

## ROADMAP

Title of the initiative: **Communication on the Eco-innovation Action Plan**  
Type of initiative (CWP/Catalogue/Comitology): Catalogue  
Lead DG: ENV E.4  
Expected date of adoption of the initiative (month/year): 4<sup>th</sup> quarter 2010  
Date of modification: 8 March 2010  
Version No: 1

### Initial IA screening & planning of further work

#### **A. Context and problem definition**

(i) What is the political context of the initiative? (ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

The Europe 2020 strategy for smart, sustainable and inclusive growth and the forthcoming Research & Innovation Plan emphasise the role of green growth in ensuring a lasting economic recovery. The Eco-innovation Action Plan will be closely coordinated with the Commission's Research and Innovation Plan and will propose focused and concrete actions to achieve the objective of a resource-efficient, low-carbon European economy.

Eco-innovation will provide the technologies, business processes, and management techniques to decrease the environmental impacts of our actions while contributing to green growth, innovation and jobs. Eco-innovation is no longer a niche market, but a real driver for growth and jobs.

The Eco-innovation Action Plan will build upon the achievements and lessons learnt of the Environmental Technologies Action Plan (ETAP) 2004 - 2009, the experiences in environmental policy design and implementation for eco-innovation and the strategic guidelines of the Research and Innovation Plan. It shows that eco-innovation development, uptake and diffusion in the economy suffer from particular market barriers that require a targeted response (i.e. lack of transparent price signals, skewed incentives and subsidies, higher eco-innovation risk profile to investors, skills gap, only currently emerging eco-innovation support infrastructure).

Based on an external evaluation in 2009 and the bi-annual reports on ETAP implementation and regular assessments of the progress towards environmental policy objectives the Eco-innovation Action Plan will propose targeted and concrete actions that will aim to accelerate the transition of eco-innovation research from lab to market, improve market conditions for emerging eco-innovation and open up global markets.

What are the main problems identified?

Despite a successful ETAP implementation the development and deployment of eco-innovation still suffers from barriers that slow down the transition to a resource-efficient, sustainable economy. The 5 years of ETAP implementation points to the following barriers: lack of focus and coordination of the actions contained in the ETAP a regulatory framework not conducive to eco-innovation, financial and administrative barriers for SMEs to access funding for eco-innovation support, limited global outreach and an uneven implementation of the ETAP National Roadmaps throughout the Member States and insufficient data on eco-innovation performance and trends throughout the EU.

Who is affected?

- Enterprises
- Researchers and scientific centres
- Consumers
- Financial actors
- Society as a whole

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

Art. 191 of the Lisbon Treaty stipulates a high level of protection of the environment and prudent and rational use of natural resources. Eco-innovation helps achieve the environmental priorities in a quicker and more efficient manner, while decreasing the administrative burden. Secondly the transition to a sustainable and green economy will require large-scale technological and systemic innovations that require an increasing scale of investment and larger potential markets with a long-term regulatory framework than individual EU Member can provide for eco-innovations to take hold. Hence, a targeted intervention at EU level will help to leverage national private and public resources in order to bring about the transition to a green, resource-efficient economy and mobilize EU efforts in this direction.

The aspect of subsidiarity and EU added value will be explored in detail in the ongoing Impact Assessment of the Action Plan. However the experiences of ETAP implementation already provides arguments in favour of action at EU level.

## **B. Objectives of EU initiative**

What are the main policy objectives?

The key objectives will remain sustaining EU competitive advantage in the sector, coordinating Member State efforts and mobilizing stakeholders through targeted actions in support of these objectives.

- Exploit the full potential of eco-innovation to protect the environment, while contributing to competitiveness, economic growth and job creation;
- Establish the framework conditions supporting eco-innovation and a roadmap to set those conditions in place;
- Develop horizontal EU instruments and well targeted actions to spur the development, adoption and wider diffusion of eco-innovations, also addressing the main barriers affecting them;
- Promote the adoption of sector policies and actions for shifting to a low-carbon, resource efficient economy;

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

The proposal will build upon the 5 years of implementation of the ETAP, and additionally will expand the focus of the Action Plan from technologies to eco-innovations. The proposal will particularly aim at better coordinating existing policies, emphasizing the aspects of eco-innovation support and highlighting the value added of eco-innovation in existing EU policies, in particular research, innovation policy, cohesion policy and EU funding in general. The Eco-innovation Action Plan will be consistent with the strategic objectives of the Europe 2020 strategy and be part of a broader EU innovation policy approach (i.e. the Research and Innovation Plan) closely coordinated with other innovation policy measures contained therein.

## **C. Options**

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

The policy options currently under consideration in the preparation of the Action Plan and that will be investigated in the Impact Assessment include:

- 1 - No EU action's in support of eco-innovation
- 2 - Continued implementation of the ETAP
- 3 - A narrow and focused Action Plan complementary to existing initiatives (SET-Plan, SCP, etc)
- 4 - A wide Action Plan with targeted actions to address the key eco-innovation barriers and bottlenecks

The Action Plan will take the form of a Communication from the Commission.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The scope of actions proposed in points 2 – 4 above cut across policy areas (research, innovation, cohesion, funding, employment, environmental policy). The plan impacts other policy areas by putting the emphasis on eco-innovation and better coordinating EU policies in support of eco-innovation.

Explain how the options respect the proportionality principle.

As mentioned above, the current initiative builds on the implementation of ETAP where this principle has been fully respected and acknowledged through the MS appreciation of the Action Plan. A full assessment of the proportionality principle will be performed in the IA and will build on lessons gained from ETAP evaluation also in terms of proportionality

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

The Impact Assessment process has recently been launched, thus it is too early to provide the likely impacts of that result from each policy option. The likely impacts that will be addressed relate to the economic, social and environmental impacts of the options.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

No. There is a number of instruments (CiP, LiFE, 7FP, etc) under which funding for ETAP actions is available now. The Action Plan will not propose any changes above €5 million to the current EU budget. It may only provide strategic directions for the new financial perspective.

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?

No.

#### **E. Planning of further impact assessment work**

When will the impact assessment work start?

March 2010

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when?

(v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

The IA will build on the assessment of ETAP implementation, of ETAP national roadmaps and on the evaluation of connected initiatives such as the Competitiveness and Innovation Programme. Additional documents and information are also available and have already been gathered in order to support the analysis. Commission services will use also external support to review existing information and identify gaps. This phase of the IA is planned to end in April.

As mentioned before, since the action plan is a follow up of a previous policy initiative, the work will exploit lessons learnt from ETAP and set the analysis at the appropriate level of effort and detail respecting the principle of proportionate analysis. For example, due to the indirect nature of some of the actions, it will be unlikely that a full quantitative assessment of the environmental impacts will

be possible, mainly because of the long chains of interaction.

Which stakeholders & experts have been/will be consulted, how and at what stage?

An informal stakeholder consultation meeting has taken place February 11th, 2010. A further separate consultation events with the Member States and stakeholders (business/ business associations, academia, consultancies) will take place in April. The Action Plan will also be supported by a formal internet consultation lasting minimum 8 weeks.