



Rete Nazionale
delle Autorità Ambientali
e delle Autorità della Programmazione
dei Fondi Strutturali UE 2000 –2006

Italian Network
of Environmental Authorities
and Programming Authorities
for EU Structural Funds 2000-2006

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OECD Conference on Public Environmental Policy and the Private Firms

Firms and Environment in “**RAITA**”

RAITA = Regimi di Aiuto alle Imprese per la Tutela Ambientale
State Aid Schemes to Firms for Environmental Safeguard

Statistical survey on firms behaviour

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RAITA: institutional background

- State Aid Schemes are forbidden as a general rule in the EU
- Aid Schemes may be adopted by MS provided that:
 - they are communicated previously to the European Commission;
 - they are specifically authorized after demonstration that they do not distort significantly competition
- Within the EU Cohesion Policy more than 50 billion Euro in the period 2000-06 go to the Italian Mezzogiorno (“in late of development”); 50% from EU, 50% from nat./reg. funds
- The NOP “Local Industrial Development” and many Regional ROPs use State Aid Schemes to promote development (estimate of 15 to 20% of total funds)

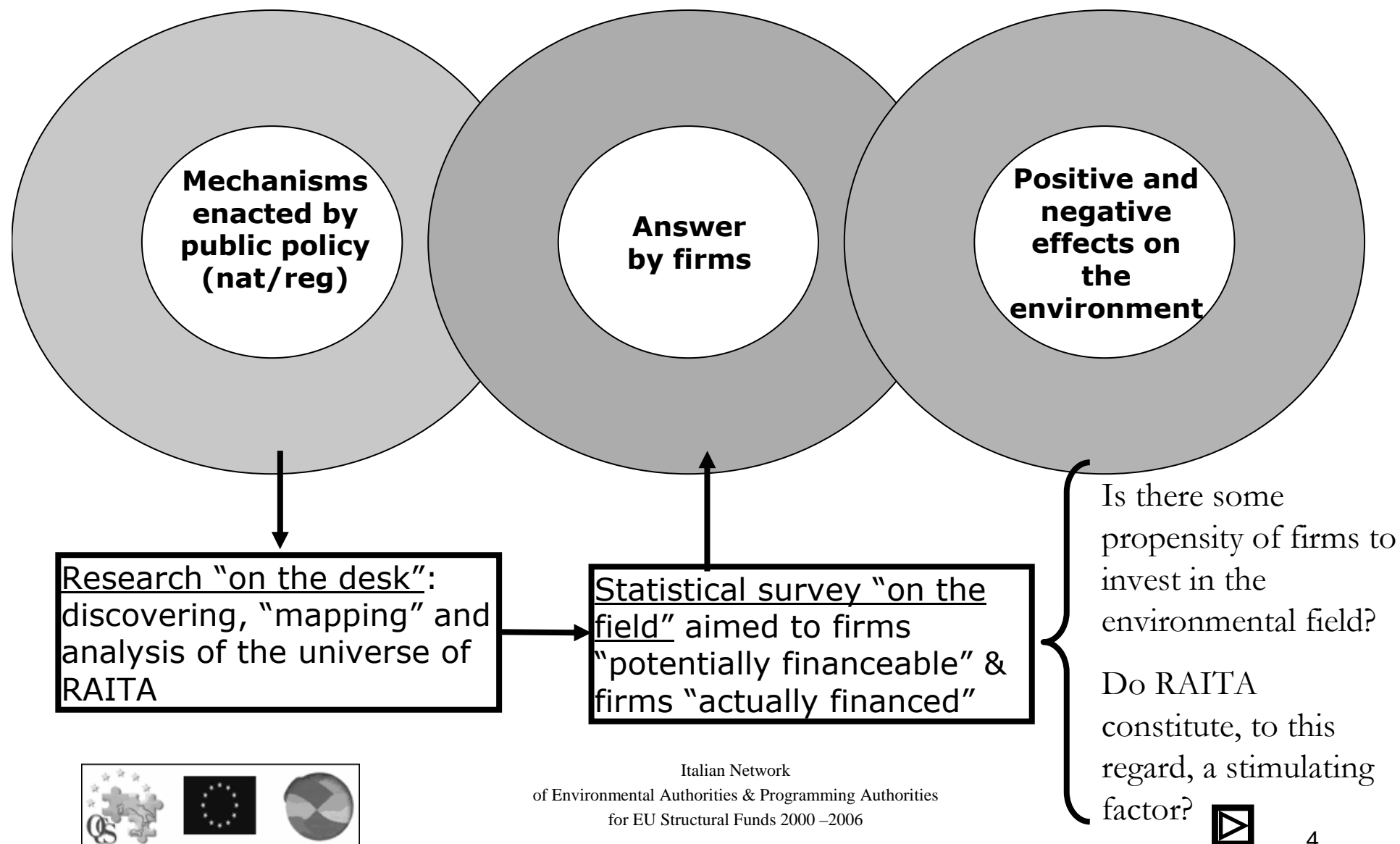
RAITA: capacity-building background

- Environmental Authorities in charge of “integrating environmental and sustainable development policies” into the CSF, NOPs, ROPs, programming and evaluation
- Cooperation for this research project between:
 - *Ministry of Environment & Territory* with its Central and Regional Environmental Authorities (and their supporting Task-Forces)
 - *Ministry of Economy & Finance* as Programming Authority and Managing Authority of the whole Community Support Framework
 - *Ministry of Production Activities* as Managing Authority of the NOP Local Industrial Development (supported by its agency IPI)

is a best practice in itself in the frame of the Italian Network of Environmental and Programming Authorities working jointly, a good lesson recognized by OECD itself in its Environmental Performance Review of Italy 2002



The “red wire” through the research



