allows SMEs to improve their performance gradually and the training is adapted to this accordingly, such as in EMAS Easy (Case 10).

More sophisticated training initiatives include those where trainees pass on their new expertise within the company. For instance, the French PBE+ environmental self-diagnosis support includes a free two-day training session (Case 7). The trained participants are then called the 'environment correspondent' of his or her enterprise. Larger events are regularly organised for environment correspondents from a number

of firms on relevant topics. In EMAS Easy there is a two-phase implementation sequence where the first phase is the ‘training of trainers’ at the international level, which is then followed by the implementation of projects at the local level with the help of experts trained in the first stage.

2.2.4 Network Approaches

Although the practice of doing business with people you know and trust is not new, the network approach has become popular over the last decade, and has been developed particularly in the Nordic countries. With this come certain benefits such as the emergence of ideas, sharing knowledge, benchmarking and bargaining power. Understanding networks is important when considering the formation of SME assistance programmes because SMEs are particularly dependent on their network to compensate for the lack of resources and limited knowledge in-house. For instance, the Swedish Hackefors initiative offers networks of SMEs the possibility to assign a shared environmental manager to save costs in terms of consultancy services and administrative workload for their ISO 14001 EMS certification (Case 13).

Moreover, networks can be used to distribute information and knowledge. For instance, the online tool EnergiGuiden uses an existing network for the distribution of energy saving advice (Case 5). Networks can also be used to ensure greater engagement, thereby increasing the chances of a long-term impact. For example, in the case of the PBE+ initiative in Brittany, France, the overall objective is to create a critical mass of environmental action through networks and facilitate the exchange of experience among SMEs (Case 7). In addition, networks can bring non-environmental benefits to SMEs and therefore motivate SMEs to participate in such initiatives. This can involve, for example, putting SMEs in contact with companies that share their problems or interests, not only in relation to the environment but also in other areas, and making supply chain links. A network may also be useful as a starting point for understanding the needs of SMEs and to further develop a programme, such in the case of the UWE Team of Environmental Advisors (Case 15). Thanks to close relations with the participants of its ecodiagnosics programme, UWE has been able to develop new services that correspond to the needs and interests of SMEs, including an energy saving programme.

One type of network often mentioned in relation to innovation and competitiveness are ‘clusters’. Clusters can be defined as concentrations of competing, collaborating or interdependent companies and institutions which are connected by a system of market and non-market links¹⁶. As mentioned above, SMEs rely to a large extent on external support and relationships and participation in clusters can be important to the success of SMEs. An example of an initiative which supports the development of environmental SME clusters is the SITRA initiative in Finland. Target SMEs are identified by a mapping exercise, identifying the most innovative environmental

¹⁶ UK Department for Trade and Industry: <http://www.dti.gov.uk/regional/clusters/index.html>

SMEs, which form the base for the networks with other SMEs, universities and other organisations. With the help of these clusters and the funding from SITRA, it is anticipated that Finnish SMEs will be able use their environmental know-how as a marketing opportunity internationally.

Some initiatives have integrated the development of new networks rather than relying on an existing network. Examples are the Green Networks in Denmark (I-Denmark 1) and Finnish-Estonian Environmental Networking (I-Finland 2). Green Networks/Growth Groups in Denmark is a voluntary co-operation at regional level between private companies, public authorities and interested third parties with the aim to improve the environmental performance of enterprises, both internally (workplace) and externally. A key tool to achieve this is a simplified EMS, which the participating companies are expected to implement, and which results in an environmental statement. Practical work including training activities is carried out in 'Growth Groups' consisting of 10-15 companies from a single geographical area, their environmental authorities and one or two external experts. An important feature of these Groups is the co-operation between enterprises and environmental authorities, and the active support provided by these authorities. The Finnish-Estonian Prognos project is aimed at expanding the existing environmental business cluster of Southern Finland into Estonia, in order to create new business opportunities, build more competitive project consortia and target joint projects also in third markets. Another aim is to identify key umbrella and expert organisations to form a 'network of networks'. The work within the project is conducted in so-called miniclusters, covering clean energy (incl. bioenergy and emissions trading); waste management and waste-to-energy; and water resources management.

2.2.5 Incentives

(i) Economic Incentives

Different kinds of economic incentives play an important role to motivate SMEs to work with environmental compliance and management. Although environmental compliance and environmental management have the potential to bring economic benefits to companies (for instance through resource and energy savings, and business opportunities) many SMEs do not have the resources to invest in these kinds of activities and/or they cannot motivate investments as future economic benefits are unclear. A large majority of the initiatives subsidise, either partly or fully, SMEs participation (see section **Erreur ! Source du renvoi introuvable.**).

In addition, there are initiatives whose core idea is to provide an economic incentive for SMEs, such as subsidy schemes for the development of environmental technologies and taxation relief. The following are examples of this approach:

- VAMIL and EIA/MIA in the Netherlands are tax incentives led principally by the Ministry of Finance and the Ministry of the Environment (VROM). VAMIL offers accelerated depreciation on environmental investments from a list of technologies, and enables companies to determine the rate of

depreciation. This leads to savings of between 3-8% on the investments made. EIA/MIA enables partial deduction of environmental investments from tax. The percentage of the investment that can be deducted is explicitly set out in the Environment List (Case 6).

- In the new M-moms project in Sweden, companies with a positive environmental audit result will receive compensation for the environment related efforts they have carried out, eg reduced emissions, reduced acidification and improved energy efficiency (I-Sweden 3).
- In Denmark, Environmental Competence Schemes were initiated by the Danish Environment Protection Agency (DEPA) with the aim to promote environmental management and EMSs in industry, in particular to achieve long-term competence building. Since the introduction of the schemes in 1998, some 700 enterprises have received direct subsidies from government to prepare them to make the transition to sound environmental management. The schemes are part of the wider 'Cleaner Products Programme' (closely linked to IPP) and the government's overall environmental/sustainable development policy goals. All these subsidy schemes have a strong focus on EMS implementation on account of the observed positive correlation between EMSs and long-term commitment to improved environmental performance. The schemes have successfully contributed to raising awareness within SMEs and have funded employee recruitment and training (I-Denmark 2).
- 'For a Successful Hungary' is a credit program for enterprise development, which aims to improve environmental performance by encouraging investments promoting infrastructure and technology development. The government funded program provides loans (up to €3.6m) on preferential terms for SMEs for environmental investments. Recipients must make a contribution of at least 25% (I-Hungary 19).
- The Slovenian Eco fund promotes investment in environmental protection by offering low interest credit to citizens and companies for investments in environmental protection, and guarantees for investments in environmental protection (I-Slovenia 1)

(ii) Market Incentives

Closely related to the economic incentives described above is support for the development and promotion of environmental products and services. This includes initiatives targeted at environmental technology companies, the creation of declarations and certificates which raise the profile of the company and offer increased sales opportunities, and public procurement which favours companies with environmental management systems in place, such as EMAS and ISO 14001. These initiatives encourage SMEs to produce products and services to a high environmental standard, and focus on strengthening their competitive positions in the marketplace. Some activities, for example, are expected to support and contribute to the development and growth of markets for environmental technologies, products and services, by stimulating demand for them. The Swedish initiative 'On the road to EPD' offers a possibility for SMEs to receive a stepwise Environmental Product

Declaration (EPD) and still gain the same exposure to potential business partners (through publication on the website) as companies which already have achieved a full EPD (Case 16). London Remade (Case 9) and the Finnish Sitra programme (Case 8) are other good examples. London Remade was established to act as a vehicle for improving markets for, and supply of, waste and recycle products. Its projects include the 'Mayor's Green Procurement Code', and 'Enhance', which includes support to SMEs in developing their communication and marketing strategies in order to promote the growth of small businesses and social enterprises working with recycled materials across the London.

SITRA Venture capital investment is part of the Finnish Environmental Programme 2005-2007. The Environmental Programme surveys Finnish SMEs for useful mini clusters and identifies potential networks of top companies and system suppliers. Currently the programme is assessing the environmental field for new investment opportunities that would have social and environmental significance and the main aim is to improve business opportunities for SMEs in the environmental field. The aim of the programme is to create an environmental investment portfolio to take to international markets. Building international co-operation networks with actors in other countries and keeping close tabs on the latest developments in the environmental field are also part of the environmental programme (Case 8).

2.2.6 Voluntary agreements

Voluntary (negotiated) agreements between business associations and government are often favoured by businesses as a way to work towards environmental objectives and targets, while avoiding the immediate threat of legislation or regulation. Voluntary agreements typically go beyond current legislative or regulatory requirements. Taking part in voluntary agreements can be a way to ensure that the company is meeting high environmental standards, which can in turn help in business relationships and winning contracts (see also branding in section **Erreur ! Source du renvoi introuvable.**). The Bavarian Environmental Agreement, Germany, and the Dutch Covenants (Negotiated Agreements) both include commitments and incentives to implement environmental management systems. Other examples are the Austrian certificate 'Entsorgungsfachbetrieb' which is based on a voluntary agreement of the Waste Management Industry, and the 'Keidanren Voluntary Action Plan on the Environment' of the Japanese industry. Details of these initiatives are provided below:

- The Bavarian Environmental Agreement is an agreement between the Bavarian State Government and the Bavarian Business Community (Association of the Bavarian Industry, Association of Bavarian Chambers of Industry and Commerce and the Bavarian State Congress of Crafts Representatives). It contains a list of measures aimed at decreasing the negative environmental impacts of industrial activity, and applies to many sectors of business. . Depending on the sector, the initiative helps businesses to comply with various pieces of EU legislation. Up to 2005 over 5,000 companies have taken part in the programme. One part of the Agreement involves subsidising the

development of environmental management systems in SMEs. The introduction of an EMS (eg EMAS, ISO 14001, Ökoprofit and QuH - a system for the craft sector in Bavaria) is subsidised by the regional government for those enterprises with less than 150 employees and a turnover less than €15million turnover. The subsidies cover a certain percentage of the costs of external personnel and certification. In exchange for the installation of EMAS, a company is relieved of 30% of the costs of permitting procedures. Meanwhile other cost reductions are realised (Case 11).

- In the Netherlands, voluntary agreements – or covenants - are reached between regional licensing authorities and eleven industrial sectors, with reduced requirements for SME participation. The objective is to improve environmental performance through the use of EMS and shared responsibility by different actors for environmental goals. The covenants include sectoral environmental targets for 2000 and 2010. SMEs draw up annual company environmental plans (4-yearly for large companies), in consultation with licensing authorities. These plans are reported on annually, and incorporate their sector's Best Available Techniques (BAT) targets. A recent study showed that 7% of all covenanted enterprises have a certified EMS, compared to 1% non covenanted sectors (I-Netherlands 4).
- In Austria, the certificate 'Entsorgungsfachbetrieb' is based on a voluntary agreement between the government and the Waste Management Industry, and confirms the high environmental standard of certified waste management firms. The certification procedure is carried out by a private association (independent experts) and the certificate 'Entsorgungsfachbetrieb' is finally issued by a council that is presided over by an official of the Austrian Ministry of Economic Affairs. The certificate is intended to help the companies obtain public procurement contracts (see 2.2.5 on incentives) as well as improve their reputation as environmentally sound companies. Some calls for tender in the field of waste management favour 'Entsorgungsfachbetriebe' in the same way as they would favour EMAS. It is expected that the certificate 'Entsorgungsfachbetrieb' will also be legally recognised in an amendment to the Austrian Act on Environmental Management Systems. The Austrian guidelines for certification as 'Entsorgungsfachbetrieb' have been adopted in the new EU Member States Czech Republic, Hungary, Slovakia. Therefore at least on a regional level, including the countries Austria, Czech Republic, Germany, Hungary and Slovakia, the certificate 'Entsorgungsfachbetrieb' will be mutually recognised. (I-Austria 1)
- In 1991, Nippon Keidanren (Japan Business Federation) announced the 'Keidanren Global Environmental Charter' and declared its intentions to pursue voluntary and active efforts to preserve the environment. It announced the 'Keidanren Voluntary Action Plan on the Environment' in 1997, through which it created an ongoing framework designed for the steady implementation of environmental measures at all levels of Japanese industry. The Keidanren

Voluntary Action Plan is an effort in which each of the 41 participating industries and 142 industrial organizations has used its own discretion to improve the environment, without pressure from any government or regulatory framework. Underlying the plan is the assumption that industry accountability had to be increased through declaring specific objectives and conducting follow-up surveys each year, allowing 'incentives in the form of public promises' to work, and bringing to bear the maximum amount of voluntary effort. By making environmental efforts industry-wide, Keidanren hopes that it will mobilize action among all of Japan's citizens. (I-Japan 3).

3 ASSESSING EFFECTIVENESS AND TRANSFERABILITY

3.1 Selection of cases

From the 104 initiatives identified in the first research phase, seventeen were selected as case studies (see Table 2) and were the subject of closer analysis. The purpose of the case studies was to provide a smaller number of more detailed examples, from which it would be possible to identify what key factors are linked to the success or otherwise of SME support initiatives, and to draw out lessons on transferability (see 3.3).

The cases were selected based on a number of considerations:

- Whether the initiative was considered to be a best practice example, or at least, interesting practice;
- whether the initiative was considered to be innovative;
- the likelihood that it could be transferred elsewhere, in full or just certain elements;
- whether there was any evaluation information available; and
- the need to reflect different types of initiative (information tools, economic incentives etc), initiatives with different objectives (performance and compliance) and initiatives with different target audiences (sectors, clusters, regions etc)

From the summary information contained in each inventory, it was difficult to establish conclusively whether a particular initiative could truly be defined as being ‘best’ practice. This was hindered by the fact that evaluation data was not always available, and it was not possible to go into depth on each initiative during the first research stage. Consequently the selected cases were chosen as examples of ‘good’ or ‘interesting’ practice, from which lessons could be drawn.

