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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

on incentives for EMAS registered organisations in the period 2004-2006

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1. INTRODUCTION

Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing voluntary participation by organisations in a Community Eco-management and audit scheme (EMAS)¹ establishes a system under which organisations evaluate, manage and continuously improve their environmental performance.

Organisations can benefit in many ways from implementing EMAS. More sustainable use of resources generate financial advantages, a better public image, a reduced risk of non-compliance with legal requirements relating to the environment; improved relations with environmental regulators and other stakeholders, and proper risk management, which in turn may prompt lenders and insurers to offer more advantageous financial terms.

Article 10 (2) of the Regulation calls upon Member States to consider how registration under EMAS may be taken into account in the implementation and enforcement of environmental legislation in order to avoid unnecessary duplication of effort by both organisations and enforcement authorities.

Article 11 (1) and (2) oblige Member States to promote organisations' participation in EMAS, in particular by considering how registration under EMAS may be taken into account when setting criteria for their procurement policies.

Article 11(3) of the EMAS Regulation obliges the European Commission to transmit to the European Parliament and the Council information relating to the above described promotional activities received from Member States.

This report meets this obligation. It describes the types of incentive measures applied in different Member States and provides a resume of the findings for each group of indicators.

The working document accompanying this Communication contains detailed information provided by the Member States regarding the incentive measures and the indicators defined in this report as well as statistics regarding indicators and, where Member States have defined these as such, best practices because of the positive result of specific incentive measures.

The main purpose of this report is to inform the European Parliament and the Council and to raise awareness of national authorities about different national practices.

2. TYPES OF EXTERNAL INCENTIVES

The nature of the incentives provided by national authorities varies and depends on the aims pursued.

¹ OJ L 114, 24.4.2001, p. 1

Two main groups of incentives have been identified:

- (a) regulatory flexibility
- (b) promotional incentives through:
 - public procurement
 - funding support
 - technical support
 - information support

2.1 Regulatory flexibility

For the purpose of this report the term regulatory flexibility includes:

- regulatory relief, construed as substitution of legal requirements without changes in environmental legislation as such
- deregulation, which involves changes in the legislation itself

Regulatory flexibility aims at:

- simplifying and reducing the regulatory framework in cases of redundancy
- removing procedural impediments
- reducing the need to submit unnecessary and repetitive documents to the regulator
- fostering responsible behaviour of operators

Article 10(2) of the Regulation provides the legal base for Member States to consider how EMAS registration can be taken into account in the implementation and enforcement of environmental legislation.

The EMAS-Regulation sets out strict requirements regarding compliance with legal requirements relating to the environment since it requests the independent and external verifiers to verify that the organisation demonstrates full legal compliance. In compensation, some Member States have granted regulatory flexibility to EMAS-registered organisations so as to alleviate the burden of regulatory pressure and streamline their own resources.

The following indicators have been defined to estimate the use of the regulatory flexibility.

Indicator 1 relates to information required for permits and the streamlining of applications and shows the number of legislative texts, agreements or other documents the Member State have in place for reducing permitting procedures for EMAS registered organisations. The rationale behind this incentive is that much of

the information required for permit applications is collected through the EMAS system, which provide reliable, up to date and suitable for use information.

Indicator 2 relates to the reduction or consolidation of reporting and monitoring requirements and shows the number of legislative texts, agreements or other documents the Member State has in order to proceed with the reduction/consolidation of reporting and monitoring requirements. The rationale behind this incentive is the fact that the environmental statement the competent authorities provides with data and information that can be used for subsequent reporting and/or monitoring purposes thus, avoiding duplication of tasks.

Indicator 3 relates to the reduction of the number of inspections and shows the number of legislative text, agreements or other documents the Member State has in place for reducing the number of inspections. Rationale behind this incentive is the fact that national enforcement resources are scarce. Given that the implementation of EMAS facilitates the compliance with environmental legislation, registered companies can be subject to fewer or limited inspections.