RAITA: operational definition & typologies

Definition

- State aid schemes to firms activated within the programming of EU SFs 2000-2006 (both Obj. 1 and Obj. 2) before 31.12.2003;
- Financed by ERDF (European Regional Development Fund) (Priority Axes I and IV for Obj. 1)
- Characterized by the fact that, for being entitled to financing, the firm commits to perform environmental investments – exclusively or not – and/or possess specific environmental characteristics;
- Aid schemes are excluded that do not have these characteristics even if they have environmental costs among admissible costs or if they include production investments in environmentally sensitive areas.

Typologies

- 1 Aid Schemes exclusively environmental (or “direct” RAITAs)
- 2 Aid Schemes “integrated” from the environmental point of view (or “indirect” RAITAs)
 - 2.1 *admissibility environmental requirements (e.g. must have Emas or respect a CO2 level);*
 - 2.2 *selection environmental criteria (e.g. weight);*
 - 2.3 *environmental priorities (e.g. +10%).*



Modes of environmental integration in state aid schemes to firms

Ideal Situation

The policy maker:

- S/He perfectly knows the environmental situation of the territory involved (critical issue/opportunity)
- S/He perfectly knows the situation of firms (environmental pressures that they exert on the territory; needs of environmental update of production systems/plants)
- S/He knows consequently where it is necessary to intervene and in which environmental areas
- S/He is able to give the right dimension to the intervention



Reality of the present programming

The policy maker:

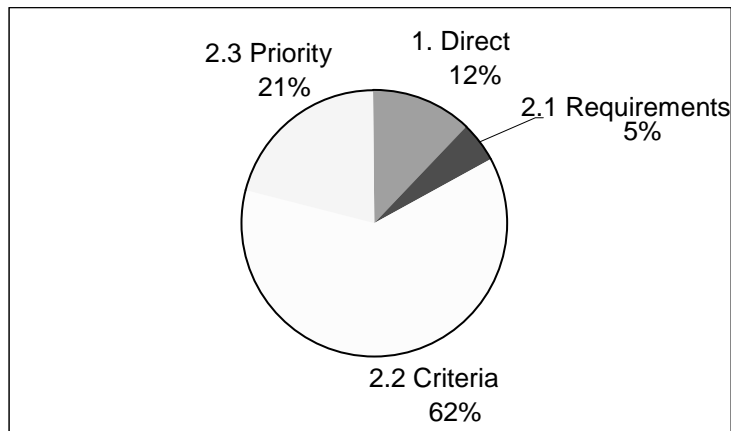
- Sometimes s/he knew some environmental “context data” related to the territory and to production activities generating most important environmental pressures
- Sometimes s/he has been able to discuss with economic counterparts acting on the territory that have been capable to show the needs of enterprises and the environmental areas for which there is priority of action
- Sometimes s/he has made reference to policy directives defined at EU/national/regional level in relation to the pursuing of specific environmental objectives