3.2 Assessing Effectiveness

Each case study was examined to identify the key factors likely to have contributed to its performance. This assessment was based on information gained from interviews with the deliverers of these initiatives and those using the services; existing evaluations; and other evidence of how the initiative was perceived, for example, press coverage. In general, however, there was a lack of good information on performance and user perception. Although some of the cases, especially those which are more established (for example NetRegs or the Bavarian Environmental Agreement) have a good track record of evaluating performance and continuous improvement, information tends to focus on immediate outputs, rather than outcomes, in terms of improvements in the level of environmental compliance or performance. Moreover, information is not easily comparable with other initiatives, making it difficult to compare levels of

success. The performance measures available for the cases studies are provided in **Erreur ! Source du renvoi introuvable.** Despite these limitations, however, the initiatives in place are clearly delivering real improvements at a national and regional level.

Table 2: Selected Case Studies

Type of support and geographical coverage	Passive information	Active/direct support	Training	Network approaches	Economic and market	Voluntary Agreements	National	Regional/multi-regional
1. IHOBE (Spain)	✓	✓						✓
2. Stimular (Netherlands)	✓	✓	✓					✓
3. Small Business Ombudsman (USA)	✓	✓					✓	✓
4. NetRegs (UK)	✓						✓	
5. EnergiGuiden (Denmark)	✓						✓	
6. VAMIL and MIA/EIA (Netherlands)					✓		✓	
7. PBE+ (France)		✓	✓	✓				✓
8. Sitra Environmental Programme (Finland)				✓	✓			✓
9. London Remade (UK)		✓			✓			✓
10. EMAS Easy (Hungary)	✓	✓	✓					✓
11. Bavarian Environmental Agreement (Germany)		✓			✓	✓		✓
12. Ökoprotit (Austria)		✓			✓			✓
13. Hackefors Model (Sweden)				✓	✓			✓
14. Business Environment Coordinators (BECS) (UK)	✓	✓						✓
15. UWE Team of Environmental Advisors (Belgium)	✓	✓						✓
16. On the road to EPD (Sweden)					✓		✓	
17. Giada Project (Italy)	✓	✓	✓		✓			✓

Note: Detailed summaries of these cases can be found on DG Environment's website: http://ec.europa.eu/environment/sme/cases/case_study_en.htm#01

Several key 'success factors' emerged from this analysis, such as the way in which an initiative is funded, how it is delivered and by whom, and how it is communicated to the target audience. However, it is not possible to establish a direct causal link between one single factor and an outcome. Rather, it is the unique combination of 'ingredients' in a given context which determines whether something works in practice. If SMEs are motivated to participate in an environmental improvement programme - for example, because of an effective marketing campaign - the ultimate success of the initiative still depends on, *inter alia*, how the support is delivered, the expertise of the delivering agent, and successful working relationships. Similarly, if an excellent IT tool is developed to help SMEs identify legal requirements and improve

compliance, this objective will not be achieved if SMEs are not aware of its existence. External factors can also be significant in influencing changes in business behaviour (see section 3.3.1), independently of the initiative itself.

However, we have identified a number of key factors that have been shown to have a significant impact on the performance of existing SME support initiatives. These factors are detailed and illustrated in section 3.4.

Table 1: Case Study Measures of Effectiveness

Case Study	Measures of Effectiveness
1. IHOBE	<ul style="list-style-type: none"> • Demand for the service has increased year on year from 1999-2004. • 53% of the Basque industrial companies know about the existence of the IHOBE line. • About 3500 queries are answered each year, and there are more than 150 assessments. • 21% of all companies in the Basque region use the IHOBE-Line (2004); and 21% demand assessments. • 65% of the companies that used the service made environmental investments based on recommendations by the service of Environmental Assessments. • The global satisfaction rate of the service is rated at 8.2 out of 10. • From a satisfaction survey, companies that have taken part consider that the EA guidance method has proved to be a very effective tool. It helps companies to make decisions and motivates them to act.
2. Stimular	<ul style="list-style-type: none"> • Stimular has helped 500 companies set up an Environmental Barometer – an innovative evaluation system designed to visualise the company’s environmental achievements, and measure the benefits to the environment • An external report found that the activities of Stimular are very cost effective: €1 spent on Stimular can save €13.50 in costs (energy etc) for the SMEs.
3. Small Business Ombudsman	<ul style="list-style-type: none"> • The Small Business Environmental Home Page received 393 915 hits (84% from USA) during the first quarter of 2005. • Increase in the level of voluntary compliance with EPA regulations by the small business community.
4. NetRegs	<ul style="list-style-type: none"> • Viewed as a useful tool by its users and business federations. • Repeat use of website is high with 57% of UK SME respondents having used the NetRegs website more than once and more than half of those have used it more than ten times. • For the new personalised emails - in the first two months since setting it up and with only low level publicity there have been over 2000 registrations.

Case Study	Measures of Effectiveness
	<ul style="list-style-type: none"> In the 2005 survey respondents were asked what changes their organisation has carried out as a result of visiting NetRegs website: 61% had either ensured they were already compliant or made changes; and 17% had identified areas where change was needed but had not yet implemented it. There is clear evidence that repeat visitors to the site are more likely to have taken action: 75% of all repeat users (SMEs) claim to have either ensured they are compliant or made changes compared to 41% of first time users.
5. Energi-Guiden	<ul style="list-style-type: none"> The Danish Federation of SMEs find the website very useful as it is simple and clear. It recommends the website to its members. 83% of consultants find that the tools make their work easier; and 43% report that they save time by using the tools. 94% of consultants think that the initiative should continue in its present form. The auto and industrial coatings, garages and printers surveys show that 7% of respondents know of the site <i>and</i> have visited it <i>and</i> have taken action on the basis of the advice contained on the site. A survey of machine tooling companies and wood manufacturers shows that 40% of the target group have heard of the site, and 14% of them have visited it.
6. VAMIL and MIA/EIA	<ul style="list-style-type: none"> In 2003, €1.1bn has been invested in environmental investments that were on the technology list. 8,000 enterprises, of which 95% were SMEs, applied for this instrument. 350 new techniques were proposed by suppliers to be listed on the technology list. It is perceived to be a successful instrument within the Netherlands for encouraging SMEs to invest in more environmentally friendly technologies. Savings of between 3-8% of the investment can be made. The financial incentives used in the Netherlands such as VAMIL and MIA are considered to be successful and popular.
7. PBE+	<ul style="list-style-type: none"> Approximately 1500 companies are members of the PBE+ network. More than 2000 industrial contacts have been involved in the program through training sessions. The rate of satisfaction with the different events is around 90%.

Case Study	Measures of Effectiveness
	<ul style="list-style-type: none"> • More than 800 environmental self-diagnoses with support from a local advisor have been undertaken in SMEs. • Some changes in behaviour have been visible, notably in relation to the handling of waste, eg decreased costs of waste treatment and identifying recycling possibilities. • Creation of a network of industrial actors who exchange experience in the area of environment and other areas. • Companies are better informed about legislation. • Implementation of ISO 14001.
8. Sitra Environmental Programme	<ul style="list-style-type: none"> • During the first year (2005-06), the programme carried out development studies and organised different networking experiments with companies. • The programme has been well received, both among the authorities as well as among SMEs. • SITRA has received much feedback from SMEs reflecting a genuine need for this type of support.
9. London Remade	<ul style="list-style-type: none"> • Has moved in four years from being a company with almost no employees and access to significant capital and revenue funding to an SME with 30 staff and an annual turnover of £3.1m (c€4.5m), now delivering a wider range of services almost entirely supported by public sector revenue streams. • The web site is currently averaging around 46,000 hits a month. • Receives around 100 calls a day from small businesses seeking help. • Evidence of steady increases in the amount of expenditure on recycled content products. In 2005 the cumulative total was £300 million (€440m) worth of public and private sector money throughout the supply chain, which was converted to the purchase of recycled content products. • Funding has resulted in more than 350,000 tonnes worth of capacity for new recycling plants in London. • In October 2005, it calculated that 960,000 tonnes of waste has been diverted from landfill specifically through the work of this programme. • Is considered that London Remade provides really good advice and network opportunities and has a friendly, approachable, committed team.

Case Study	Measures of Effectiveness
<p>10. EMAS Easy – Hungary pilot project</p>	<p>The goals set at the start of the project have been achieved:</p> <ul style="list-style-type: none"> • 5 local experts have been trained for the dissemination of the EMAS Easy approach. • 10 SMEs, out of which so far 3 SMEs have already acquired EMAS certification, were trained in EMAS and the EMAS Easy approach • Some improvements were also noted as a result of consultation activities in cases where certification has not yet taken place • The results of the pilot have been integrated into the model of implementation. <p>According to a survey with participants:</p> <ul style="list-style-type: none"> • 50% thought ecomapping had a very positive effect • 50% thought EMAS easy forms had an effect, 36% thought it had a positive effect and 2% answered that it had a very positive effect. • 93% said the programme resulted in a positive environmental performance.
<p>11. Bavarian Environmental Agreement</p>	<ul style="list-style-type: none"> • Around 5,000 companies have agreed to the Bavarian Environmental Agreement, representing approx 40% of all (ie. not just SME) employees in Bavarian industry. • Bavaria has a high number of environmental management systems in place • The Bavarian Environmental Agreement is widely known about in Bavaria and Germany and has been praised as the most extensive environmental agreement in Germany. • Studies have shown that through environmental management systems 88% of the companies could improve their environmental performance, 83% claimed to have bettered their image, 61% found continuous cost savings by implementing EMS and 50% saved resources. • There is a high achievement rate of objectives. More than 200 projects and obligations were agreed between the state and industry for the second round (2000 to 2005) of the agreement. The rate of fulfilment was 98%. For the new agreement 136 projects and obligations have been agreed on. • There are many examples of where enterprises have improved their environmental management by fulfilling their commitments in the Bavarian Environmental Agreement. • The President of the region of Bavaria has praised the Bavarian Environmental Agreement as a wide-ranging agreement

Case Study	Measures of Effectiveness
	<p>encompassing all branches of industry and enterprises.</p> <ul style="list-style-type: none"> • The Chamber of Crafts praises the reduction of administrative burden in exchange for environmental improvements in the firms. • The Federation of the German Enterprises (BDI) emphasised the high number of enterprises that have introduced an EMS on the basis of the Bavarian Environmental Agreement. • The Chamber for Industry and Commerce has expressed its satisfaction with the Agreement and vow to support the process in the future.
12. Ökoprofit	<ul style="list-style-type: none"> • Almost a half of the targeted audience takes part in the initiative. • 533 measures were implemented by companies involved in 2004 alone. For 2005, 446 measures have been planned. • Estimated financial savings totalling €1.6m for Ökoprofit companies. • In a poll commissioned by the city of Graz 82% of companies polled said that the cost savings as a result of Ökoprofit was considerable. 82% emphasised the benefit of energy saving, and 65% the benefit of resource savings. 69% responded that the reduction of emissions is considerable, 63% considered the reduction of waste water considerable, and 92% regarding the reduction of waste. • The poll also found that Ökoprofit has contributed to fostering compliance with environmental law (80%), including the application of new environmental ordinances and the conduction of permitting procedures.
13. Hackefors Model	<ul style="list-style-type: none"> • Drafting and implementation of ISO 14001 and/or integrated environment-quality systems in 600 SMEs in about 40 different networks. • 6 companies outside Sweden obtained certification through the model, and 2 are about to achieve it. • The price for group certification is around 65% lower than for individual certification. • According to a recent study the initiative has resulted in energy cost savings, improved relationships with customers, increased interest in training, and certification cost savings as a result of group certifications. • Over one third of the involved companies had undertaken further collaboration with other network members in many areas such as training and recycling.

