



EUROPEAN COMMISSION  
Impact Assessment Board

Brussels,  
D(2013)

**Opinion**

**Title**                                    **DG RTD - Impact Assessment on a Joint Technology Initiative on Bio-based Industries for the period 2014-2020**  
**(draft version of 12 February 2013)\***

**(A) Context**

The European economy is dependent on fossil resources for energy and products that are limited and whose use has an important impact on climate change. Bio-based industries can contribute to changing this dependency by substituting fossil resources with renewable ones. By focusing on advanced (“second generation”) bio-refineries that rely on non-edible biomass as a feedstock, European bio-based industries respond to the concerns about the sustainable management of limited natural resources, indirect land use change and food security. The European Bio-economy Strategy, adopted on 13 February 2012, suggested the establishment of a Public Private Partnership (PPP) in order to implement the research and innovation programme for bio-based industries under Horizon 2020. Bio-based industries are also one of the main elements of the Communication for a stronger European industry for growth and economic recovery in line with the objective of the European 2020 Strategy.

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*The initiative is based on the Commission's proposal for the "Horizon 2020 Framework Programme for Research and Innovation in the European Union (2014-2020)" that provides a legislative basis for future EU PPPs in Research and Innovation. The focus of IAB analysis has been adapted accordingly.*

**(B) Overall opinion**

**The report should focus on the remaining follow-up decisions on the Bio-based Industries initiative to be taken at this stage, i.e. how the structure for managing this programme should be organised. It should limit its description of the broader policy and industry context to a short introductory section. It should concentrate its problem analysis on the lessons learned from relevant pilot projects, and evaluations and Court of Auditor Reports on related initiatives, showing what has worked and indicating how effective management and governance of the programme can be achieved. The report should then explain the objectives in more concrete terms, including an operational definition of "critical mass". It should provide greater clarity on the key differences between the options, particularly in terms of their effectiveness in stimulating and speeding up technological development in bio-based industries. Finally the report should strengthen the assessment of impacts, especially with respect to the expected distribution of the costs and benefits across Member States and regions.**

\* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

### **(C) Main recommendations for improvements**

**(1) Align the problem analysis to the remaining policy choices.** Given that key parameters have been already set in the "Horizon 2020" proposal the report should concentrate in its problem description on the actual scope of the intervention, i.e. finding the most suitable governance option for a joint research initiative. The overview of market and technology developments should be reduced to a short policy context section. Instead, the problem definition should build much stronger on the lessons learned from the pilot projects that have been carried out in this area, and where relevant, evaluations of similar projects in other policy areas. The report should provide a more detailed overview of the market players involved (processing industries, primary production actors) and how they are affected by the identified problems. It should also indicate which Member States and regions are most affected, and should be more specific about the individual measures that are currently already taken at that level. The report should analyse more the underlying conditions of the assumption that a substantial share of biomass can be sourced locally. It should also clarify whether there is no contradiction between the assumption of locally sourced biomass and the alleged interesting opportunities for transnational and trans-regional cooperation along the value chain. The report should also give an overview of the funding situation in the major competitor countries. The baseline, scenario should be based on more factual and quantitative evidence showing how the problems defined are likely to evolve under unchanged conditions (i.e. a limited number of individual pilot projects). In addition, it should be set for an appropriate time horizon and explicitly state on which amount of Horizon 2020 funding it is based.

**(2) Better explain the objectives.** The report should further explain on what analytical basis the specific and operational objectives have been set. The so-called 'results' in section 3.1.2 should be presented as 'operational objectives' and indicate what concretely should be achieved by the programme. This should include an operational definition of the concept of "critical mass" in concrete quantitative and time-dependent terms. The report should explain what role the concept of technology readiness levels plays in the objectives. It should clarify why several additional objectives set out in the industry vision paper were not mentioned in the impact assessment. The report should better explain to what extent (and how) complementarity with funds available from other policies, especially structural funds, will be achieved.

**(3) Better present the options.** The report should explain clearly up-front that the options are expected to differ mainly in their effectiveness in stimulating and speeding up technological development in bio-based industries. It should also explain what the differences between the options actually mean in terms of the selection of priorities, projects, financing level and sources. The report should better explain what a contractual PPP is; how a dedicated partner industry group will be created; and why it would neither allow for a large-scale multi-annual cash contribution from the EU nor for large-scale financial contributions by the industry. Budget figures under the different options should be provided and justified. The report should further strengthen the explanation on why a tri-partite option, with the participation of Member States, was discarded and has not been analysed.

**(4) Better assess the impacts:** The report should clearly indicate what the impacts of the various options are for the participating businesses and for other actors involved, and it should make a greater effort to assess them in more quantitative terms. It should address the regional distribution of the incidence of costs and benefits, and state which Member States or regions are likely to benefit from this initiative. The report should explicitly

assess the administrative costs associated with the various options and quantify them whenever significant. It should pay more attention to direct environmental impacts (biowaste), but also to the possible long-run impacts on climate change. The report should more clearly discuss the possible impacts on consumers, and it should explain in greater detail how SMEs may benefit from the initiative. It should indicate whether any (positive or negative) spill-over effects can be expected, for example on commodity prices.

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report*

**(D) Procedure and presentation**

The results of the public consultation should be better presented: the views of different categories of stakeholders should be incorporated throughout the report and relevant critical input received should be discussed. The report should identify stakeholders (or categories thereof) rather than report percentages and incorporate and discuss where relevant critical input received.

<b>(E) IAB scrutiny process</b>	
Reference number	2013/RTD/007
External expertise used	No
Date of IAB meeting	Written procedure.