Italian Network

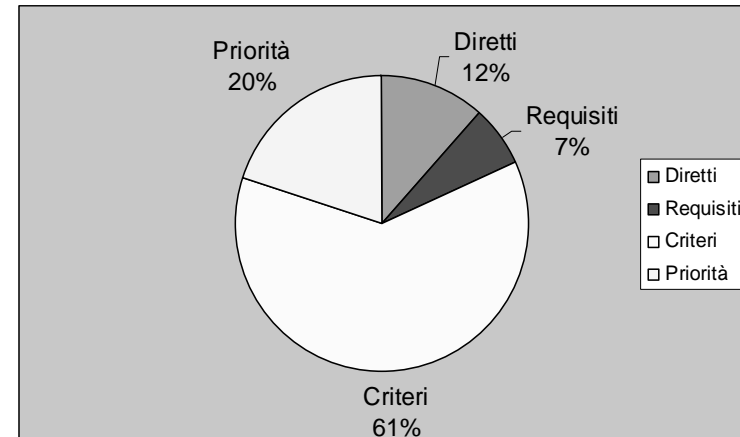
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Total universe and surveyed sample

Total universe: 99 RAITA



Surveyed sample: 60 RAITA

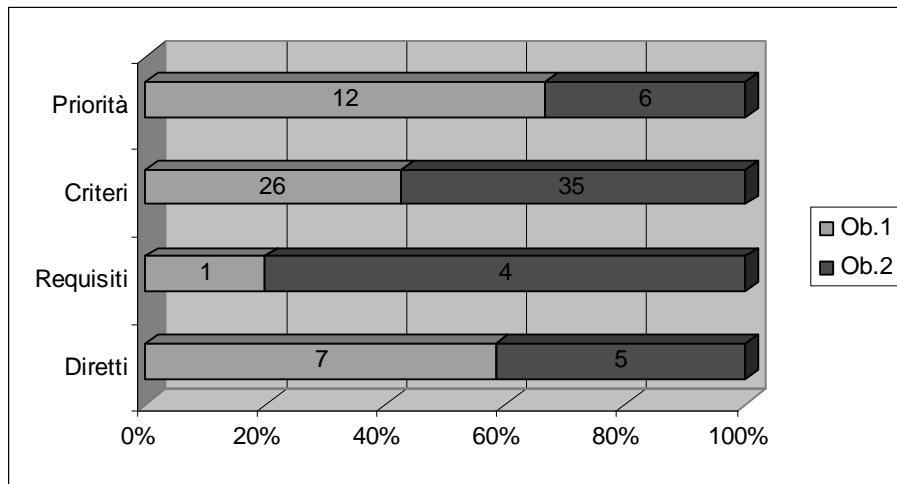


72%	Aid schemes supporting environmental certification (% over total)	80%
32%	Average specialisation coefficient of environmental themes	29%
55%	Average specialisation coefficient by sector	55%