Case Study	Measures of Effectiveness
	<ul style="list-style-type: none"> • Increase in the separation of waste, and re-use by companies in the network. • Environmental improvements as a result of EMS implementation.
14. Business Environment Coordinators (BECS)	<ul style="list-style-type: none"> • Exceeding targets for providing assistance - have assisted approx 3000 companies (2001-06), 1000 who have received additional assistance and advice and 25% who have been referred onto other service providers. • 102 businesses receiving grants through the Green Dragon Grants programme on energy efficient equipment or processes, with a grant value of £359,663 (c€530,656) representing a total investment value of £1,376,523 (c€2,030,927) in grant and company investment. • Benefits range from lower costs and easier regulatory compliance, through to access to new products, markets or services, and improved staff morale and customer feedback. • Evidence for improved compliance demonstrated by Green Dragon adoption, as the completion and understanding of an environmental legislation and compliance register is part of 'level 2', and at the current time there are 626 organisations registered to this level (of which approximately 500 are SMEs). This register is checked annually as part of annual registration to the standard, therefore evidence of sustained compliance. • Uptake of the Green Dragon EMS is one indicator of changes in behaviour, and for those organisations at Levels 4 and 5 (24 organisations, some SME) the environmental report gives further detail on behavioural change. • Survey showed that business identified the Green Dragon programme as making them concerned about achieving legal compliance thus indicating a behavioural change. • A small number of Green Dragon businesses are now in existence that have been annually certified for up to 4 years, of which some are SMEs, which gives an indication that businesses even if no longer receiving direct assistance are sufficiently committed and interested to work toward continuous environmental improvement. • The Welsh Assembly Government Business & Environment Branch sees the Green Dragon Programme as 'excellent in encouraging culture change and in starting things off for incremental change in smaller companies especially', and the BECs initiative as a 'well used and successful system'.
15. UWE Team of	<ul style="list-style-type: none"> • Most of the 2000 manufacturing companies in the Walloon Region have had the opportunity to benefit from an

Case Study	Measures of Effectiveness
Environmental Advisors	<p>environmental diagnosis by the Team.</p> <ul style="list-style-type: none"> • Since 1994, ‘ecodiagnosics’ have been performed in 800 SMEs, resulting in 15,000 recommendations for improvement, out of which approx. 60% have been implemented. • In general the programme has led to an increased consciousness of the environment in companies. • Website on environmental permits has an average of between 3000 and 7000 hits per month. • Help desk answered 556 questions in 2005. • 1865 subscribers to electronic newsletter. • Workshops and other information meetings attended by 1229 people in 2005. • Sustained changes have been achieved through the realisation of action programmes, including: <ul style="list-style-type: none"> • Investments - 59 companies with an average investment of €210,000 • Environmental Management Systems have been implemented in 32 companies (ISO 14001 or EMAS). • 100 companies have obtained an environmental permit.
16. Stepwise EPD / On the road to EPD	<ul style="list-style-type: none"> • 14 Swedish companies have registered for ‘on the road to EPD’. • Companies fulfilling EPD requirements demonstrate that they have reached a certain level of environmental performance. • Overall satisfaction by companies • International interest - the Giada Agency in Italy (see below) has started the steps required to obtain from the ‘Swedish Environmental Management Council’ the PCRs (Product Category Rules) registration related to finished bovine leathers, whose aim is the drawing up of an Environmental Product Declaration (EPD).
17. Giada Project	<ul style="list-style-type: none"> • About 800 firms are involved, and more than 90% (ie 700-750 sites) are SMEs. • Also engaged other companies in the district, outside of the tanning sector. • Although SMEs had always been compliant before the initiative was implemented, high environmental impacts were observed due to the presence of a large number of industrial activities in a relatively small area. The project allowed the reduction of pollution created by the overall district. Eg, solvent emissions were cut by a half and the quality of waste water improved.

Case Study	Measures of Effectiveness
	<ul style="list-style-type: none"> • Observed reduction in disputes between industry and the municipalities. • The concentration of solvents in the air in the Chiampo Valley area has improved. The quantity of solvents used has been reduced by 45% (from 18.000 in 1996 to 9,500 tonnes recently), and the factor of emission (m² solvent emitted per kg production) was reduced by a third. • The quality of the treated waste water has improved. In the mid 1990s the five waste water treatment plants in the area were not compliant, and regional law set special derogations taking into consideration the intense industrial activity of the tanning district. Now, although the derogations are still in place, the waste water treatment plants respect the standard legal parameters, and are below the derogated limits. • Analysis of waste water covering the years 2000-2002 showed that the level of chlorides has been decreasing; the bacteric load has diminished; and the quality of the Acquetta river has improved • High level of ongoing participation – around 90% of involved parties participate in the Giada forums.

3.3 Assessing Transferability

An initiative aimed at improving environmental compliance or performance can be described as 'transferable' to another country, region or industrial sector if it remains as effective in the new context as in the one within which it was developed. In practice, however, transferability is not an absolute concept: rather, a transferred initiative will be more or less effective depending on a range of contextual factors. Initiatives are developed to respond, for example, to a certain level of consumer awareness, industry standards or government priorities, and their success may be influenced by such factors as cultural preferences (eg in relation to website design) or the existence of a suitable delivery organisation. Therefore, when assessing the transferability of an initiative from one country to another the local context in both the countries has to be taken into account.

The specific local context in which SMEs operate can be considered from three different perspectives:

- Public awareness and preferences - The general level of environmental awareness among SME managers and employees will have consequences for the nature and design of programmes (eg basic information for low awareness or specific hands-on approaches for high awareness). SMEs also respond to consumer demand, and a high level of environmental awareness among the general public might provide an incentive to improve environmental management. Consequently, transferring an initiative between countries with different levels of environmental awareness will have consequences for how well SMEs respond to the programme.
- The type and structure of industry - SMEs operate in a competitive environment within industries and supply chains (both national and international). To stay competitive SMEs need to respond to the different pressures, demands and expectations on the company from suppliers and buyers in the supply chain and from a number of other actors, including consumers (see above), competitors, and governments (see below). In terms of environmental management, such influences can affect the openness of SMEs towards environmental compliance and performance initiatives. For instance, differences in supplier/buyer power in a supply chain can make some companies well placed to promote environmental standards throughout the chain. Moreover, opportunities for transferability are dependent on the existing structures and level of organisation of the industry, eg whether there are well established business associations or whether there are well established product/service standards.
- The Administrative context - When transferring an initiative there is a need to consider the administrative context - for instance to evaluate who would be an appropriate deliverer, whether there are possibilities for public funding or

administrative relief or incentives such as green public procurement. Other influential factors include access to venture capital, bank credits and insurance, levels of taxation and related SME support measures which are already in place.

It is also possible to transfer experience in relation to only some of the identified key factors, rather than the initiative in full. This enables best practice to be shared in areas such as delivery, management, communication and funding, rather than requiring the initiative to be transferable in full. Further, it does not require initiatives to be directly comparable to learn from other experience. Consequently, in this report key factors for effectiveness are presented, based on the seventeen case studies analysed, and lessons for transferability are identified for each factor.

3.4 Key Factors

3.4.1 Introduction

As illustrated in Section 2, there are a number of different types of approaches to compliance assistance for SMEs. Identifying the best vehicle for delivering compliance assistance will very much depend on a number of factors pertinent to a particular country or region. The starting point, however, is deciding what it is that the initiative wants to achieve, ie what are the objectives; and what is the target audience. The answers to these questions will influence what type of approach is most suitable, the best means of delivery, how it can be funded and how to develop relationships and engage SMEs. Designing an initiative which is ‘fit for purpose’ from the outset provides a higher chance of meeting the objectives.

In terms of objectives, some initiatives have been designed to serve a very specific purpose. The Ökoprofit initiative in Austria was developed in response to growing concern about local air quality in the early 1990s, for example. Research was carried out by the Graz Environment Agency in conjunction with the Technical University, on the possible approaches to waste and emission prevention. From this, the Ökoprofit method was developed, and tested on five pilot companies, before being rolled out to all SMEs in the City of Graz. Similarly, the development in the USA of a network of Environment Action Programmes was in response to air pollution problems. In cases such as these, the target audience is determined by the problem that needs to be addressed. Once the target audience is known, a decision can then be taken on how best to influence behavioural change in that group.

The approach should therefore reflect the characteristics of the target audience coupled with the objectives being pursued, as follows:

- Target audience – what is the existing level of awareness, what is the existing level of engagement and participation in support initiatives in general, are they sectorally or geographically distributed?

- Objectives – is the aim to raise awareness, make information easily accessible on legislative requirements, influence the uptake of environmental technologies, or increase the adoption of environmental management systems?

This is best illustrated through examples from the cases:

- For NetRegs and EnergiGuiden, the objective was to make information on legislative requirements and environmental performance more widely available to SMEs, on a sectoral basis and in relation to energy efficiency respectively. The provision of information was intended to be one-way, and for this to complement existing more participative approaches already in existence. The most effective means of delivering the objectives was to develop a website, designed around the needs of SMEs, and to make information available free of charge. It should be noted, however, that the extent to which websites such as these can be delivered centrally will depend on whether there are regional governments in the particular country, with different legislative requirements. Although this was the experience with NetRegs (England and Wales/Scotland/Northern Ireland), there were enough similarities in the information being provided that a large amount could be shared. The existence of different languages in a country is also an important consideration, as is the level of access that SMEs have to the internet.
- To encourage the development of environmental technologies across Finland, the Sitra Environmental Programme aimed to overcome barriers to meeting this objective by creating networks linking SMEs, larger companies and universities as a forum for innovation; producing research; providing funding for prototypes; and assisting product promotion.
- To increase the uptake of environmental management systems it is recognised that a more participative or ‘hand-holding’ approach is needed to guide SMEs through the different steps involved. As a result, most initiatives of this kind tend to be delivered regionally, for example PBE+ in Brittany, France; the Bavarian Environmental Agreement in Germany; and the regional Business Environment Coordinators (BECS) in Wales. The PBE+ case highlights benefits from its regional approach, including the fact that events can be tailored to the more specific needs of the region, they are held locally and are therefore more accessible to the target audience, it provides networking opportunities, and there is scope to distribute geographically the competences of advisors to different districts.
- In Italy, the Giada project was developed to address the pollution problems in the Valle del Chiampo tanning district. Although SMEs were compliant with environmental requirements, the density of industrial activities in a relatively small area was resulting in high environmental impacts. The Giada Agency was therefore established to develop an environmental plan for the district and a shared environmental policy. SMEs in the tanning sector and others were supported with the adoption of environmental management systems, and connections made between industry and local administrations.

There also needs to be a consideration of what is already in place. In Wales, the problem identified was that there were so many different support initiatives available that SMEs did not know where best to go to for support, and none of the initiatives were maximising their potential outreach. Consequently, the Business Environment Coordinators (BECS) initiative was established in order to act as a one-stop-shop to signpost SMEs to the best service for their needs. BECS therefore acts as a coordinating function, and rather than duplicating what is already in place, add value to existing support initiatives. Recognising the needs of the different regions in Wales, the BECS support is delivered on a regional basis, with a Coordinator present in each local authority. London Remade also highlighted the need to carve out a niche, to develop core strengths and build a reputation. It also stressed the importance of being flexible and making changes in order to respond to the changing needs of the SME community.

An effective way of developing an initiative which will appeal to the target audience is to involve them in the design stage. This helps to ensure that the initiative actually meets the needs of the SMEs it is targeting. It can also have the added benefit of raising awareness and fostering commitment to the initiative at an early stage. Not all of the case study research reviewed businesses in the development stage, but where this was the case, it has been highlighted as one of the main success factors of the initiative. The NetRegs website in the UK, for example, consulted businesses on the design and content of the site, and piloted sections of the website on one sector before rolling the model out across other sectors. Throughout the development process close interaction was maintained with SMEs and trade associations to identify specific needs and trial website outputs, etc. Further, the site continues to develop based on feedback from users.

'Listen to what businesses are saying they need and want and then deliver it'.

Netregs, UK

The extent to which SMEs are willing to participate in the design of an initiative does of course depend, as so many things do, on the existing level of engagement of SMEs and the presence of existing pathways, such as trades unions or business organisations.

The design of an initiative should also avoid creating barriers to participation. This requires consideration of: how the initiative is delivered (see section 3.4.2); how SMEs are engaged (see section 3.4.3); how it is funded (and specifically whether SMEs themselves have to contribute) (see section 3.4.4); the development of relationships and sharing of best practice (see section 3.4.5); and monitoring and evaluation (see section 3.4.6). These considerations are addressed through a discussion of the key factors that influence effectiveness in the following sections.

In summary, the design of an initiative should be guided by a number of key considerations, including:

- What is the identified need (its objectives) – is there a particular environmental problem that needs to be addressed, eg poor water or air quality, or non-compliance with certain requirements?
- What do SMEs actually want or need?
- What is the target audience – is this problem the result of a certain sector’s or region’s behaviour, or is it a general SME issue?
- Are there already initiatives in place with this objective and audience?
- What budget is available for the initiative, and where can funding be obtained?
- What would be the best way of delivering the objectives, and by whom?
- How can the services be delivered in a way that makes them accessible to the target community?
- How can the initiative be developed and improved over time?

Once established, initiatives tend to evolve over time. This should be an iterative process between those delivering a programme and those it intends to benefit.

Lessons for transferability

- Designing an initiative which is ‘fit for purpose’ from the outset provides a higher chance of meeting the objectives.
- The approach needs to reflect the characteristics of the target audience coupled with the objectives being pursued.
- Support already in place needs to be considered, to avoid duplication of services.
- SMEs should be involved in the design of the initiative to ensure it will meet the needs of the audience
- Potential barriers to participation need to be considered and avoided.
- An initiative should evolve and improve over time, based on monitoring and evaluation. This should focus on outcomes as well as outputs.

3.4.2 Delivery

This section focus on two issues related to delivery: firstly, who delivers the initiative; and secondly, how the initiative is delivered.

(i) Who delivers the initiative?

There are a number of options for who actually delivers the initiative, the main choices being a public authority or body; private organisation; business or trade association; or a partnership approach involving two or more of these. Deciding what the most appropriate option is will depend on the type of initiative, and the strength of existing relationships with the target audience. As discussed in section 3.4.5, building on existing relationships and utilising ‘gatekeepers’ such as business associations, which

are already well connected to the SME community, can enhance levels of engagement and participation.

Public authorities or bodies tend to be best suited to delivering initiatives which are one-way and information based. The delivery of NetRegs by environmental regulators in the UK, for example, adds credibility to the information being provided. For the more hands-on support initiatives, where the deliverer works directly with the SME over period of time, the trend appears to be for an independent deliverer, such as a private organisation or business association. Trust and confidentiality is an integral aspect of this, given that information shared between the SME and deliverer can be sensitive – especially when dealing with environmental compliance. The Walloon regional government, which funds the Union of Walloon Enterprises (UWE) to deliver an environmental support programme to companies in the region, believes that by having an independent business association deliver the support provides business perspective and adds credibility. The advisers are able to talk to businesses on the same level, and can communicate messages to them more effectively. They also consider that the confidentiality and trust fostered by a business federation is critical to the way in which the target audience perceives the initiative.