2.2. Promotional incentives

Article 11 (1) of the Regulation lays down requirements to ensure the promotion of organisations' participation in EMAS. This Article makes a special reference to the promotion of EMAS amongst SMEs through information, support funds and ensuring reasonable registration fees, public institutions and public procurement technical assistance measures.

Article 11(2) of the Regulation provides the basis for promoting EMAS widely through procurement practices. It requires public authorities to consider how registration under EMAS could be taken into account when setting criteria for their procurement policies.

Promotional incentives can be provided in the following main areas:

- Information support
- Funding support
- Technical support
- Public procurement

2.2.1 Information support

The main types of information support provided in the Member States are:

- information programmes customised for economic operators, small industries and craft trades, trade unions, public authorities, and the general public
- information campaigns aimed at specific interest groups and the general public, supported by television campaigns, articles in specialist

- publications and local newspapers, promotional campaigns or any other means of promoting general awareness
- conferences and workshops to foster active participation, and exchange of experiences and best practices

The following indicators have been defined to analyse the use of information support as an incentive:

Indicator 1: Number of different documents created to increase awareness and to inform about EMAS (brochures, information material, leaflets, etc.)

Indicator 2: Number of different publications (articles, newsletters, newspapers, technical magazines, advertisements campaigns, EMAS logo diffusion, etc.), showing the different ways used for transmission of information on EMAS

Indicator 3: Number of different meetings organised with the aim of providing information on EMAS (conferences, workshops, campaigns, voluntary activities, seminars, awards ceremonies, exhibitions, forums, fairs, etc.)

Indicator 4: Number of websites for EMAS information (when there is more than one Competent Body)

Indicator 5: Number of tools under the control of member States for controlling, monitoring, and EMAS registration, etc. (when there is more than one Competent Body)

Indicator 6: Number of different contacts with organisations non EMAS registered to inform about EMAS (letters, mailing, etc.), showing the different ways to contact with the organisations

Indicator 7: Number of different contacts with EMAS registered organisations to distribute information on EMAS (letters, mailing, etc.), showing the different ways of contact with the organisations

2.2.2 *Funding support*

The main types of financial support provided in the Member States are:

- Subsidies to new EMAS registrations in the form of lump sums or a percentage of total costs incurred
- Tax breaks on purchases designed to improve environmental performance which are an indirect way of providing funds
- Special funds for technical assistance, staff training and external consulting;
- Reduced registration fees

Finally, preferable conditions for EMAS-registered companies negotiated with bankers and insurers

The following indicators have been defined to analyse the use of the funding support as an incentive:

Indicator 1 shows the number of legislative texts, agreements or other documents the Member State has related to EMAS funding

Indicator 2 shows the budget allocated to finance the implementation of EMAS (not including salary of staff)

Indicator 3 relates to financial support for new EMAS registrations and shows the percentage of financial support spent in relation with the total funding for new EMAS registrations.

Indicator 4 relates to subsidies and financial support for EMAS registered organisations and shows the percentage of financial support spent in relation with the total funding for EMAS registered organisations.

Indicator 5 relates to tax reductions on purchases designed to improve environmental performance and shows the support for the organisations in the purchases related to environmental performance

Indicator 6 relates to special financial support for: pilot projects, promotion programmes, environmental agreements, etc. and shows other ways of funding support for the organisations

Indicator 7 shows the reduction in the registration fees for the organisations

Indicator 8 relates to advantages available for EMAS registered organisations and shows the number of banks that offer advantages to EMAS registered organisations (cheap loans to implement EMAS, etc.)

Indicator 9 shows the number of insurers that offer advantages to EMAS registered organisations, illustrating shows how EMAS registration can provide insurance advantages to organisations

2.2.3 *Technical support*

The main types of technical assistance provided in the Member states are:

- Educational programmes in co-operation with relevant associations, e.g. Chambers of Industry and Commerce, or under the supervision of the national EMAS body
- Phased implementation programmes especially designed for SMEs. These systems are designed to help SMEs reach environmental excellence at different levels depending on their particular needs
- Synergies involving all the actors in environmental management systems, e.g. working groups, partnerships, peer reviews and customised coaching

- Short- and long-term investment by the authorities to educate and train professionals through specialised programmes
- Guidelines and toolkits for specific sectors

The following indicators have been defined to analyse the use of the technical support as an incentive:

Indicator 1: Number of documents created to provide support and showing the procedure to follow in the implementation of EMAS (manuals, guides, toolkits, guidance, guidelines, handbooks, interactive CD, studies, etc.)

Indicator 2: Number of programmes for phased implementation of EMAS, especially created to help organisations to reach better environmental management at different levels depending on their particular needs

Indicator 3: number of educational programmes (training, courses, activities, etc.) designed to provide technical support to organisations

Indicator 4: Number of synergies involving all the actors in environmental management systems, such as working groups, partnerships, peer reviews, customised coaching, networks, clubs for information, etc. This indicator shows the different ways that organisations can exchange information related to EMAS

Indicator 5: number of projects and other (pilot) programmes carried out to give technical support to organisations in the implementation of EMAS

Indicator 6: Number of other specific regulations (standards) which help to implement EMAS

2.2.4 *Public Procurement*

Public purchasers and other entities covered by the public procurement Directives constitute an important group of consumers. Some €1,000 billion or about 16% of the Union's GDP is spent on public procurement. Integrating environmental considerations into public procurement could substantially contribute to sustainable development. If, wherever appropriate, public purchasers referred to EMAS in their calls for tenders, this would help to increase awareness of the scheme and act as an incentive for contractors to join it.

Article 11(2) of the Regulation provides the basis for promoting EMAS widely through procurement practices. It requires public authorities to consider how registration under EMAS could be taken into account when setting criteria for their procurement policies.

The public procurement Directives² allow for the application of a requirement that bidders apply environmental management measures when executing specific works or service contracts such as the construction of a bridge in a nature reserve necessitating the need for continuous environmental management and adoption of

² Directive 2004/17/EC and Directive 2004/18/EC of 31 March 2004

specific protection measures during the works. In these cases EMAS or any other equivalent environmental management system could be provided as evidence of compliance with the requirement to adopt environmental management measures.

Indicator 1 reflects the use of procurement as an incentive in the different Member States and shows the number of documents that a Member State has in place related with the application of public procurement.

3 RESUME OF FINDINGS FOR EACH GROUP OF INDICATORS

3.1 Regulatory Flexibility

A small increase of the regulatory flexibility has been detected. However, only four Member States (Germany, Slovakia, Spain and the United Kingdom) apply incentives related to all three indicators defined and twelve Member States do not provide such incentives at all.

Germany developed most legislative texts in this area. Austria, Belgium, Denmark, Italy, Portugal, Netherlands, Slovakia, Slovenia, Spain and United Kingdom developed different documents as well.

Cyprus, Czech Republic, France and Lithuania started developing different texts to give regulatory benefits to EMAS registered organisations.

As regards the application for permits or reduced reporting and monitoring requirements, some Member States foresee specific and limited situations where an EMAS registered organisation will have benefits. In most of these cases, reporting obligations are reduced or simpler procedures are available for permit applications in the fields of IPPC, waste management, landfill permits, water and emissions. There is a predominance of IPPC related incentives (Cyprus, Lithuania, Slovakia, Spain and the United Kingdom). Although it is an incentive that is highly appreciated by the business community, it does not apply to all sectors of industry and has, therefore, a limited potential.

Other Member States have given EMAS registered organisations broader reporting exemptions, whenever the organisations comply with their obligations in an equivalent manner, and without specifying situations. This kind of broad benefit provides the greatest potential, since it can lead to benefits tailored to each specific organisation. However, in the interest of legal certainty, and to facilitate the practical application of these incentives, a link to specific permit application procedures or to specific monitoring or reporting obligations could be useful. As regards inspections, the benefit can either be a reduction on the number of inspections, or a reduction on the fee to be paid for the inspections. In some cases, the fee reduction is not directly linked to the EMAS registration, but arises from the fact that inspections will generally require less time and effort from the authorities.

3.2 Promotional incentives

3.2.1 Information Support

Information support increased over the period 2004-2006. The type of support ranged from publication of brochures, leaflets, newspaper and magazine articles to the organisation of events such as conferences or workshops. All Member States have at least one website providing information on EMAS.

In general, all information material was specifically designed to inform about and promote EMAS. The majority of organised events was dedicated to EMAS, but in some cases EMAS was referenced as part of a broader subject, like environmental sustainability or other environmental management schemes (Czech Republic, Estonia and the Netherlands).

Most of the organised conferences and the information material that was provided gave general information about the scheme and the steps necessary to become an EMAS registered organisations. Conferences or information material designed for one specific sector of activity was provided in Greece, Italy, Latvia, Portugal, Slovakia, Slovenia and Spain. Although general information is always necessary, support directed at specific sectors can be of particular interest and benefit to organisations, and may lead to a higher uptake of the scheme.

In Austria, Cyprus, Finland, Germany, Romania, Spain, Netherlands and United Kingdom periodical EMAS meetings were organised on the same issues (mostly on a yearly basis). In general, activities organised were periodical and one-time events being the exception.

Less common types of support used were the organisation of national EMAS Award events, TV promotional short films (Poland and Portugal) and the production of EMAS related "gadgets" (Poland).

Information support measures for EMAS focus generally on EMAS registered organisations, but also measures specifically focussing on non EMAS registered organisations are in place (Cyprus, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Norway, Poland, Portugal, Romania, Slovakia, Spain, Netherlands and United Kingdom. Contact with registered organisations was also frequent.

Even though the information support incentives are available for all organisations, including SME's, some Member States provide incentives especially destined for SME's (Cyprus, Lithuania, Slovakia and Spain).

As regards the budget dedicated to providing information support for EMAS, an increasing trend is apparent in a number of Member States (Germany, Greece, Poland, Spain, Estonia, France, Latvia, and Romania).

3.2.2 Funding Support

The number of texts related to EMAS funding increased slightly. Some texts have been developed in relation with EMAS funding in Czech Republic, Germany, Greece, Italy, Lithuania, Poland, Portugal, Slovakia, Spain and United Kingdom.

The budget allocated to EMAS has increased remarkably with almost 400%. Particularly remarkable is the large amount allocated to EMAS in Spain.

The budget allocated to EMAS was used mainly for conferences and seminars and different events and for the elaboration of publications such as guide books, brochures, etc. In some cases, the budget also covered costs of the competent body.

Financial support for new EMAS registrations does not represent a big amount. It is provided Germany, Greece, Slovakia, Spain, United Kingdom and Portugal.

In relation with financial support to EMAS registered organisations the situation is similar, with support from: Slovakia, Spain, France and United Kingdom.

No tax reductions on purchases designed to improve environmental performance were foreseen by Member States.

Special financial support for pilot projects, promotional programmes, environmental agreements, etc, has increased but the number of Member States providing such support is limited (Finland, Spain, Austria, Czech Republic, Ireland, Latvia and Portugal).

Funding related incentives for EMAS registration in the form of reduction or absence of registration fees increased. No registration fees are due in Belgium, Cyprus, Estonia, France, Greece, Hungary, Latvia, the Netherlands, Italy (for public authorities) and Spain (except in the autonomous region of Murcia) and reduced registration fees are due in Denmark, Finland, Germany, Lithuania, Romania, Italy and United Kingdom.

To the exception of Italy where some banks and a large number of insurance companies give advantages to EMAS registered organisations and Slovakia (one bank gives such advantages), banks or insurance companies do not give advantages to EMAS registered organisations as a general policy.

As regards support given to SME's, the absence of fees is without a doubt a good incentive benefiting SME's, as well as other organisations. Finland, Romania and the United Kingdom take into account the size of the organisation when determining the reduction of the fees, or limit the reduction to SME's. Apart from the fees, funding support specifically directed at SME's is available in the Czech Republic, Greece, Italy, Portugal, Slovakia, Spain and the United Kingdom.

3.2.3 Technical Support

Technical support has increased in the period 2004-2006.

Documents for technical assistance, such as manuals, guidelines, handbooks, etc. and of synergies involving all the actors in environmental management systems were created in the majority of Member States (Austria, Belgium, Czech Republic, Estonia, Finland, France, Greece, Germany, Hungary, Italy, Latvia, Lithuania, Norway, Poland, Portugal, Romania, Slovakia, Spain and Netherlands)

Even though the majority of these documents and programmes were meant for all industry sectors, some Member States have developed manuals and guides for

specific sectors such as hospitals, sports facilities and sports events (Greece); public services (Belgium); the chemistry, food, pharmaceutical, electrical/electronic and other sectors (Spain); food and drinks and furniture sector (United Kingdom). Specific guidance for local authorities was developed in Estonia, Greece, Hungary, Latvia, Poland, Slovenia, Spain and the United Kingdom.

Such targeted approach has a good potential to improve the uptake of the scheme.

The number of documents and programmes created to facilitate the implementation of EMAS in SMEs increased considerably and were developed in the Czech Republic, Denmark, France, Germany, Ireland, Poland, Portugal, Slovakia and the United Kingdom.

Educational programmes and synergies involving all actors in environmental management systems have been developed in the majority of Member States (Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, the Netherlands and the United Kingdom). These programmes and synergies often include practicing the implementation of EMAS through working groups and meetings of different stakeholders or EMAS registered organisations or of networks of local authorities. Training of environmental verifiers, auditors and local authorities are often an important element of these programmes.

3.2.4 Public Procurement

The number of documents related with public procurement increased significantly and documents have been developed in the vast majority of Member States.

Legislative texts on public procurement have been developed in Austria, Cyprus, Czech Republic, Greece, Hungary, Latvia, Portugal, Romania, Slovakia, Spain and United Kingdom) and a wider amount of guidelines and documents have been adopted in the Czech Republic, Denmark, Finland, Greece, Italy, Latvia, Lithuania, Norway, Poland and the Netherlands.

In general, the documents reported by Member States relate to the greening of public procurement and despite the significant and increase in the number of documents they do not in all cases constitute a direct or clear benefit for EMAS registered organisations. Only the Czech Republic, Greece, Lithuania, Romania, Slovakia, Spain, the Netherlands and the United Kingdom have specific references to EMAS and how it can be used in public procurement.

4. CONCLUSIONS

External incentives provided by national authorities, especially if they are based on targeted policies and programmes, can have a positive influence on the uptake of EMAS.

All Member States apply measures which provide external incentives for EMAS-registered organisations. The fact that the business community still complains about the shortage of substantial measures is an indicator that there is potential for improvement.

In general, incentives are designed for the benefit of private organisations. However, EMAS is also available for public organisations and even though these are not mainly guided by economic considerations, it is relevant that Member States provide also incentives in this sector especially to local authorities, who can set the good example for others to follow.

The revision of the second EMAS Regulation in 2007-2009 represents a turning point for the scheme. One of the objectives of the revision is to strengthen the regulation in such a way that incentives are more prominent and Member States more inclined to provide for incentives. By strengthening the system of reporting on environmental performance and the mechanism guaranteeing organisations' compliance, regulators might be inclined to effectively provide for more incentives than is currently the case.

Member States have to develop policies on incentives together with long-term incentive programmes to encourage the best practices. The Commission will continue to provide the technical assistance and information support necessary for the implementation of EMAS in private and public organisations.