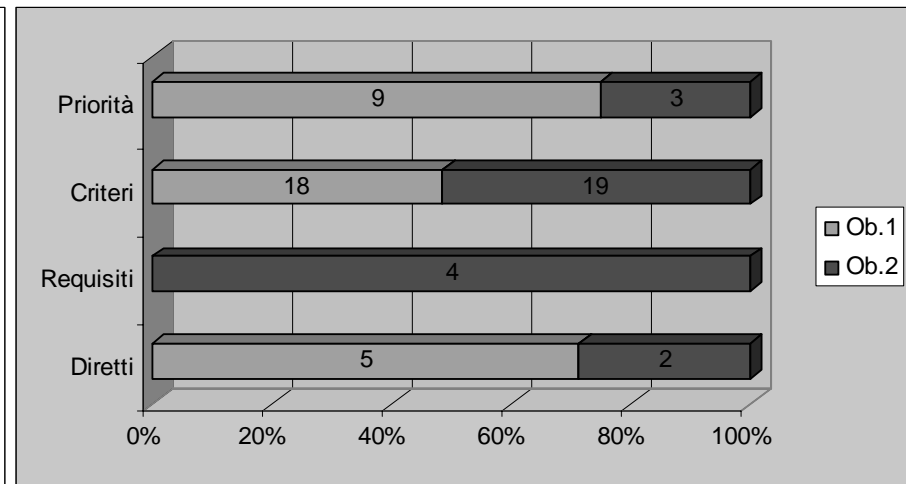


i 2 universi per area obiettivo

Total universe: 99 RAITA



Surveyed sample: 60 RAITA

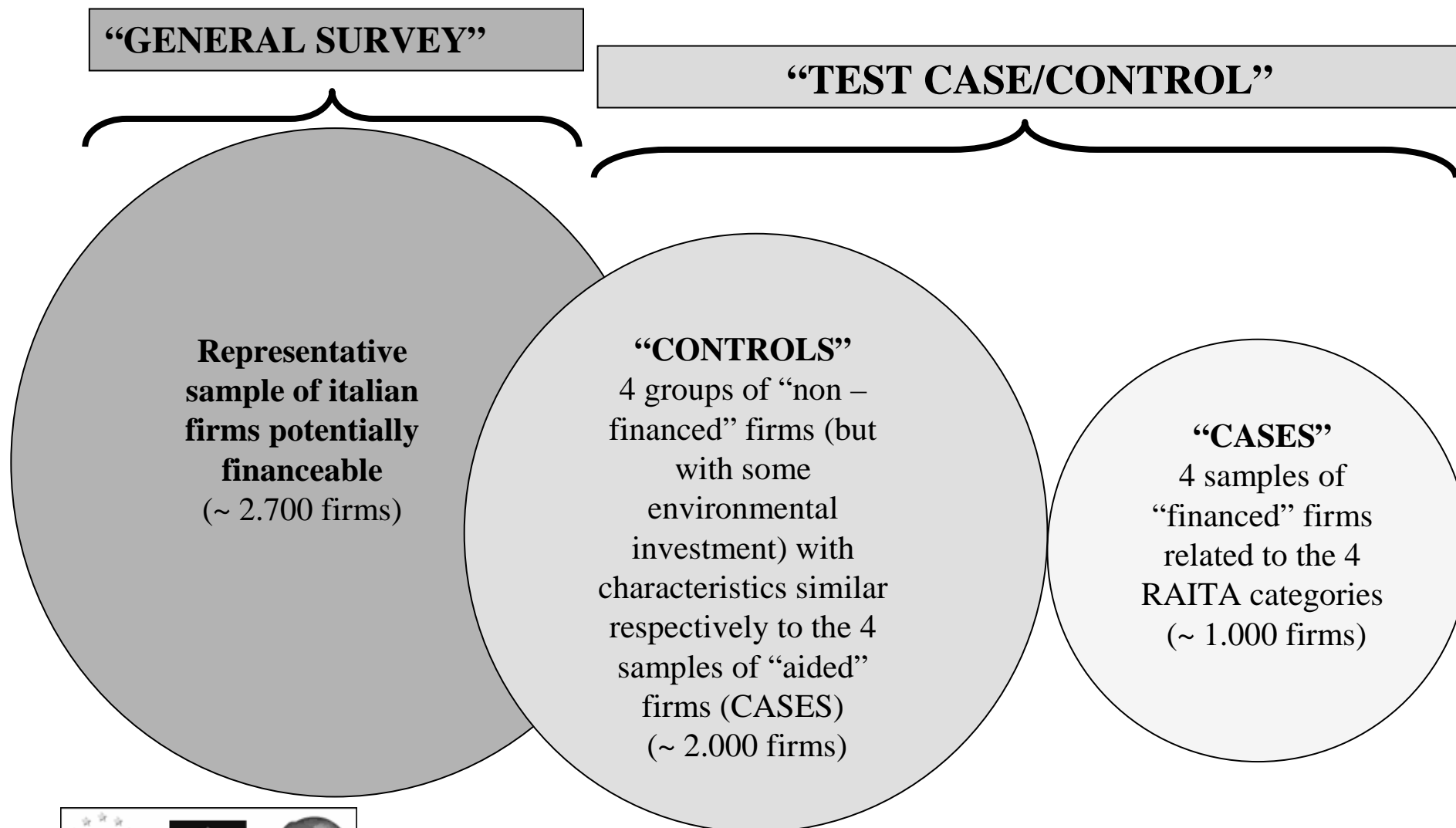


3 Regions have not activated RAITA under the definition adopted, but firms from these Regions are nevertheless included in the General Survey

Lists of aided Regions not available for 4 additional Regions; still the sample is wide and solid



Architecture of the Survey



Major kinds of objectives and answers given by the survey



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General survey: the image of the country

Ob. 2 (North) with more box tools:

- + firms realizing environmental investments also before 2000
- Prevailing motivations: improvement of the image, adapting to new regulations, *savings in production costs*
- Many firms have experienced: savings in production costs, especially for energy, water and raw materials , and revenues for the sale of environmental by-products (secondary raw materials)
- + firms where using public financial sources also before 2000: they now find easier procedures of access to financing