Partnership approaches appear to be highly successful, combining the respective expertise and merits of both public and independent organisations. In Wales, the BECS initiative is a partnership approach bringing together publicly funded bodies and agencies operating under a not-for-profit structure. It involves the Welsh Assembly Government, the Welsh Development Agency (now integrated into the Welsh Assembly Government), all local authorities in Wales, ‘Arena Network’ (a not-for-profit business environmental support agency) and Groundwork Wales (a UK wide environment and business support organisation). It also makes links with other regional and national initiatives, so that overall it coordinates the delivery of services to SMEs.

The delivery of the Bavarian Environmental Agreement by the Bavarian State Government in partnership with industry is another example of where a partnership approach is seen as integral to the success of the initiative. The Ministry of Environment works with the three Bavarian industry associations and individual companies to agree environmental objectives. Companies commit themselves to taking environmental measures and bettering their environmental performance, and in exchange they can obtain subsidies or are relieved of certain administrative obligations. The basic assumption is that taking part in the Agreement will encourage enterprises to commit to significantly improving their environmental performance by taking action that goes beyond simple compliance with environmental law. One indicator of its success is the high level of EMS adoption in the region. The same approach is also taken in the Austrian Ökoprofit initiative, where participation and the setting of objectives are the responsibility of the individual company. As the objectives are proposed by the companies themselves, there is evidence that they are more willing to attain the objectives. The role of the consultants is to work with them to identify environmental problems and solutions.

The way in which the delivery organisation is structured can also be significant. Some examples from the case studies illustrate how management structures can help improve the effectiveness of delivery and facilitate the sharing of best practice between advisors, and between networks of similar initiatives, regionally, nationally and internationally:

- BECS has a coordinated management structure that adds to the strength of the initiative. There is an Operations Manager who oversees the whole BECs programme, and has direct management of the Arena Network-managed BECs (the Groundwork Wales-managed BECs being directly managed by Groundwork Wales) and the Green Dragon programme. Next there are a number of Project Managers who oversee various aspects of the initiative and who manage the BECs themselves in each of the local authorities. These different levels of management are supported by being integrated into a number of different level steering groups at different levels. This structure facilitates the development of expertise and sharing of experience between all those involved in the delivery of support to SMEs.
- In the USA, the Small Business Ombudsman service provided by the Environmental Protection Agency has, as one of its functions, oversight of the delivery of the individual State Small Business Programs (SBPs). It facilitates this by *inter alia* hosting a central website, bringing together information about the State level SBPs; issuing an electronic quarterly newsletter, as a means of sharing success stories and information about small business activities in the states and regions; and holding meetings between the EPA and state level programme deliverers.
- In Belgium, the UWE team of environmental advisers, who deliver support services to SMEs in the Walloon Region, has frequent contact with a similar business federation that delivers support to micro organisations in the region. They have also established a common pilot committee for the two programmes so that synergies can be maximised.
- London Remade is part of the 'Remade Network UK', and there are 15 other members of that organisation. Most of the other organisations within the Remade Network do similar things to London Remade, but within different geographical areas. Within the different areas there is a wide difference in the kind of projects each Remade delivers. Where there are any cross-overs the organisations work together to share best practice. The network meets at least 4 times a year. There is also a central co-ordinator who pools information on what each Remade is doing, and ensures mutual contacts. Remade also has links with similar international organisations: the Clean Washington Centre in America, Eco-Recycle Victoria in Australia, the Catalan Recycling Centre in Spain, Remade Italy and Corporation's Supporting Recycling in Canada.

Irrespective of whether it is a public, private or partnership approach, the lead actors need to have a high level of commitment and drive, in order to push the initiative forward. Expertise is also important for ensuring that the support provided meets the

needs of SMEs, and that the initiative is seen as credible and worthwhile. A company participating in PBE+, for example, highlighted the main strengths of the initiative as being the provision of high quality and relevant advice, by competent advisers. The same was said of the Hackefors model, where a well-trained professional employed by Altea AB (the company delivering the initiative) is appointed as a coordinator for a particular cluster of companies, to assist them with adopting an accredited environmental management system. An independent study on the model¹⁸ drew attention to the crucial role of the central coordinator in determining the success of the model. In addition to EMS expertise they must also be a good communicator, capable leader and have a good knowledge of the whole district. It is also important that they are flexible and understand different companies' peculiarities and needs. A good level of technical expertise is also needed, so that environmental impacts and management requirements of each different firm involved can be properly assessed.

(ii) *How is the initiative delivered?*

Support can be delivered on a national or regional basis; to all companies, all SMEs or specific sectors; as general or tailored support; and in a passive way or by direct assistance, or 'hand-holding'. As discussed in section 3.4.1, this will depend on what the objectives of the initiative are and the characteristics of the target audience.

- *Regional versus national delivery*

From the case studies there is evidence to suggest that the most effective initiatives for influencing behavioural change in SMEs are delivered at a regional level. This is due to advantages in terms of the accessibility of support; advice tailored to specific regional issues; participation in local business networks; and ease of developing relationships in the region (see for example Case 7 - PBE+, Case 15 – UWE, or Case 14 - BECS). As discussed previously however, certain types of initiatives can benefit from the efficiency gains of taking a national approach. This is most likely to be national information campaigns and information provision tools, such as websites and information lines. Further, although lessons can be gained from the many successful initiatives implemented at the regional level, the extent to which the whole initiative can be directly transferred to the national or EU level depends on the approach (ie 'hands on' versus website), the target audience, and language and administrative differences. Certain initiatives, in their totality, are better suited to vertical transferability. For example, the framework for a website may be transferable, even though it would then need to be 'populated' with information specific to the new region or country, and in the target language. It is the characteristics - or key features as we term them here – which are more easily transferable from one place to another.

- *All companies or just SMEs?*

The case studies included those that specifically-targeted support to SMEs, and those which included SMEs alongside large companies. In the latter certain services were

¹⁸ Ammenbeg and Hjelm (in print, 2002)

directly tailored to SMEs, or SME participation was encouraged by subsidising the cost (see section 3.3.4). Providing services that are targeted towards SMEs is important, given the different barriers faced by these organisations, such as resource constraints and access to finance (see section 1.2).

However, involving SMEs in networks with large companies can have the advantage of influencing supply chains (see for example Case 9 - London Remade). It should also be considered that an SME may have more in common with enterprises in the same sector than with another SME in a different sector.

- *Passive or direct assistance and the ability to tailor support to SMEs*

Again, deciding whether to provide one-way information or more direct support will be determined by the objectives and target audience. For the provision of regulatory information, for example, passive assistance is effective. Where the objective is to secure a greater behavioural change, however, or where the target audience needs a greater level of support, direct assistance is more effective. The deliverer of the UWE initiative and participating SMEs, for example, state the importance of direct contact between advisors and SMEs. This has numerous benefits: the SME tends to digest information better when discussed directly; it shows commitment and interest from the advisors; information can be better tailored to a specific context; and SMEs tend to be more motivated to act by direct contact, rather than if information were simply made available on a website or sent to them.

The ability to tailor advice to an individual SME is a key strength of direct support. With advances in IT capabilities, it is now also becoming possible to tailor information provided by one-way information tools. In the UK, the Netregs website is currently developing a new way of personalising the regulatory compliance information it contains, so that information is customised to an individual's specific requirements. Interest in this future service can be gauged by the response to a new simple registration service, where NetRegs proactively sends out information about changes to the site. There were over 2000 registrations in the first two months of launching the service, and with only low levels of marketing.

- *Providing more than environmental support*

Despite their main focus being on delivering environmental objectives, some support initiatives take a broader approach in order to increase their appeal and usefulness to SMEs. Stimular has increasingly made an effort to increase its appeal to SMEs by offering assistance with general management issues, rather than just environmental. By taking a more commercial approach it considers that it can talk to SMEs on a level that they will be interested in rather than pushing its environmental agenda from the outset.

- *Duration of relationship between service provider and SME*

Another important aspect of delivery is the duration of support. Greater benefits are achieved from longer-term relationships between SMEs and a support initiative. This is due to the time taken to develop relationships and trust, to influence behavioural

change, and to realise environmental outcomes. When asked about lessons to share from NetRegs, for example, one piece of advice was ‘don’t underestimate how long it takes to change how people live and work’. This means that the impact of support is often not visible for some years, which of course has implications for monitoring and evaluating the achievements of compliance assistance initiatives. It also has implications for funding, given that the duration of funding is often shorter than the time taken to deliver real outcomes. This supports the argument that a long term financial security is needed if initiatives are to be able to provide longer term support to its target audience and deliver the associated benefits (see section 3.4.4).

Experience from the French PBE+ initiative - which aims to create a critical mass of action on the environment by building networks and facilitating the exchange of experience between SMEs - illustrates the need for a continuous approach (Case 7). PBE+ advisors sustain contact with SMEs after the initial training and assistance with self diagnosis, through *inter alia* local ‘clubs’ for environmental correspondents and regional thematic information days, thus developing a relationship over time. They have also been in existence for over twelve years, so there has been continuity in their approach. Short term initiatives, they consider, would not have the same impact on an entrepreneur’s consciousness, and would therefore not return the same benefits brought about through sustained behavioural change. The Hackefors model in Sweden, where SMEs work in clusters to develop environmental management systems, also requires a long term approach. A central coordinator from the delivering organisation (Altea AB) works with the cluster for around a year. Even after this, the companies tend to stay engaged and continue to pay participation fees for Altea AB to act as a central coordinator.

The duration of support will of course also depend on the requirements of the SME. However, there are ways of maintaining relationships once the main direct support has ended. Stimular in the Netherlands, for example, uses networks to keep in touch with SMEs once the main period of support has ended, in order to exchange ideas and experience, and there are now SMEs with whom they have worked for over five years. The deliverers of Stimular consider that it is easier to maintain longer term contact with locally based SMEs.

The intensity of support is also significant, ie how frequent contacts are between the SME and support programme over a given time. In Belgium, the UWE environmental advisors spend up to five working days with an individual enterprise. Its main service – the ‘ecodiagnosics package’ – involves two days spent on site by an UWE advisor, who then draws up an ecodiagnosics report for the company’s management. These recommendations are then discussed with management, which is invited to commit to implementing all or some of the recommendations voluntarily. Providing this level of support has resulted in a 60% adoption rate of its recommendations, resulting in improved compliance and environmental efficiencies.

Of course, such long-term or intense support is not necessary for all initiatives. For information based services, which tend to be one-way, their main strength lies in the

fact that SMEs are able to access information quickly and on demand. A strength of IHOBE-line, for example, is that it is quick and simple to use; and the same can be said of websites such as NetRegs and EnergiGuiden. What is important, however, is repeat usage over time, which is itself influenced by satisfaction with the service, sustained awareness, and the availability of support. In a 2005 survey undertaken by NetRegs, there was clear evidence that repeat visitors to the site are more likely to have taken action. It found that 75% of all repeat users claim to have either ensured they are compliant or made changes, compared to 41% of first time users. So, although contact with the SME may only be for a short duration on a single occasion, it is the long term relationship between the SME and support initiative which will have a more positive environmental impact over time.

- *Ease of participation*

Initiatives need to be designed in such a way that there are no barriers for SMEs wishing to participate. For example, the simplicity of the Environmental Competence Schemes in Denmark (grant applications are straightforward) and ease of entry (procedures for approving grants are quick and not overly bureaucratic) are thought to account for their ability to attract SMEs to the scheme (I-Denmark 2). How SMEs are made aware of the services available is also important, as discussed in 3.4.3.

Lessons for transferability

- Deciding what the most appropriate option is will depend on the type of initiative, and the strength of existing relationships in the target audience.
- Building on existing relationships and utilising ‘gatekeepers’ such as business associations, which are already well connected to the SME community, can enhance levels of engagement and participation.
- Public authorities or bodies tend to be best suited to delivering initiatives which are one-way and information based; whereas for more hands-on support initiatives the preference is for an independent deliverer, such as a private organisation or business association. Partnership approaches appear to be highly successful, combining the respective expertise and merits of both public and independent organisations.
- Trust and confidentiality is important, given that information shared between the SME and deliverer can be sensitive – especially when dealing with environmental compliance.
- The way in which the delivery organisation is structured can also be significant. Management structures can help improve the effectiveness of delivery and facilitate the sharing of best practice between advisors, and between networks of similar initiatives, regionally, nationally and internationally
- Lead actors need to have a high level of commitment and drive, in order to push the initiative forward.
- Expertise is important for ensuring that the support provided meets the needs

of SMEs, and that the initiative is seen as credible and worthwhile.

- There is evidence to suggest that the most effective initiatives for influencing behavioural change in SMEs are delivered at a regional level.
- Providing services that are targeted specifically at SMEs (rather than all companies) is important, given the different barriers faced by these organisations, such as resource constraints and limited access to finance.
- Support tailored to individual SMEs is effective.
- Greater benefits are achieved from longer-term relationships between SMEs and a support initiative. This is due to the time taken to develop relationships and trust, to influence behavioural change, and to realise environmental outcomes.

3.4.3 Engaging SMEs

One of the main problems cited in the research was not a lack of support initiatives in place, but how SMEs can be effectively engaged with the initiatives. This section outlines key lessons from the case studies regarding the communication and outreach of initiatives in place. It addresses the choice of communication tools, and more briefly the motivations of SMEs; and the choice of marketing tools and target audience. It also addresses the need for initiatives to be visible to a wider audience, in particular the SMEs supply chain.

Choice of communication tools and motivations

Communication was identified as one of the weak points in many of the studied initiatives and it is only now, after a few years in existence, that initiatives are starting to develop more explicit communication strategies. In some instances, it has been the development of the initiative that has caused the need for a marketing strategy. For example, Altea, the operator of Hackefors network initiative, identified the need for a more explicit marketing strategy as they are planning to expand into foreign markets. That said, a general trend could be identified where those initiatives which offer relatively standardised information or advice have tended to invest relatively large sums in marketing towards a large target audience (eg NetRegs in the UK – Case 4); meanwhile, initiatives which have a more participative and tailored approach have relied on word-of-mouth and existing communication channels such as industry associations and networks (eg Hackefors in Sweden – Case 13).

Before identifying the appropriate means of communication, decisions have to be made regarding what message should be communicated. This has not been studied in detail as it needs to be identified on a case-by-case basis and is therefore not likely to be directly transferable in most cases (see section 3.3.1 on local context). However, the motivations of SMEs to participate and the potential benefits to SMEs of an initiative are good starting points for formulating a marketing message. A general

conclusion from the case studies is that a common motivation for SMEs to participate in support programmes is to gain non-environmental benefits, such as cost-savings on energy (UWE – Case 15), access to a network (PBE+ - Case 7) and business opportunities (Hackefors – Case 13, and Sitra – Case 8).

Some of the key lessons from the case studies regarding motivation and communication are outlined below:

- *Direct marketing for information and advice services*

Successful marketing of relatively standardised information and advice tools requires a substantial marketing budget and direct marketing activity. NetRegs in the UK (Case 4), for example, allocated almost a third of its total budget (£1m over 3 years) to marketing and communications, including promotion through trade magazines and workshops. The Danish EnergiGuiden initiative (Case 5) found that it had been difficult to get SMEs to visit its website without consultant contact or recommendations. It therefore increased its budget for direct marketing, and this has proved to be the best way of promoting the site.

Similarly, the IHOBE-line telephone information service in the Basque Region, Spain (Case 1) marketed its services through an information campaign, website, and coverage in bulletins which are sent periodically to companies. IHOBE-line, which was founded in response to calls from industry for quick and independent environmental information, found that specific marketing campaigns referring to current aspects of general interest for companies, especially new legislation, work better than just general marketing. For instance, a broad non-directed marketing campaign for IHOBE did not have much success. Although communications is thought to be one area that has gone less well (a basic strategy was defined, but has been only partially complied with), 53% of Basque industrial companies are aware of the IHOBE-line and its main services (information and environmental assessment) have a 21% market share of companies in the region. IHOBE is currently designing a new communication strategy.

Initiatives providing training and more hands-on personal advice have also used direct marketing strategies as well as advertising to a broader audience. For example, UWE environmental advisors in Belgium pro-actively approach SMEs through direct telephone calls and then visit the companies to give specific advice. The importance of visiting companies was emphasised by both the team of advisors and the SMEs themselves. This approach shows that the team really pays attention to the SME, which in turn motivates them to participate in the initiative. In addition, information provided by advisors in person seems easier for SMEs to digest, as opposed to written material. The visits also have the benefit of being able to discuss problems on-site.

The Welsh initiative BECS (Case 14) provides services including direct support through telephone advice and on-site visits, seminars, and guidance through a stepped approach to gaining levels of an EMS (Green Dragon). It has used a variety of

communication channels, including: promotion of services under websites of all partners; advertising in the local press; direct mailing and contacts; promotion of particular events, eg seminars on topical issues; supply chain linkages; newsletters and other printed matter; and the use of other networks. However, there is no explicit marketing strategy for the initiative or for Green Dragon as such. Up until now the delivery of projects has been achieved largely through word of mouth referrals. However, a marketing manager has recently been appointed and a marketing and communication strategy is now under development.

- *Branding of standards, certifications and declarations*

In addition to communicating to potential users of the initiative, communication to a broader audience to raise the profile of the initiative is also needed. This mainly concerns ‘branding’ of certifications/declarations such as environmental product declarations (EPDs) and environmental management systems, to make it worthwhile for SMEs to participate in a programme and achieve such certifications. Programmes which offer SMEs support to achieve standards, certifications and declarations of different kinds can generate business opportunities for SMEs if they are well recognised by their clients/business partners, or actors further up the distribution chain (see section 3.3.1 on local context). For instance, the Swedish Hackefors model network approach to EMS implementation (Case 13) reported that the most important benefits mentioned by SMEs were that an EMS could make it easier to win public contracts for products and services, and improve company image more generally. By contrast, cost savings were not mentioned as a major motivation behind certification. Therefore, if the certification/declaration which the programme intends to support is not very visible, communication needs to go beyond the potential participants of the actual initiative. This communication needs to start at a very early stage in programme development.

Another example is the Swedish EPD initiative (Case 16) where programme participants are visible on the EPD website. This is intended as a marketing opportunity for SMEs. The website (of the Swedish Environmental Management Council) is also intended to market EPD to potential participants, as it promotes the benefits of being registered. However, the uptake has been slightly disappointing. One participating company felt that more marketing of the EPD ‘brand’ was needed, and that registration could be made more attractive by some kind of reward system.

The German Bavarian Environmental Agreement, which is well known in the Region as well as in Germany as a whole, has achieved an uptake of 5000 companies, corresponding to 40% of all employees in industry in the Bavarian Region. A widely disseminated information campaign by the Bavarian Ministry for the Environment, Public Health and Consumer Protection, has contributed to this level of uptake, in addition to coverage on the internet and in papers of industrial associations.

The Ökoprofit initiative in Austria provides training and consultant advice to companies regarding waste and emissions reductions and related cost savings, and

provides an alternative to the implementation of an EMS. The Ökoprofit label is considered well known and attractive, and almost half of the originally targeted audience for Ökoprofit Graz has taken part in the initiative, partly thanks to public awareness campaigns. In some cases, Ökoprofit and EMAS / ISO 14001 companies are treated as equals or are granted similar favours with regard to public procurement and subsidies. The fact that a large number of enterprises have taken part in the Ökoprofit programme has also resulted in increased awareness among SMEs. On the other hand, it has proven more difficult to communicate the concept of Ökoprofit to the public at large.

The Giada project - which aims at preserving ecosystems in the Chiampo Valley tanning district - has developed its own logo. The logo was developed during the project start-up phase and is now well recognised in the territory as the symbol of the Giada Project. External communication consultants have been hired to help with marketing. They are responsible for the press office, the design of publications, brochures and posters, and help drafting information documents by making the language as transparent and accessible to the public as possible. The project website is managed and periodically updated by the Province, with some support from the external consultants. The effectiveness of communication however has suffered from problems with funding. The deliverers also believe that more focus should have been put on large scale communication, since the project is well known locally but not nationwide. Some steps towards this have recently been taken with the help of external communication consultants.

- *Word of mouth and reputation*

As several of the above examples illustrate, word-of-mouth is often an effective means of communication. This section includes some examples of initiatives which have relied on creating a reputation or communicating through a network. London Remade (Case 9) - which provides a range of business support services - focuses its communication on building a reputation among potential clients. So far this has mainly been achieved through the promotion of its websites (the main website receiving on average 46,000 hits per month); presentations at events; and organisation of its own events. Initially, it did not have a marketing strategy, but one has been developed in 2006.

The Swedish Hackefors model (Case 13) also doesn't have an active communication strategy in place. So far it has relied on word of mouth and this has resulted in its implementation in approximately 40 different networks in Sweden. Nevertheless, the long-term goal of this initiative is to reach SMEs throughout Europe, and it is expected that this will require a marketing strategy. It is also expected that expansion to less informed companies will require a more explicit strategy. The model has already gained credibility at the international level, having been discussed in several publications, academic research and in the European Commission's 'Best' Project of 2004. The model has also been applied to some 'daughter' companies in Finland and Denmark, ie foreign branches of Swedish companies which adopted the model.

Lessons for transferability

- Different delivering organisations and administrative structures offer different opportunities for communication. The deliverer and/or its partners might have existing communication channels through which SMEs can be reached.
- Several initiatives mention communication as a weak point, due to lack of funding and lack of a marketing strategy. A key lesson is: do not underestimate the costs of marketing.
- Branding and awareness campaigns can improve the image of the initiative and give competitive advantages to businesses. However, while this often works well in a particular region/area it can sometimes be difficult and costly to carry out on a broader scale
- Despite marketing efforts and easily accessible marketing channels, engaging SMEs might still be difficult because of resource and time commitment problems in SMEs.

3.4.4 Funding

There are three main issues associated with funding: firstly, whether the source of funding is public or private; secondly, the question of whether SMEs pay for the support services that they receive; and thirdly the duration. To a large extent, these issues are influenced by the type of services being delivered, the stage of development (ie is it a pilot, rolling out a new initiative or something that has been in operation for some time), and the context in which it is being delivered (ie the level of engagement of the business community in environmental policy compliance and performance improvements, availability of finance, etc). These three issues, and the associated implications and lessons, are discussed below.

(i) Source of funding

The source of funding depends on a number of factors:

- The type of services being delivered, in particular whether there is any competitive advantage for SMEs who participate.
- Who is delivering the initiative
- The existing level of compliance with environmental legislation and engagement in environmental performance improvements (therefore whether there is a need to trigger a behavioural change)

- The availability of public funding (ie is it only available in certain regions or for certain objectives)
- The willingness and ability of other organisations to provide funding
- The willingness and ability of SMEs to contribute
- The stage of development ie is it a pilot initiative, new initiative to implement or extension of an existing service.

Most initiatives researched for this project are funded in part or in full from public sources (see table 4). This includes funding from national and regional administrations and from EU sources such the Structural Funds (ERDF in particular and Interreg) and LIFE. The availability of public funding is clearly important to determining whether certain support programmes can be established and delivered effectively over time.

In many instances initiatives use a combination of funding from different public sources, and some also combine this with funding from private sources. The French PBE+ initiative (Case 7), for example, has a number of sponsors: around three quarters of its support comes from Brittany Regional Council, with the remainder from national government and other sponsoring associations. Having support from more than one source is important. It provides greater security for the continuation of the initiative, as it is less vulnerable to changes in funding availability from any one source. London Remade (Case 9), a UK initiative aimed at stimulating the recycling market, combines its sources of funding, with support received from the UK's Single Regeneration Budget, the European Regional Development Fund (ERDF) and private sponsors. A further interesting aspect of this project (as with some other examples) is the way in which it has used funding programmes targeted at regional regeneration and job creation/sustainability to advance initiatives with environmental objectives. A good knowledge of the funding programmes available to SMEs is essential, so that funding can be levered from different sources - regional, national and European.

Table 4: Source of Funding

Initiative	Public funding	Private funding*	SME contribution
1. IHOBE	✓		✓
2. Stimular	✓ (initially)	✓	✓
3. Small Business Ombudsman	✓		
4. NetRegs	✓		
5. EnergiGuiden		✓	
6. VAMIL/MIA	✓		
7. PBE+	✓	✓	
8. Sitra	✓ (initially)	✓	✓
9. London Remade	✓	✓	
10. EMAS-Easy pilot	✓		✓

11. Bavarian Environmental Agreement	✓		✓
12. Ökoprofit	✓		✓
13. Hackefors	✓ (initially)	✓	✓
14. BECS	✓		
15. UWE	✓		✓
16. Stepwise EPD / On the road to EPD	✓		✓
17. Giada	✓		

* Private funding means funding gained from private sources other than those participating in the initiatives, eg business associations, trades unions.

It is also possible to be creative about using different funds for different activities associated with a programme of support, or for funding at different stages in its development – for example using EU LIFE funding to start initiatives or Interreg to share best practice across borders. The start up of the Giada project in Italy – focused on environmental improvements in the tanning district – was financed through LIFE, and its continuation has been funded by the Province of Vicenza and participating municipalities (Case 17). The LIFE funding was considered to be essential in getting the project off the ground, given the high costs involved at this stage (€1,323,000).

There are problems associated with public funding however. The main cited issues are:

- The often short-term nature of support which makes it difficult to plan effectively;
- administrative burdens, which can absorb time and resources; and
- conditions associated with funding, such as the degree of flexibility permitted when setting objectives or actions, the ability to generate income from private sources, or to ask SMEs to contribute.

These problems can be compounded if multiple sources of public funding are used. Therefore, although there are clear advantages of diversifying the funding base of an initiative, there is a trade off to be made given that this can increase the administrative burden and impose additional requirements on programme managers.

The risk of over-dependence on public funding is also recognised, and increasingly initiatives are trying to provide for their long-term continuation by looking toward private income. London Remade (Case 9), for example, has taken steps to try to secure long-term finance for the delivery of its services. Its plans include setting up a consultancy arm of London Remade, called ‘London Remade Solutions’, which will be able to carry out fee earning work. It has carried out a competitor analysis to confirm its own unique selling points as a consultancy, and over time it aspires to becoming a Community Interest Company, whereby profits generated are used to invest in the delivery of some work free of charge or below market rate, and invest in the local business community.

'...the driving force is to get away from public sector dependency because it's great while all the political focus is on it and while there's lots of money coming into waste, but we recognise that we can't have a sustainable future that way'.

(London Remade)

Some of the cases looked at have already managed to move away from public funding or are in the process of doing so. Stimular in the Netherlands (Case 2) started with core funding from the regional government, but is now an independent institute, funded entirely from project work (although two thirds of this is from government sources and one third from businesses). It was set up in 1990 as part of an initiative to stimulate environmental performance improvements in SMEs in the Rotterdam region. Its independence is one of its main strengths, both in terms of the role it is able to adopt, and by not being dependent on public funding. Longer-term funding remains a constraint, however, particularly as a large proportion of its project funding still comes from government sources, and spending priorities are likely to change over time. The deliverers of Stimular intend to move further away from a reliance on public funding, with the ultimate aim of making the institute fully supported by business stakeholders.