- They give priority to the information channel of production sectors associations (unions)

Ob. 1 (South) a strong coming back:

- - firms realizing environmental investments also before 2000
- Prevailing motivations: improvement of the image, adapting to new regulations, *savings for avoiding environmental fees, charges and taxes*
- Many firms expect significant savings on production costs
- - firms using public financial sources also before 2000, but much + firms using EU SFs after 2000, for all dimension categories, with a peak for micro-firms and small enterprises: for many firms EU SFs represent the only source of financing
- They have significantly benefited also of mass media campaigns



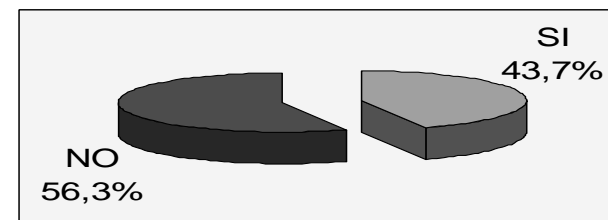
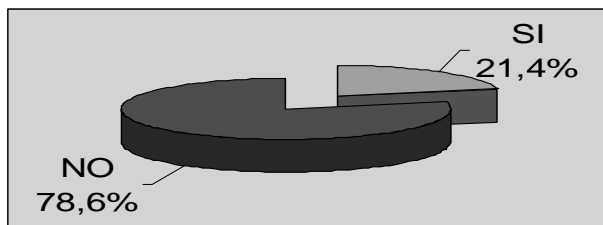
General survey and test surveys: compared selected results : environmental investments

Environmental inv.

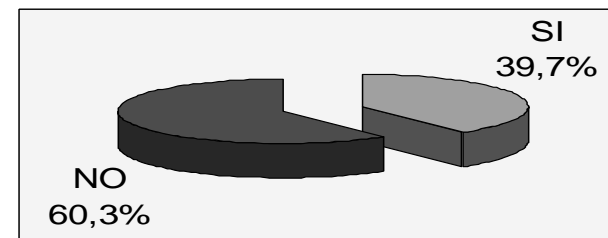
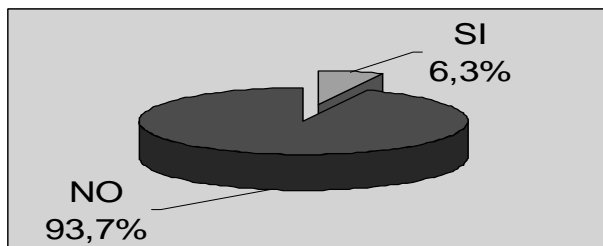
Financeable firms universe