The Sitra Environment Programme – or ‘clean technology programme’ - in Finland illustrates an innovative approach of moving from public to private financing (Case 8). Sitra (the Finnish National Fund for Research and Development) was set up in 1967 as an independent public foundation in conjunction with the Bank of Finland, in order to honour the 50th anniversary of Finnish Independence. A large amount of funding was provided and invested in endowment capital. Today, Sitra's operations – including the delivery of the Environment Programme (an initiative focused on the development of new environmental technologies through the creation of clusters of innovative SMEs, researchers and others) - are funded by returns from these capital investments.

In Denmark, an interesting approach has been taken to the funding of the ‘EnergiGuiden’ website (Case 5), which provides advice to SMEs on energy efficiency and online support tools for energy consultants. As there is a statutory requirement for electricity supply companies to provide free energy advice to its business and domestic customers, the Association of Danish Energy Companies (Dansk Energi) sought ways of doing this at the lowest cost. It found that much of the advice provided by site visits to SMEs was quite general. Therefore, it tried to reduce the number of site visits, which were more expensive to deliver, by making more general information and support tools available free of charge on a central website. The initiative is financed by a levy on electricity prices (DKK 0.006 per kW/h or €0.0008 per kW/h), which is set by government and paid to the electricity supplier, which then diverts it directly into energy advice. The levy generates a total budget of €2.7m annually. This was the only case looked at in this research which was not supported by public funding at any stage of its development. However, this was done because of

the regulatory requirement to provide advice, and the business imperative to do this in the most cost effective manner.

While private funding and contributions from participating SMEs (see below) are suited to a number of initiatives – particularly where there are clear commercial gains to be made by participating SMEs (by adopting an EMS for example) – some initiatives are best funded entirely by public sources, or indeed can only be funded by public sources. The delivery of NetRegs (Case 4) is a good example of where public funding is the most appropriate source. The NetRegs website is largely about improving SME compliance with environmental legislation and subsequently moving beyond this to improving environmental performance. It is therefore in the interests of the environmental regulators to provide such a tool. Having the regulators provide this tool also adds credibility to the information provided, as it is seen as an official source. The VAMIL/MIA tax relief initiative (Case 6) is another example where the budget has of necessity to come from public sources, given that it is derived from the tax revenue of the country. Public funding may also be best suited to piloting new ideas or starting up projects, as with the LIFE funding example provided.

(ii) Whether SMEs pay to participate

Although the cases looked at in the research provide no evidence to suggest that contributions by SMEs are directly linked to their success or otherwise, it is interesting to look at examples of existing practice and the implications of different approaches. At a basic level of course, whether SMEs pay can have an impact on the success of an initiative, given that it strengthens the financial stability of a service and hence supports its longer term sustainability. There is also a view that in cases where SMEs do contribute financially, it demonstrates a higher level of commitment, which will then be reflected in the actions that they take and the outputs of the initiative.

There is some level of disagreement on the question of whether SMEs should contribute financially. There is currently a debate in Wales, for example, as to whether the Green Dragon programme – a stepped approach to adopting an environmental management system - should be financed through charges to businesses or whether it should continue to be provided through public funding. One argument is that the Green Dragon programme is in effect a product and as such it would be more appropriate to charge commercially for its adoption and use (in the same way as ISO14001 and EMAS). On the other hand, some feel that some ongoing public funding is needed if SMEs and even micro-businesses are to be encouraged to adopt this approach, as even low fees can deter such businesses from making a commitment to change.

Several studies have identified resource constraints as a barrier to SME engagement with environmental performance improvements, eco-innovation and in understanding and fulfilling legislative requirements. The European Observatory, for example,

reported that SMEs consistently consider access to finance a problem¹⁹. Consequently, a number of support initiatives are delivered completely free of charge to SMEs. This tends to the case for the more one-way services, however, such as information lines and websites, or for the provision of the basic elements of more sophisticated approaches (eg the basic levels in the Welsh ‘Green Dragon’ stepped approach to EMS, delivered through BECS - Case 14). Netregs – the UK wide website providing information on legislative requirements and environmental performance – is free of charge, and is funded by a partnership of the statutory environmental regulators (Case 4). The fact that SMEs are able to easily access this information at no cost is cited as one of the initiative’s main strengths. The same is true of Spain’s IHOBE information line (Case 1) and the Danish EnergiGuiden (Case 5) website.

Whether SMEs are asked to contribute is not only dependent on their ability to pay, but also on the starting point of the target audience (ie. levels of awareness and engagement). It may be worthwhile to deliver support free of charge, for example, to increase awareness and participation initially, and once the audience is more engaged move towards a payment system – ie provide services free of charge as a ‘loss-leader’. Similarly, if there is a specific environmental objective that is a high priority, there can be an incentive to deliver services free of charge to SMEs in a certain region or sector (eg Giada). It should be noted that some public funded initiatives are not able to charge SMEs for services. London Remade (Case 9), for example, is heavily public sector funded, and as part of its funding requirements it has to make its services available to participants free of charge.

With a few exceptions (BECS, PBE+ and Giada), most initiatives which were more participative or ‘hands-on’ did involve some kind of contribution from SMEs. However, they are usually heavily subsidised and below the market rate. In the UWE programme in Belgium (Case 15), for example, SMEs pay approximately 10% of the real costs of an ‘ecodiagnosis’ (around €200). The deliverers consider that some payment is needed in order to ensure commitment and ownership. Since 1994, more than 800 SMEs have participated in the initiative, so having to contribute a nominal part of the cost is not presenting a barrier to participation. It is interesting to note, however, that when a sample of 100 participating companies was asked about this issue, only 28% said they would still have participated in the ecodiagnosics programme if they had had to pay the full cost. This is in spite of evidence that participation in UWE programme recommendations can bring economic benefits. A company interviewed in this research, for example, admitted that although participation in the UWE energy programme, which is completely free of charge, is expected to realise cost savings of 10%, it would not have participated if it had been required to pay.

Stepped approaches to funding, based on the level of participation and/or size of company, are also common. In the Hackefors model (Case 13), which facilitates the

¹⁹ Observatory of European SMEs, *SMEs and Access to Finance*, 2003/2

adoption of environmental management systems in clusters of SMEs in the same sector or company group in the Hackefors industrial district, the companies pay a participation fee for a year, based on a sliding scale according to the size of company:

- 5 employees - €3087 (or €4026 for an integrated management system)
- 10 employees - €5100 (or €6817)
- 50 employees - €16,909 (or €24,532)

This fee covers the cost of a shared environmental coordinator for the group (who is responsible for the network and common parts of the environmental management system, including common documentation), and support to each SME throughout all stages of ISO 14001 accreditation until certification, which includes the provision of training for environmental managers and employees, dedicated visits, and monthly meetings with homework. To date, this initiative has involved over 600 companies in 30 different networks, so paying to participate in the model has again not been a barrier. The administrative cost savings of taking a cluster or group approach to EMS implementation are seen to make participation worthwhile. Comparisons between consultancy services made by Altea AB, which delivers the Hackefors model, indicated that the price for group certification was at least 65% lower than for individual certification. These cost savings are shared between the participating companies, and companies can also benefit from increased bargaining power when negotiating with external auditors, and lower costs of coordinated training sessions.

(iii) Duration of funding

A common problem with business support initiatives is that the funding – especially from public sources – tends to be agreed for a relatively short-term. This can restrict the ability of deliverers to take a longer term perspective in developing its services and approaches, and can hinder job security and therefore staff retention. Further, as discussed in section 3.4.6, the achievements of initiatives are often only realised over a longer period of time, given the time taken to develop relationships, influence behavioural change, and see real results from actions taken. There is also a risk of raising expectations if initiatives are subsequently not sustained, ie SMEs come to expect a certain service to be available, which is then taken away.

For all of the cases studied, there was a clear message that initiatives need to be in place over a long time period in order to achieve the objectives of improved environmental compliance and environmental performance. Both of these objectives are dynamic, thus the initiatives also need to evolve over time to respond to this, and there will always be a need for some level of support. There is no point in having a website like EnergiGuiden, IHOBE or NetRegs, for example, with out-of date information on regulatory requirements. Support initiatives therefore require long-term commitment upfront, in terms of both funding and management.

Some of the initiatives looked at cite as one of their key success factors the fact that they have been on place for a long period of time. The Bavarian Environmental Agreement (Case 11), for example, has been in place since 1995, running over

consecutive five-year cycles. Similarly, Ökoprofit (Case 12) has been in operation since 1992 and has had long-term financing in place. This long term perspective not only permits a more strategic approach to the initiative, it also becomes self-reinforcing as more of the target audience become aware of the initiative and momentum gathers over time.

One positive aspect of short-term funding, however, is that it requires deliverers to continually assess the need for the initiative by the SME community, and consider what services are being delivered and how. London Remade (Case 9), for example, says that it is continually evolving and re-evaluating its services because much of its funding is short term. Each new funding application requires the identification of changes, lessons and weaknesses to be improved. This, they consider, results in greater efficiency and better results from its programmes. The Walloon regional government in Belgium, which funds the UWE initiative (Case 15), also considers that setting both short-term objectives (annual) and longer-term objectives, provides for some certainty and promotes continuous improvement. The ideal situation would therefore be to combine long term financial security with shorter term milestones requiring evaluation and continual improvement.

Lessons for transferability

- Long term financial security is important, but this should be combined with shorter term milestones to encourage evaluation and continual improvement.
- Some source of public funding is needed in most cases, especially to fund the start-up of initiatives, or initiatives where there are no clear competitiveness benefits for SMEs taking part. Funding therefore needs to be available, and SMEs or potential deliverers need to be aware of these possibilities. Accessing funding (ie application) should not be overly burdensome and prohibitive to SMEs or potential deliverers.
- Some initiatives will need to be delivered to SMEs free of charge, for example one-way information services. Where SMEs do pay, costs should be kept low so that participation is not deterred.
- Where possible, initiatives should avoid dependence on one source of funding, particularly public funding where priorities can change over time.
- The administrative burdens placed on the deliverers should be as low as possible, so that important resources are not diverted away from delivery of the objectives of the initiative. Otherwise this can be a problem, especially in cases where funding is secured from different sources at the same time.
- Cost savings can be made by transferring existing support tools elsewhere – although resources will be needed to apply these effectively in a new context.
- Cost savings can be by transferring practical experience of delivering SME support initiatives, and this should be encouraged.

3.4.5 Relationships and Sharing Best Practice

Initiatives can be based on existing relationships between SMEs and other actors or they can create new ones, which evolve during time. However, there are some aspects that seem to contribute to a positive relationship between SMEs and other actors.

The relationship between partners and the successful uptake of the initiative are closely linked. It has proved easier for SMEs to engage in programmes where they are contacted through familiar channels. A key feature of Stimular (Case 2), an initiative developing new instruments for sustainable management of SMEs, is that it works through local government and business associations and occasionally through important entrepreneurs with whom they have worked successfully in the past². These actors introduce Stimular and its activities to the local SMEs rather than Stimular contacting them directly. This is an important part of Stimular's strategy and has resulted in successful uptake by SMEs. Findings show that if the local government and business associations support the activities of Stimular, then around 30% of the target SMEs participate. If this is not the case then only around 10% of the SMEs take up the opportunities offered².

One of the reasons why SMEs prefer 'gateway' associations and familiar contacts is trust and confidentiality. Confidentiality stands out as one of the most important aspects of a compliance assistance programme, since it necessarily deals with sensitive information about the company. In IHOBE Services (Case 1), a comprehensive information and environmental service tool, the close and confidential relationship between IHOBE experts/technicians and SMEs contributed to the success of IHOBE. In the case of PBE+ (Case 7), the programme was deemed to be successful because industry had confidence in the members of the operational team.

The type of partners in an initiative can largely determine what can be achieved within the programme. A project for SMEs can only offer economic incentives in the form of new tax relief, for example, if state departments are involved in the initiative. In the Bavarian Environmental Agreement (Case 11), companies are relieved of some of the costs of permitting procedures if they are EMAS certified. Another example is the VAMIL and MIA initiatives (Case 6), which use flexibility in determining the rate of depreciation for purchased environmental technology, and tax reductions for partial write-off of an investment in environmental technology.

It is important to reserve opportunities for SMEs to interact with and input into initiatives. This opportunity is a key feature in several of the initiatives researched. For example, in the Bavarian Environmental Agreement and the VAMIL and MIA initiatives the state authorities have not relied on economic incentives to work on their own but have adopted a participatory approach towards SMEs. In the Bavarian Environmental Agreement the commitment to specific achievements is the responsibility of the companies themselves, and in the VAMIL and MIA initiatives SMEs have the opportunity to input into the compilation of the list of environmental technologies eligible for the VAMIL and MIA incentives. The involvement of SMEs is highly recommended during the early development phase of the initiative. For example

in the NetRegs initiative (Case 4), throughout the development process close interaction was maintained with SMEs and trade associations. This initiative is still developing and key new developments have arisen as the result of feedback from users.

Networks and clusters, as discussed in section 3.4.5, are effective ways of sharing experiences among SMEs. The Hackefors initiative is a good example of this (Case 13). The SMEs that participate in the network get the opportunity to share EMS experiences at regular meetings with other companies. Another approach is to create a platform to enable companies to share information. In the Ökoprofit initiative, a platform (Ökoprofit Club) was created to facilitate the exchange of experience and information between companies involved in the initiative to further pursue their efforts to enhance sustainable consumption.

The initiatives that have shared best practice with other initiatives tend to have an existing national/international network. For example, London Remade is part of a UK wide network of 'Remades', located in different geographical areas. In addition London Remade has links with similar organisations across the world, such as Remade Italy and Eco-Recycle Victoria in Australia. In some cases the initiatives develop to international projects, based on experiences gathered on a national level. This was the case with the Swedish EPD project that served as the base for an international EPD project.

Lessons for transferability

- It has proved easier for SMEs to engage in initiatives where they are contacted through familiar channels, such as existing business associations
- It is important to reserve opportunities for SMEs to interact with and input into initiatives, particularly at the design stage.
- The type of partners in an initiative can largely determine what can be achieved within the programme. For example, tax incentives can only be provided by national, and in some cases, federal government.

3.4.6 Monitoring and evaluation

There are few formal monitoring and evaluation procedures within the case study initiatives, and almost all are focused on outputs rather than outcomes or impacts. This is not surprising given that positive impacts on the environment or improved compliance with environmental legislation are often difficult to assess. Instead, it is easier to focus on the outputs of the programme, such as the number of SMEs participating in the initiatives. For example, in the Vamil and Mia initiative (Case 6),

where the aim is to stimulate SMEs to choose the environmentally friendly alternative when investing in machinery, the number of applications for VAMIL and MIA is used to judge its success. In the PBE+ initiative (Case 7), which trains environmental correspondents in SMEs, the number of industrial contacts following training sessions and the number of self-diagnoses were used to assess the initiative.

Many of the initiatives using web tools use the number of hits as an output indicator, such as in USA Small Business Ombudsman (Case 3) and UWE in Belgium (Case 15). These numbers are not very helpful however without any meaningful background information (eg the size of the potential audience).

Some initiatives are evaluated as part of academic research, not directly linked to the programme itself. For example the VAMIL and MIA initiative (Case 6) was the subject of research carried out by the Universities of Rotterdam and Tilburg into the design and effectiveness of tax incentives. They found that instruments such as the MIA are more efficient than other types of incentives. An evaluation of tax policy measures has also been carried out by BVTB and the recommendations of the Universities' research will be taken up by the initiative.

In some cases the quality within the initiative is assessed. For example the IHOBE initiative (Case 1), an information and environmental service tool, randomly checks the technical quality of the information that the associated experts give to the clients.

In many of the initiatives the assumption is made that positive output indicators (eg a high number of SMEs participating in the scheme) equals positive outcome/ impact indicators. In few cases have outcomes actually been part of the assessment. The most common way to assess outcomes is through surveys. In EMAS Easy (Case 10), stakeholders' views on the impact of the initiative were assessed. The survey included questions such as 'How successful was your firm in achieving the goals set at the start of the project?'; 'to what extent has the programme improved the management of environmental aspects in your firm?'; 'what was the effect of the programme on the environmental compliance of the firm?'; and 'has the programme resulted in the improvement of environmental aspects to the everyday routines of the firm?'. Other initiatives where surveys have been used to assess the impacts of the programme are the Bavarian Environmental Agreement (Case 11), Ökoprofit (Case 12), NetRegs (Case 4), the IHOBE Line (Case 1) and EnergiGuiden (Case 5).

Stimular (Case 2) is one of the few cases where the cost-effectiveness of the initiative has been measured. The new instruments for sustainable management were estimated to save €13.50 in costs for SMEs for every €1 spent. Aside from this example, the information available in the case studies does not make it possible to assess which type of initiative represents best value for money in terms of SMEs assisted, or € per output achieved. Indeed, this would be difficult to establish given the complexities of time-lags and causality mentioned above.

An interesting way to give a higher profile to evaluations is to employ an evaluation consultant at an early stage of the initiative, as has been done in Sitra's Environmental Programme initiative (Case 8). The first evaluation of the programme is due in autumn 2006.

If a structured, formal evaluation process is to be set up, it is vital that the more easily available quantitative indicators do not override qualitative indicators. Otherwise, this might lead to a situation where the number of participating SMEs becomes more important than the quality of the interaction with SMEs.

Lessons for transferability

- All SME support initiatives should include a requirement for regular monitoring and evaluation to support continuous improvement.
- Assessing outcomes and impacts of the initiative is more useful than focusing merely on outputs.
- Questionnaires seem to be the most appropriate way to assess outcomes

3.4.7 External factors

Factors external to the initiative can have an impact on outcomes. The most obvious of these, and the most cited response in the research, was the general increase in awareness of environmental performance issues by the business community over the last decade. This has itself been influenced by market pressures, government initiatives and regulatory drivers. Some examples are provided below:

- Government priorities can have a major impact on the behaviour of the business community, especially when this is linked to regulatory drivers. When UWE contacted companies asking them to participate in a new programme – the development of waste prevention plans – all companies agreed to be involved. It is thought that one of the reasons behind this was that there was an ongoing tax review in Belgium regarding incineration.
- The success of the London Remade initiative has been supported by the fact that waste is a high priority on the political agenda at present. As well as providing the signal to businesses, it also means that funding is available for projects where objectives are in line with government priorities.
- The deliverers of the Hackefors model consider that the uptake of its approach to EMS adoption has been assisted by the fact that in Sweden there has been an increasing awareness and interest in environmental management systems. This was itself encouraged by the fact that EMS accreditation is required in some public procurement contracts and projects.
- Increasing popularity and interest in environmental product declarations (EPDs) has contributed to interest in the Swedish EPD initiative.

3.5 Conclusions

Initiatives to improve environmental compliance and performance among SMEs are regarded as transferable to other countries or regions if they remain effective in their new context. The extent of their effectiveness, however, depends on a range of factors. Some are external to the initiative, such as the extent of public awareness of environmental issues, the type and structure of the industry to which the SMEs belong, and the national and international administrative context. Others concern aspects of the design of the initiative itself, and are therefore more amenable to control. To increase the likelihood that an environmental compliance or performance initiative can be successfully replicated elsewhere, consideration needs to be given to the following key factors:

- The delivery mechanism – who is responsible for delivery and through which channels?
- The methods employed for engaging the interest of SMEs
- The availability, source and duration of public funding, and whether and how much SME beneficiaries should contribute financially to the service they are offered
- The use of existing or new associations or networks to improve access to SMEs and the promote of shared learning
- The inclusion within initiatives of systems for monitoring and evaluation, to provide regular feedback on effectiveness.

The seventeen case studies provide a large number of pointers to how these issues should be addressed to enhance effectiveness and transferability.

The specific needs of individual Member States or regions should also be considered, as discussed in section 2.1. Whereas some may need support to start up new initiatives, others will already have a plethora of activities in place, and as such will have different needs for support.

4 RECOMMENDATIONS FOR EU ACTION

The further development and dissemination of best practice in relation to environmental compliance assistance for SMEs is a shared responsibility between national and regional authorities, business associations, SMEs themselves, and the EU. The following recommendations are directed principally to the European Commission and focus on those initiatives where EU action can offer value-added over and above that provided by measures taken at other levels. The recommendations focus on:

- EU strategic actions
- Legislative amendments
- EU funding opportunities.
- Information and communication activities
- Exchanges of best practice
- Research

4.1 EU strategic actions

The European Commission could seek to incorporate the Environmental Compliance Assistance Programme into the **European Charter for SMEs**. The Charter already has a high profile, and is used as the reference frame for 44 countries, and at regional policy-making level. Integration of ECAP-SME would not only raise the profile of its objectives and provide a process for countries and regions to commit to these objectives, it would also provide for an annual reporting process. As of 2005, Charter reporting on the Member States' activities has been integrated into the reporting on the renewed Lisbon process.

4.2 Legislative amendments

The **EMAS Regulation** should be made more SME-friendly. The forthcoming revision of the EMAS Regulation should be the occasion for the introduction of a staged approach to EMAS registration for SMEs (EMAS-SME), and the encouragement of Member States to support the establishment of regional support networks of SMEs to facilitate EMAS registration. The value of EMAS registration as a marketing tool should be increased through a Commission-financed campaign to increase public awareness, and the monitoring of changes in annual sales of registered firms.

The Commission should promote product orientated environmental management, including the further development of **ecolabelling** and **product standards**.

The Commission intends to revise the EU's **State aid rules** to include a more flexible approach towards aid directed at SMEs. This should include clarification and

extension of the opportunities open to Member States to offer a range of incentives to SMEs to improve environmental compliance and performance.

4.3 EU Funding

With the launch in 2007 of several new or significantly revised EU financial instruments, DG Environment should commission a **handbook** (electronic and hard copy) setting out new funding opportunities for projects supporting improved environmental compliance and performance among SMEs. This should be illustrated by reference to existing examples of good practice, and available in all Community languages. In order to reduce the administrative burden of applying for EU funds, the Commission should work with Member States to develop **common application procedures**. Actions in relation to individual financial instruments are outlined below:

Structural Funds

The Structural Funds have already provided around €21 billion to SMEs in the period 2000-2006. The Commission should ensure that Member States' draft **National Strategic Reference Frameworks** fully reflect the potential opportunities for the provision of support to SMEs for improved environmental compliance, offered by the EU's proposed Strategic Guidelines on Cohesion Policy. DG Environment should consider developing 'model' projects, focused particularly on the provision of:

- **training and capacity building** for environmental compliance advisers
- support for the establishment of **SME intermediate organisations**
- **'outreach' workers** to help engage SMEs.

To facilitate the cross border exchange of experience on environmental compliance initiatives, DG Environment should compile a **database of potential partners** for projects under the Territorial Co-operation objective.

LIFE+

DG Environment should fund a **demonstration project** to compare the level of effectiveness of similar environmental compliance and performance initiatives implemented by different Member States and regions. This could be funded under priorities in relation to 'Implementation and Enforcement of environmental legislation', or 'Information and Communication' of the proposed LIFE+ Multiannual Work Programme 2007-2010.

The EU should encourage Member States to make use of new opportunities provided through the decentralised management of most LIFE+ funding.

Competitiveness and Innovation Framework Programme (CIP).

The Competitiveness and Innovation Framework Programme should provide significantly increased opportunities to support environmental compliance and assistance for SMEs, both through its Entrepreneurship and Innovation programme and the Intelligent Energy-Europe programme. Since most projects to support the development of environmental technologies and improve environmental management will from 2007 be transferred from LIFE-Environment to CIP, and currently up to 20% of LIFE Environment projects are delivered by SMEs, future participation by SMEs in the CIP should be a key objective. Measures of particular importance for the improvement of environmental compliance and performance among SMEs are **information and awareness-raising**, and **network building** and **twinning**. These should be made priorities in the CIP programme, alongside the establishment of structures to ensure SME engagement in the programme.

4.4 Information and Communication

DG Environment should launch a programme of **annual conferences** on best practice initiatives to improve environmental compliance and performance, bringing together SME representatives and relevant EU and national officials.

Increasing **green public procurement** by public authorities would provide a major incentive to SMEs to improve the environmental performance of their operations and products, since they will need increasingly to respond to environmental technical specifications in tender documents. New public procurement Directives due for implementation in 2006 have further modernised and simplified award procedures, in particular by fostering e-procurement and by extending opportunities open to public authorities for green public procurement. Yet only 19% of public authorities currently undertake any significant amount of green purchasing. The Commission should launch **campaigns** - targeted both at public authorities, and at SMEs - to raise awareness of its Handbook on Green Public Procurement.

The EU's network of 300 **Euro-Info centres** (EICs) should be used to step up regional delivery of advice, support and contacts to SMEs in relation to improved environmental compliance. Already the EIC in Odense, Denmark is acting as a 'Campaign Associate' for DG TREN's 'Sustainable Energy Europe 2005-2008' campaign to boost the take-up of renewables, energy efficiency measures, cleaner transport modes and alternative fuels. This could provide a template for greater EIC involvement in the ECAP programme. The level of environmental expertise in EICs would need to be stepped up. DG Environment should initiate discussions on this with the DG Enterprise EIC Technical Assistance office.

4.5 Exchange of Experience

The focus of DG Enterprise's **BEST programme** for the exchange of national experience in reducing regulatory burdens on business should be widened to include more examples of SME environmental compliance and performance initiatives.

The **IMPEL** network should be invited to review and exchange experience on the types of barriers that stand in the way of environmental compliance by SMEs, as a basis for refining further compliance assistance measures.

4.6 Research

The Commission intends to extend the role of the **Observatory of European SMEs** in furthering understanding of SME performance and characteristics. This should include research to establish the level of SME compliance with environmental legislation, and the specific barriers to compliance – both in relation to different industrial sectors, and to specific items of legislation.

There are a number of opportunities for research in relation to improving environmental compliance and performance in the forthcoming **7th RTD Framework Programme**, specifically under the Co-operation programme in relation to energy, environment and socio-economic sciences and humanities. The rules and procedures for participation should be simplified to promote direct participation by SMEs in these research areas.

5 ANNEX: PROJECT METHODOLOGY

The overarching objective of the project was to provide a detailed inventory of tools and initiatives in place in EU Member States and in other industrialised countries, including at regional and local level, to improve compliance with environmental legislation by SMEs and to improve their environmental performance.

The specific focus was on:

1. Identifying the actions (programmes, policy initiatives, electronic tools, teaching material, specific approaches etc) taken by public authorities and business service networks to:
 - assist SMEs in complying with EU environmental legislation (as transposed);
 - improve the integration of environmental concerns in their business activities; and
 - improve their environmental performance.
2. Identifying and selecting best practices and the main success factors in the field of SME environmental compliance assistance, assessing the opportunities transferring these best practices, and making recommendations as to what might be appropriate actions to be taken across the EU.

There were five main stages of the project, as detailed below.