Financed firms sample

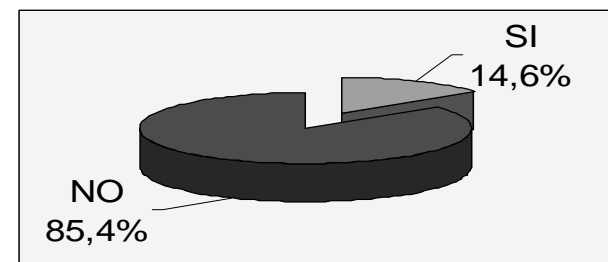
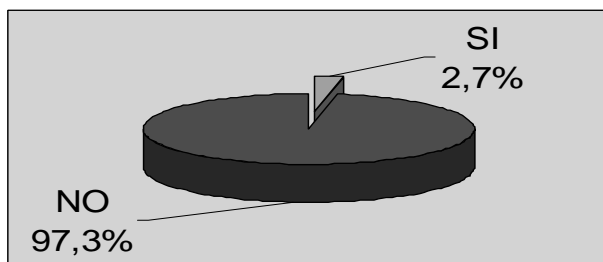
investments for the prevention and reduction of pollution concluded or in progress



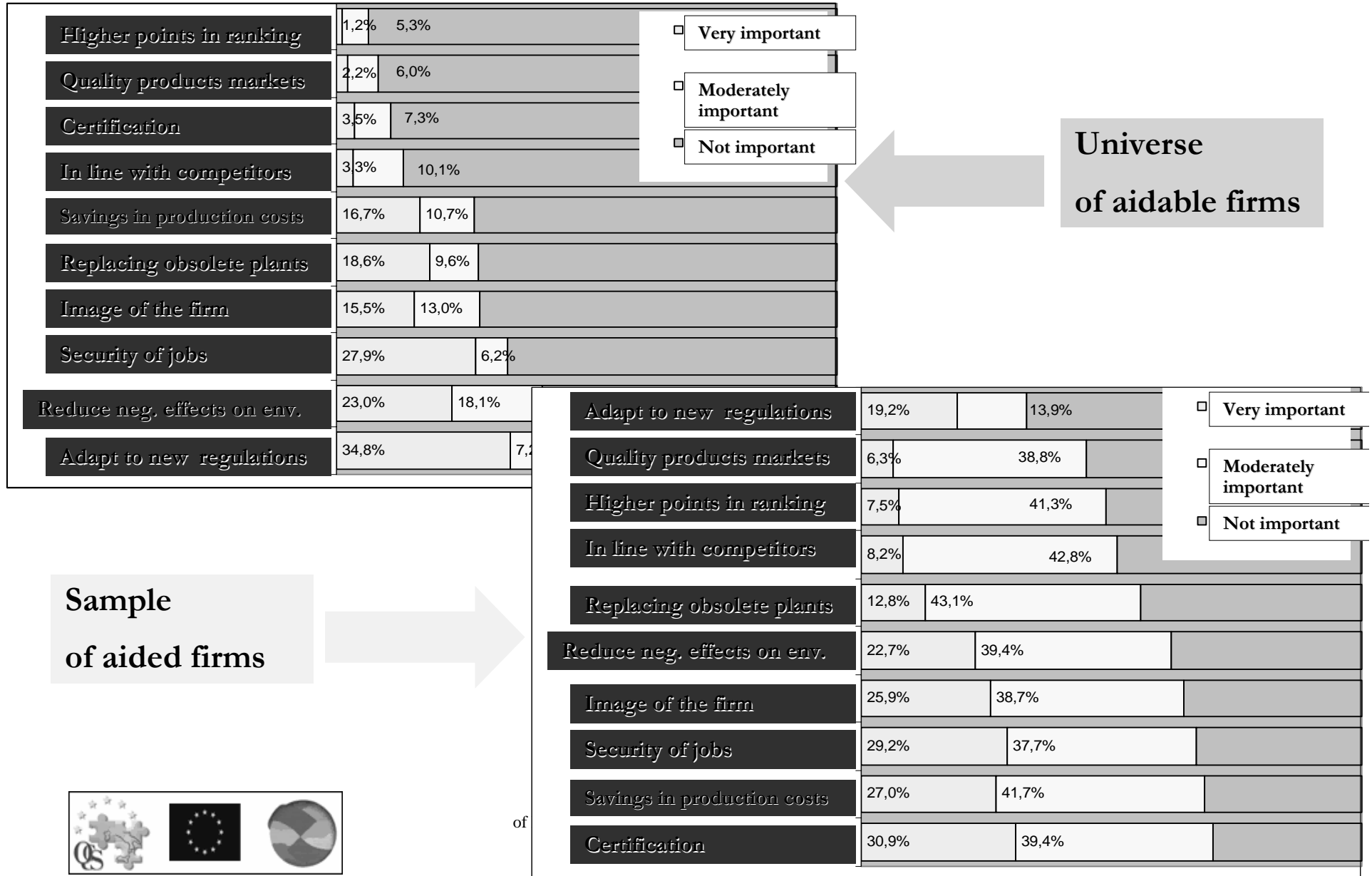
investments for the reduction of the consumption of natural resources concluded or in progress



one or more forms of environmental certification (iso-14001, emas, ecolabel) obtained or in progress



Motivations

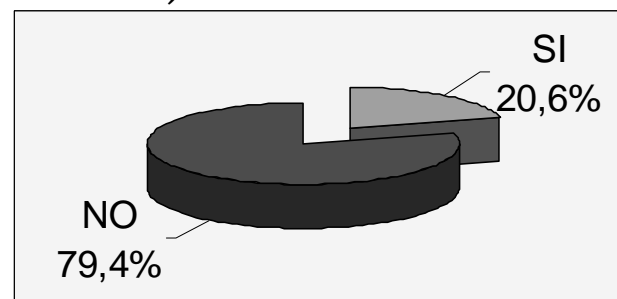
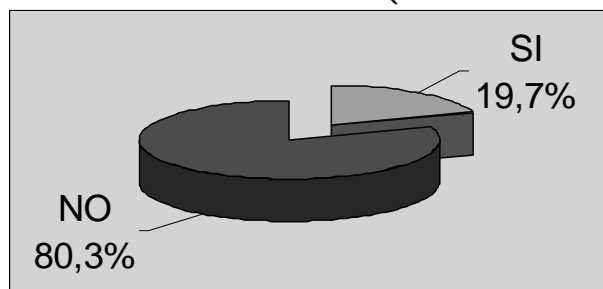


Economic returns

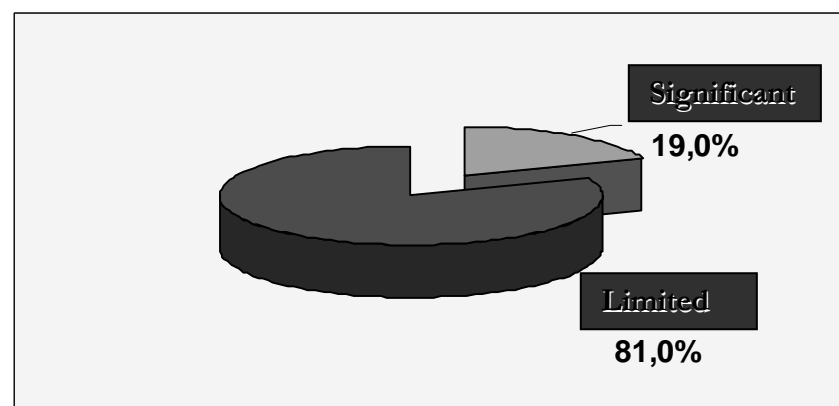
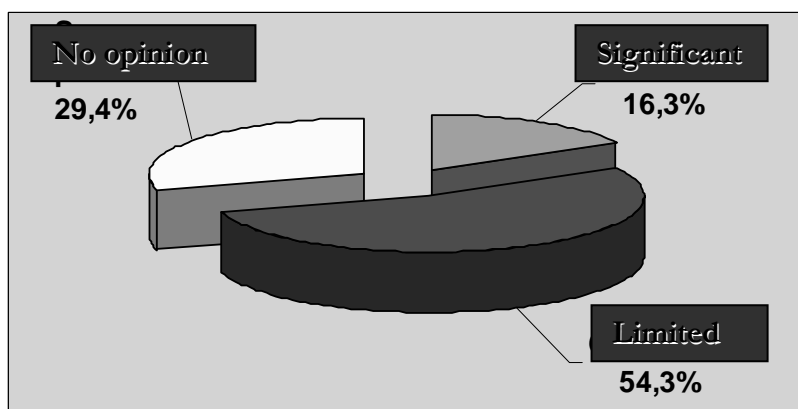
Financeable firms universe

Financed firms sample

Firms considering to have achieved an increase in their major activity turnover, thanks to the improvement in their image deriving from their environmental investments
(firms with concluded investments)



Dimension of revenues deriving from environmental investments as a percentage of turnover for firms having concluded between 2000 and 2003 their environmental investments



Elements of interest for the *policy maker* - 1

Propension to invest in environment and motivations

- There is a significant number of firms keen to invest in the environmental field (almost one fourth of firms potentially financeable)
- Compared to the previous 4y period (1996-99), the phenomenon is growing
- The environmental themes on which firms are keen to invest, in the absence of an explicit indication of the policy-maker, tend towards: Waste management, Air and climate protection, Wastewater management, Noise and vibrations abatement, Savings of energy produced from traditional sources
- We are observing a gradual change in the motivations, shifting from motivations reflecting the perception of the environment as a “constraint” to development (e.g. Adaptation to existing regulations) to motivations reflecting a perception of the environment as an “opportunity” (e.g. improving the image of the firm, production costs savings, new markets, etc.)

Use of public financial sources

- Compared to before 2000, the use of public financial sources is growing, especially for medium, small and very small enterprises
- Importance of communication channels for “giving knowledge” (mass media) and for “giving information” (producers category associations)



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Elements of interest for the *policy maker* - 2

Incentive effect from RAITA

- There are firms who have performed environmental investments thanks to RAITAs, especially in Obj.1 regions (South), especially small and medium enterprises
- There are firms who would invest anyway in environment, they just look for financial sources and RAITAs are one of them
- From existing data, there seems to be a certain capacity of orientation of RAITAs towards the environmental theme and to the type of investment (end-of-pipe / integrated)

identikit of firms which
would have invested anyway
in favour of the environment

- Firms from North-West and Centre Italy;
- Trade firms;
- Medium and large firms;
- Firms which have tended to use more private financing than public financing.

identikit of firms which
would *not* have invested anyway
in favour of the environment, *without* the
financial incentive they have benefited of

- Firms from the North-East and South;
- Industry and Services firms;
- Small enterprises;
- Firms which have tended to use more public financing than private financing.



Going ahead: perspectives for analysis

Additional analysis on data already collected on the phenomenon

- Regional analysis of the data of the general survey, in connection with the socio-economic distribution of the territory and the environmental situation
- Comparison with other EU countries
- Focus on communication strategies

Additional survey on the phenomenon itself

- Regional analysis of companies financed with the various categories of RAITA, by type of RAITA and by single RAITA
- Analysis of the financial dimension of the phenomenon
- Analysis on the character of “additionality” of environmental investments financed by RAITAs
- Statistical survey ex post with financed firms on the effectiveness / successfulness of environmental investments co-financed by RAITAs

General consideration:

1. Make reference to the three “rings” of the “red wire”;
2. Keep updated surveys (*follow up*)
3. Face the third ring (pos & neg impact on the environment)

Concluding

- **Relevance of State Aid Schemes within Structural Funds for Italy**
- **Relevance of attempts of integration of environment in some form within these State Aid Schemes**
- **Relevance of Structural Funds (Cohesion Policy) for the (Sustainable) Development of the South of Italy within Public Policy (and Public Expenditure constraints)**
- **Major steps in integrating the environment in State Aid Schemes, important improvements compared to the previous cycle, high potential of the instrument, from the constraint approach to the opportunity approach, we can do much more...**