Action 1 - Kick-off meeting with DG Environment and selection of countries

The kick-off meeting with DG Environment was held in Brussels on 25 January 2006. One of the main purposes of the meeting was to agree the list of countries that would be looked at for the purpose of compiling inventories of initiatives in place (Action 2). This selection was informed by the completion, in advance, of a 'country matrix', comprising *inter alia* information on the importance of SMEs in each of the 25 Member States and 6 OECD countries, the industrial sectors present in these countries, and an indication of whether – based on the project team's shared knowledge at that point - there was known to be any best practice experience. This exercise, rather than being comprehensive, was intended to act as a signpost to the country selection, and aid the discussion. The selection of countries also considered the following criteria:

- The need to have a representative sample of Member States, ie old and new, north and south.

- The relative importance of SMEs in each country’s economic structure, and the nature of these SMEs, eg economic activity, level of negative environmental impact, etc.
- The need to reflect practice in different administrative cultures.
- A good coverage of examples where there is proactive national or regional government in environmental policy and business support.
- A good balance between initiatives designed to increase compliance with legislation and those intended to improve SME environmental performance.
- Likely availability of information (based on project team’s experience).

Action 2 Extended research on tools and initiatives in place to increase SME environmental compliance and improve SME environmental performance.

The extended research was undertaken by the project team in the period from 6 February – 9 March. Team members were assigned one or more countries, based on their particular expertise (eg nationality, language, prior work, etc). Each team member was given detailed instructions as to the tasks and templates to complete for the inventories and country summary report (see end of this Annex). In addition, details of contacts in each of these countries were passed on to the country leaders, including leads from DG Environment, and information gained from a meeting between IEEP and UEAPME on this project.

Table 5: Countries selected for extended research, team allocation and number of inventories completed

Country	Project team allocation	Number of inventories completed
EU		
Austria	ECOLOGIC	5
Belgium	IEEP	6
Czech Republic	REC	13
Denmark	IEEP	4
Estonia	IEEP	2
Finland	IEEP	5
France	IEEP	4
Germany	ECOLOGIC	6
Hungary	REC	19
Italy	IEEP	5
Netherlands	IEEP	6
Slovenia	REC	10

Spain	ECOLOGIC	5
Sweden	IIEP	5
UK	BRASS	9
OECD		
Japan	IIEP	5
USA	IIEP	7
TOTAL		104

For each country, the following steps were taken:

Step 1: Information gathering - Desk based literature search to identify what tools and initiatives, if any, are in place to assist SMEs. In cases where there is more than one tool/initiative of the same type – for example regional business outreach organisations – it was not necessary to complete an inventory sheet for each. Rather, one example of this approach was selected. This information was supplemented by conversations with a select number of key people. This was particularly important in order to gain a more balanced overview of the initiative to inform the selection of tools and initiatives for further investigation.

Step 2: Identification of further contacts for use in action 4, and for future reference should the Commission wish to explore other initiatives more fully.

Step 3: Production of a 2-page country summary note to accompany the completed inventory sheets, listing the tools/initiatives covered, key findings and recommending any items for further investigation. The summary reports also provided information on the administrative culture of each country and the general level of engagement of SMEs (environmental compliance; use of tools/initiatives; participation in society).

A complete list of initiatives has been compiled (see **Erreur ! Source du renvoi introuvable.**), bringing together all of the information from the 17 country studies. Over one hundred inventories were completed in total. It should be noted that the inventories do not reflect all initiatives in place in any one country – given the time available this would not be possible. Rather, it is intended to illustrate the range of approaches taken in the EU and OECD, to highlight which initiatives might serve as best practice examples for shared learning, and to provide a resource for future research.

Action 3 *Selection of the most relevant or the most effective initiatives*

The selection of which initiatives to research under Action 4 – the detailed assessment – was done in a number of steps:

- Each member of the project expert group and core team was allocated a number of countries to review. This involved reading the country summary report and all of the inventories completed for that country. Each set of country documents was read by two members of the group, in order to provide a more balanced set of views.
- A half day meeting was held on 13 March 2006 to discuss the initiatives in place in each country, and recommend initiatives for further research. The decision on whether to recommend an initiative was based on a number of considerations:
 - Is the initiative a best practice example, or at least, interesting practice?
 - Is it innovative?
 - Could it be transferred elsewhere?
 - Can we get further information (eg contacts listed; details of whether an evaluation has been completed)?
 - Was it recommended by the country study leader, and if so why?

The core team and project expert group discussed the difficulty of establishing whether an initiative is indeed best practice, based on the information available at this stage, which is mostly opinion rather than concrete evidence. Therefore, the selection of initiatives for further research was based more on ‘interesting’ practice.

- Core team review of recommended initiatives, in particular to ensure a good cross-section of different types of compliance assistance approaches.
- Submission of the recommended cases to DG Environment for discussion and approval.

After discussion with DG Environment seventeen cases were selected for the detailed assessment phase:

- 1 IHOBE (Spain_1)
- 2 Stimular (Netherlands_2)
- 3 Small Business Ombudsman (USA_6)
- 4 NetRegs (UK_1)
- 5 EnergiGuiden (Denmark_4)
- 6 VAMIL and MIA/EIA (Netherlands_5)
- 7 PBE+ (France_2)
- 8 Sitra Environmental Programme (Finland_4)
- 9 London Remade (UK)
- 10 EMAS Easy (Hungary_1)
- 11 Umweltpakt Bayern (Germany_3)
- 12 Ökoprofit (Austria_3)

- 13 Hackefors Model (Sweden_1)
- 14 BECS (UK_3)
- 15 UWE Team of Environmental Advisors (Belgium_4)
- 16 På väg mot EPD/ On the road to EPD (Sweden_4)
- 17 Giada Project (Italy_4)

Action 4 Assessment of the transferability of the best practices identified to other Member States or at EU level, with specific recommendations

The purpose of Action 4 was to complete a detailed analysis of the tools and initiatives selected in Action 3, in order to help establish how far they are effective – and what factors contribute to this - and whether this practice could be transferred to other EU Member States.

There were two parts to this action:

- (i) Detailed assessment of the initiatives selected.
- (ii) Assessment of transferability.

The research phase of the project ran from 22 March - 26 April 2006. As before, case studies were allocated to the project team according to their particular expertise, and IEEP provided detailed instructions on the task to be completed, together with a framework for the research (see end of Annex).

For each of the initiatives, the extended research built substantially on the information provided in the inventory sheet, focusing in particular on a number of key issues:

- **Communication** – including how SMEs are made aware of the initiative; whether this approach has been effective; proportion of target audience engaged; etc.
- **Delivery** – who delivers the initiative; is this replicable?
- **Management** – who manages the initiative and how; is this replicable?
- **Budget** – including source of funding; start-up and running costs; whether SMEs must contribute themselves; steps taken to secure long term delivery of the initiative.
- **Effectiveness** – what is the initiative delivering; is it meeting its objectives; what are the stakeholder views on the initiative; what are the impacts and outcomes; strengths and weaknesses; etc.
- **Transferability** – is the initiative transferable; if not, what are the barriers and how might these be overcome; what key lessons can be shared?

The information for the case studies was gathered from a combination of further desk-based research, including the review of available literature, and semi-structured interviews with representatives from government (national, regional local) and other stakeholders.

(ii) Assessing transferability

The core team members studied all of the case studies, and held a half day meeting to discuss the factors which contributed to the success of the different initiatives, and the lessons that could be gained for transferability. This discussion was informed by the completion of a summary table, which brought together information on measures of effectiveness (which is presented in the main report), the factors highlighted as contributing to the success of the initiatives (as discussed in section 3 of the report) and the lessons for transferability (also presented in section 3 of the report).

After discussing the factors which contribute to effectiveness and considering the lessons for transferability, the core team discussed what possible actions could be taken at the EU level in order to improve SME compliance with environmental legislation and bring about improvements in environmental performance.

Action 5 Preparation of the final report

ADDITIONAL INFORMATION: FRAMEWORKS FOR ACTIONS 2 AND 4

Inventory sheet completed for each initiative (Action 2)

PART 1: BASIC DETAILS	
Country	
Name of tool/initiative	
Type of tool/initiative (Eg economic incentive; awareness campaign; online tool; direct support services – see methodology for larger ‘menu’).	
Who runs it? Eg Government; competent authority; regional authority; independent organisation	
Target audience (eg is it for a certain sector; cluster; all companies or just SMEs; SMEs directly or using a 3 rd party?)	
Geographical coverage (national/regional)	
Description	
Objectives (Is it to assist with compliance or improving env performance, eg on waste/energy? If compliance, which EU legislation is it to assist compliance with?)	
How are SMEs attracted to this? Eg information campaigns; direct calls	
Type of support - ongoing contact with SME, ad hoc or on request?	
Year established and duration	
Will it continue beyond this period?	
PART 2: BUDGET	
What is the total budget for this tool Provide figures available, eg over lifetime of	

project; annual budget; start up versus running costs; has this been measured?	
Source of support (eg government funded/EU funded)	
Do SMEs have to contribute themselves financially?	
PART 3: EVALUATION	
Has an evaluation of this tool been completed?	
Are any performance indicators available? If so please provide figures (eg take-up by SMEs, number of web hits, outreach visits etc.)	
Initial assessment of performance (eg any reviews completed; comments from key people)	
Suitability for best practice example, including whether you think it could be replicated elsewhere AND whether this has itself been transferred from elsewhere.	
PART 4: FURTHER INFORMATION	
Website reference	
Contacts for further information and other information sources	
Other Comments	

**Case Study Framework for Assessing the Effectiveness of Initiatives
(Action 4)**

BASIC DETAILS

Name of initiative:
Type of initiative:
Country/Region:

PART 1: BACKGROUND INFORMATION

1. Detailed description

This section should build on the information contained in parts 1 & 2 of the inventory sheets.

- a. **What actors are involved in the delivery of this initiative?** (eg public-private partnership/ business led initiative/who leads?)
- b. **What is the target audience?**
- c. **Description of assistance, including whether it is ad hoc or support over a longer period of time.**
- d. **What are the objectives** (compliance assistance and/or improving environmental performance? If the initiative is focused on only one dimension, for example, waste or energy management, does it also encourage a broader environmental approach and compliance?)

2. What are the main intended benefits for SMEs of having this initiative available to them?

3. **What were the principal influences that led to the development of this initiative?**
4. **Who was involved in the development of the initiative?**
5. **What are the main outputs?**
ie. websites, seminars, development of tools.
6. **Is the initiative similar to anything else in place in the region / country? If so, please comment on whether it is complimentary or whether it duplicates / has over-laps with other initiatives.**

PART 2: COMMUNICATION

7. How are SMEs made aware of the opportunities under this initiative?
8. Is there an active communications/marketing strategy?
9. What has worked well, what has worked less well?
10. What proportion of the target audience is engaged in the initiative?

PART 3: BUDGET

11. **What is the total budget?**
12. **What is the actual expenditure per annum?**
13. **What was cost of start up, and what did this include (eg cost of developing a tool/website)**
14. **What are the ongoing costs?**
Please provide breakdowns where available, eg amount for administration, subsidies, events etc.
15. **What is the source of funding?**
16. **If externally funded, could this initiative be sustained if funding were to be removed?**
17. **Have steps been taken to secure long-term finance?**
18. **Do SMEs have to contribute themselves (amount/proportion)?**

19. How cost effective is the initiative (eg budget/outcomes; cost per SME assisted; value added)

As far as possible, the assessment should include a cost-benefit or cost-effectiveness analysis, having in mind potential beneficiaries. This information should be derived from official sources where available (eg audits, reviews, evaluations of Structural Funds projects, etc). Where official information is not available, an indication of cost effectiveness should be gained from the representatives interviewed.

PART 4: EVALUATING EFFECTIVENESS

A- Performance:

20. Is the initiative actually delivering improved compliance with environmental legislation and/or improved environmental performance?

21. Is there evidence in relation to:

- a. **Outcomes, ie changes in behaviour?**
- b. **Impacts, ie physical changes in the environment?**

22. What are the main strengths of this initiative?

23. What characteristics of the initiative contribute to these strengths? Please comment on:

- a. **Communication**
- b. **Delivery**
- c. **Management**
- d. **Funding**
- e. **Other**

24. Are there any other factors – external to the initiative itself – which may have contributed to its success?

When assessing the causality between an initiative and an outcome, other external considerations need to be taken into account. For example, is the improvement in environmental performance directly due to the initiative, or is the initiative one of many factors in place at one time, that overall contributed to the outcome? This could include changes in government/policy on SME engagement, changes in business approach to environmental compliance/performance, a combination of support initiatives in operation at one point in time.

25. What are the main weaknesses of the initiative?

26. How could these weaknesses be addressed?

27. Have attempts been made to improve the initiative?

28. Do you have any evidence of whether the initiative has resulted in sustained changes in performance?

ie. Is there evidence of continued improved compliance/environmental performance, after the specific assistance has ended?

29. Are you aware of similar initiatives elsewhere – if so, how does this one compare?

B – Opinions:

30. What is the deliverer’s opinion of this initiative?

31. What do users think about this initiative?

32. What are the views of other stakeholders, eg industry association, academics, NGOs, sponsors etc?

PART 5: TRANSFERABILITY

33. Could this initiative be easily transferred to other Member States/regions?

34. If not, what are the barriers, and could these barriers be overcome?

35. Has this initiative already been replicated elsewhere?

36. Has this initiative itself been transferred from somewhere else?

37. If this initiative were to be replicated, what key lessons would you share?

PART 6: CONCLUSIONS

38. Conclusions and recommendations.

39. Sources of information/people interviewed.

PART 7: ADDITIONAL INFORMATION

Completed by:

Organisation: