



**BALANCE**  
*green and stable*

Bringing Sustainability and Environmental Action  
Together for Future



Co-funded by the  
Erasmus+ Programme  
of the European Union

# MODULE 2: EUROPEAN SMES AND ENVIRONMENTAL POLICIES

# UNIT 1: European small to medium enterprises (SMEs) and environmental policies

# EUROPEAN POLICIES FOR ENVIRONMENTAL ASSESSMENT



## Learning Outcomes

### *Consultants should:*

- Explain the current environmental policies and the importance of mitigating the environmental pressures.
- Assess and evaluate which policies might be effective for an SME's firm.
- Guide SMEs how to implement these policies and activities into their firms.

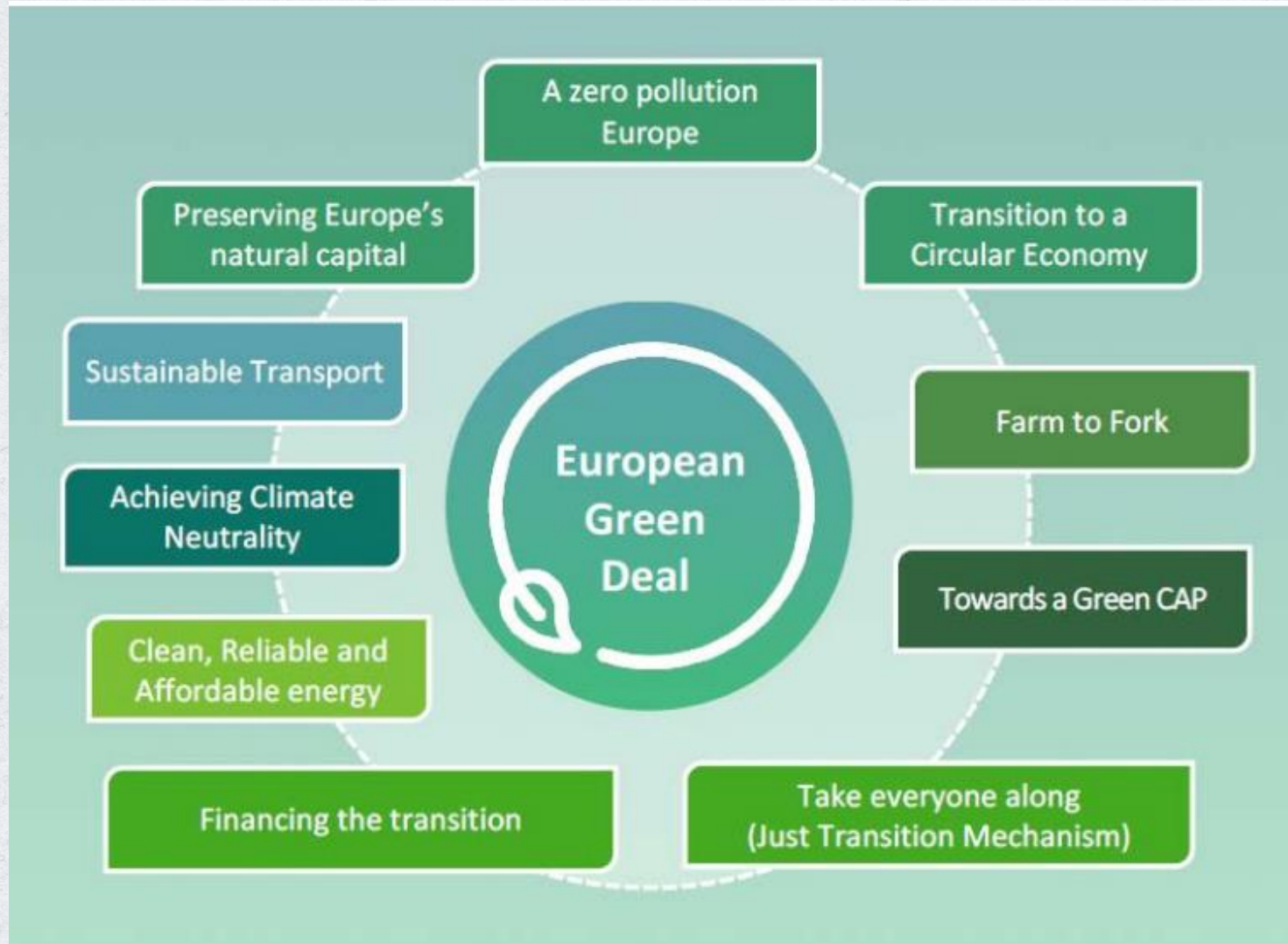


## The European Green Deal and the Role of SMEs

Principal outcomes of the European Union (EU) Green Deal:

- To reach zero **net emissions of greenhouse gases** by the year 2050.
- To produce an economy where its success is independent from resource use and **maintain equal accessibility** and **inclusion** for all individuals.
- To achieve the **protection, conservation** and **enhancement** of the EU's natural capital.





# 1. The EU Green Deal

## 1.1 A roadmap towards a climate-neutral Europe

## 1.2 The Farm to Fork Strategy

Five main objectives:

1. To **reduce** the use and **risk** of chemical **pesticides** by 50%.
2. To **reduce** nutrient losses by at least 50%.
3. To **reduce** the use of fertilizers by at least 20%.
4. To **reduce** sales of antibiotics for farm animals by 50%.
5. To incorporate **25%** of agricultural land is to transition to **organic production**.







## 1.2 The Farm to Fork Strategy

### Activity:

- Ask them to find two companies in your country that implement the *Farm To Fork Strategy*.



## 1.3 What is the Circular Economy?

Watch this video for more information:

From 0:00 – 0:48

[https://www.youtube.com/watch?v=lK00v\\_tzkCI&t=39s](https://www.youtube.com/watch?v=lK00v_tzkCI&t=39s)





## 1.3 The Circular Economy Action Plan

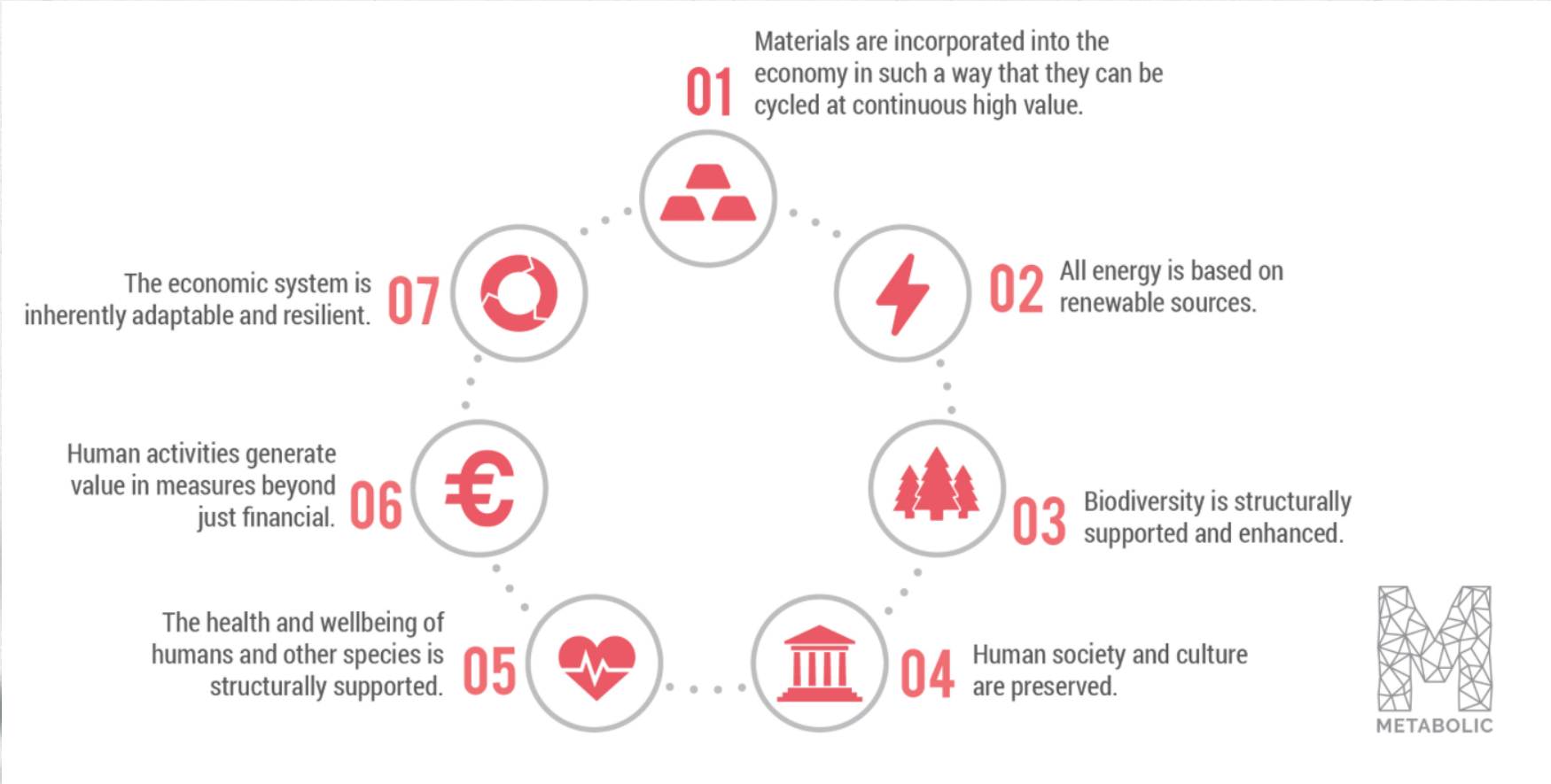
The main objectives of the Circular  
Economy Action Plan (CEAP)





# 1.3 The Circular Economy Action Plan

## Seven pillars of the CEAP





## 1.3 The Circular Economy Action Plan

Examples of measures  
in different sectors  
based on CEAP:

### ELECTRONICS and ICT



**Electrical and electronic equipment** is one of the fastest growing waste streams in the EU.

Two in three Europeans would use their digital devices for longer provided performance is not significantly affected.



Products placed on EU market will be designed to **last longer, to be easier to repair, recycle and reuse.**

Providing incentives for **product-as-a-service**: companies will keep the ownership and responsibility for the product throughout its lifecycle. **Eco-design** will apply to a broader range of products.



# 1.3 The Circular Economy Action Plan

Examples of measures in different sectors based on CEAP:

## TEXTILES



Worldwide, a full truck of **textiles** is sent to incineration or landfilled every second. It is estimated that less than 1% of all textiles worldwide are recycled into new textiles.



**Driving new business models** will boost sorting, reuse and recycling of textiles, ensure circularity in the sector and allow consumers to choose sustainable textiles.



## FOOD and PACKAGING



In 2017 packaging waste reached in Europe a record of **173 kg per inhabitant**.



New legislative initiative on reuse to **substitute single-use packaging**, tableware and cutlery by reusable products in food services, as well as targets for reducing packaging waste will be proposed.

## 1.3 The Circular Economy Action Plan

Examples of measures  
in different sectors  
based on CEAP:

### PLASTICS



**Consumption of plastics is expected to double** in the coming 20 years.

By 2050, plastics could account for 20% of oil consumption, 15% of greenhouse gas emissions, and there could be more plastics



**Single-use products** will be **phased out** wherever possible and replaced by durable products for multiple use.



**Acting on microplastics** - restricting intentionally added microplastics, increasing the capture of microplastics at all relevant stages of the product lifecycle.

### WASTE



Each citizen produces nearly **half a tonne of municipal waste per year**.



Measures will be introduced for **waste prevention and reduction**, increasing recycled content, minimising waste exports outside EU.



## 1.3 The Circular Economy Action Plan



**Activity:** Discuss the following questions:

- Which components of your Business contain elements of linear economy and which of circular?
- What type and estimated quantity of waste does my business produce? How can my SME reuse the generated waste?
- In which areas can technology be implemented in order to save resources?
- How can my SME advertise and reach potential customers generating less pollution?
- Can my SME introduce renewable energy sources to its production? (Example: solar panels)





## 1.3 The Circular Economy Action Plan

### Benefits of the CEAP

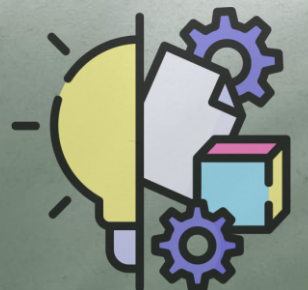
- Reduces the use of non-renewable resources.
- Regenerates natural systems.
- Combats climate change.
- Improves access to nutritious food.
- Aims for zero waste.
- Opens new business opportunities.
- Supports local communities.



## 2. The Environmental Impact Assessment Strategy

There are **two types** of ‘projects’ that require mandatory EIA:

1. The project that exert a **significant impact on the environment**, either because of:
  - Their **nature** (e.g., crude oil refineries);
  - Their **size** (e.g., airports with a basic runway length of 2100 meters and more).
2. The programs that do not reach the thresholds established in the first type by their nature or they do not carry an equal level of environmental detriment to be evaluated by a mandatory EIA.



## 2.1 The Environmental Impact Assessment Strategy

### Brainstorming Activity:

- Ask them to think of more examples of projects that are impactful in their *nature* and *size*.



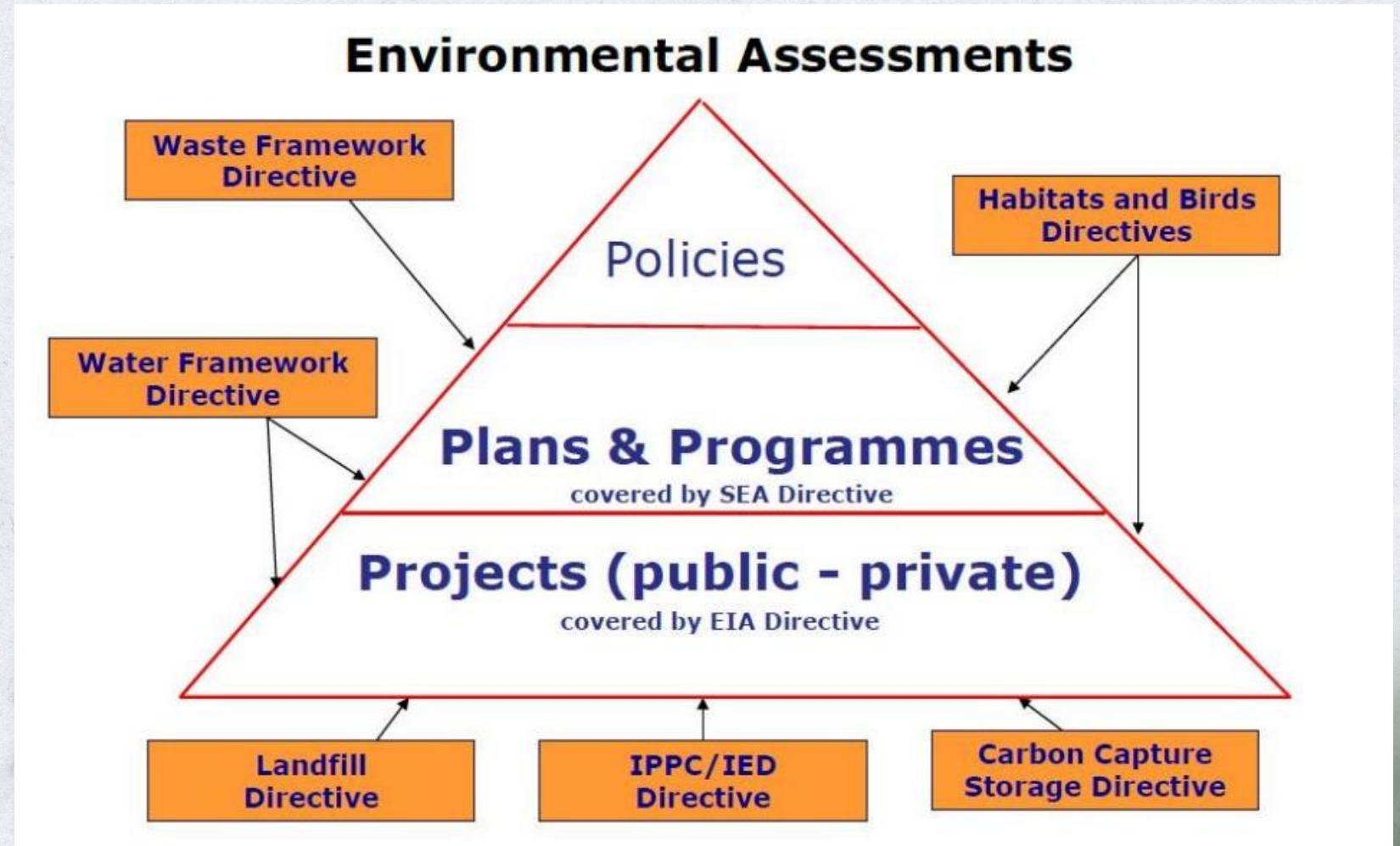
## 3. The Strategic Environmental Assessment Strategy

- **Objective:** To provide qualitative protection of the environment and to promote environmental consideration.
- The projects that are submitted for a mandatory SEA are the programs prepared for **agriculture, forestry, energy, water consumption, waste** etc.
- Decisions require the **involvement of the public** to strengthen the quality and objectivity of these settlements.





## Summary of the EIA and SEA Strategies



# EUROPEAN POLICIES FOR SMES MANAGEMENT



# 1. The Small Business Act (SBA)

## Main Objective:

- To implement the 'Think Small First' strategy that includes **10 individualized principles** to strengthen the quality of your SME.



## 10 principles of the Small Business Act

1. *Entrepreneurial learning and women entrepreneurship*
2. *Bankruptcy and second chance*
3. *Regulatory Framework for SME policy making*
4. *Operational Environment*
5. *SME Support Services and Public Procurement*
6. *Access to Finance for SMEs*
7. *Standards and technical regulations*
8. *Enterprise skills and Innovation*
9. *SMEs in a Green Economy*
10. *Internationalisation of SMEs*

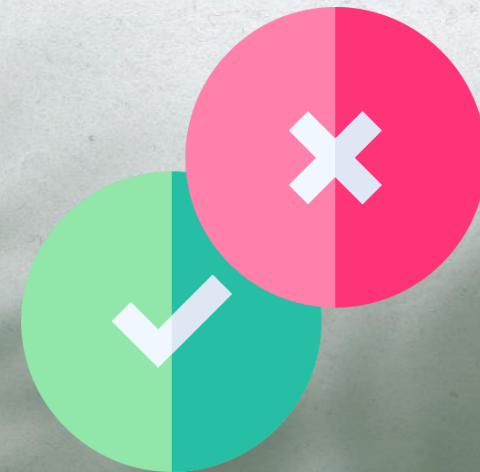
## 2. The SME Performance Review

### What is the SME Performance Review?

- A tool used by the EC to monitor the country's progress when implement SME strategies e.g., SBA.
- Provides information on the performance of SMEs in the Member States and other partner countries.

### Includes two sections:

- the Annual Report on European SMEs;
- The SME country fact sheets.







# The SME Performance Review

## Example of a Fact sheet

2021 SME COUNTRY FACT SHEET

## EUROPEAN UNION

**Brief introduction**

- The global Covid-19 pandemic, combined with the measures taken in response to it, significantly affected small and medium-sized enterprises (SMEs) in the European Union. Two of the most affected sectors were accommodation and food services, in which SME value added dropped by 37.8% and SME employment by 11.1%, and transportation and storage, which experienced decreases of 16.1% and 0.7%, respectively.
- For 2021, SME value added is forecast to rise by 5.8%, while a smaller increase of 0.6% is expected for SME employment. Overall, both SME value added and SME employment are predicted to remain below their 2019 levels, by 2.3% and 1.2%, respectively.
- SMEs play an important role in the 'non-financial business economy' of the EU-27. Average SME productivity, calculated as value added per person employed, was approximately EUR 40 000 and the average number of employees was 3.7.

**SME DEVELOPMENT 2019-2020**

NUMBER OF ENTERPRISES

-1.3%

NUMBER OF PERSONS EMPLOYED

-1.7%

VALUE ADDED

-7.6%

SMEs in the 'non-financial business sector'. Estimates produced by DIW Econ.

	ENTERPRISES		PERSONS EMPLOYED		VALUE ADDED	
	NUMBER	SHARE	NUMBER	SHARE	€ BILLION	SHARE
<b>SMEs</b> <small>(0 -249 persons employed)</small>	22 526 457	99.8%	83 397 941	65.2%	3 338	53.0%
<b>LARGE ENTERPRISES</b> <small>(250+ persons employed)</small>	40 843	0.2%	44 591 655	34.8%	2 957	47.0%

The data for 2020 are estimates produced by DIW Econ, based on 2008-2018 figures from national and Eurostat databases.

**SME-RELATED STRENGTHS AND CHALLENGES**

**KEY STRENGTHS**

- Indicators related to 'ease of starting a business' have substantially improved for most EU Member States. However, various types of regulatory and administrative burden still pose a major challenge.
- Access to finance at EU level has progressed in several indicators over the last decade, especially in terms of public sources of finance and traditional bank lending. However, SMEs believe that the economic outlook marked by Covid-19 has negatively affected their access to finance. Still, only 10% of SMEs report access to finance as one of their main concerns, according to the 2020 SAFE survey.
- Overall substantial progress has been made in key entrepreneurship indicators since 2018/2019, as well as over the last decade. Total early-stage entrepreneurial activity has reached the highest rate recorded. More Europeans than ever intend to start a business in the next 3 years, according to 2019 data, consolidating the significant growth observed in 2018.

**KEY CHALLENGES**

- EU SMEs have stalled as regards their progress in the green transition. As reported in a 2020 Eurobarometer survey, 3 out of 10 SMEs stated that they are/were 'developing sustainable products and services' – roughly the same proportion of SMEs that indicated they were offering green products or services in 2015. Around a third of EU Member States do not have support measures in place to help SMEs comply with environmental and energy regulations and green public procurement is still not yet widely adopted.
- Skills, training, innovation and digitalisation remain key challenges for EU SMEs. At least one challenge related to skills, innovation and digitalisation was identified for 3 out of 4 EU Member States. The lack of adequate access to technical skills or highly skilled workers is a commonly identified challenge. The share of people employed who have ICT specialist skills has declined since 2015 and the share of SMEs providing ICT skills training to their employees has not sufficiently improved.

**OTHER KEY SME-RELATED BRIEF INSIGHTS**

**IMPACT OF COVID-19 CRISIS ON SMES**

All EU Member States took measures aimed at softening the impact of the Covid-19 pandemic and the imposed restrictions on business. Most measures have been aimed at maintaining employment and helping SMEs address liquidity needs and get access to finance.

**REGULATORY BURDEN**

The 'once only principle' is still not applied in most EU Member States due to the insufficient connection between various public administration databases. In terms of implementing the 'think small first' principle, all EU Member States now consult and consider the views of SME stakeholders on new legislative proposals. Regulatory impact assessments and the 'SME test' are now widely used and applied.

**START-UP ENVIRONMENT**

Support for entrepreneurship makes up a large share of all policy measures adopted/implemented by EU Member States since 2011. There was a noticeable uptick in policy efforts during 2020 to help businesses with temporary solvency problems avoid bankruptcy.

**ACCESS TO FINANCE**

Measures to improve SME access to finance represent 1 out of 5 of all SME-related measures adopted since 2011. Public loan guarantee schemes for SMEs, as well as publicly-financed SME/start-up grants, are available in all EU Member States. Alternative equity and debt financing are also present in most EU Member States.

**DIGITALISATION OF SMES**

Measures to promote the development of research, development and innovation competencies of SMEs and to upgrade the digital skills of SMEs are among the most commonly adopted/implemented across the EU-27.

The SME Performance Review monitors SME-related developments across the EU. For more information, please see: [https://ec.europa.eu/growth/smes/sme-strategy/performance-review\\_en](https://ec.europa.eu/growth/smes/sme-strategy/performance-review_en)

## The SME Performance Review

### Activity:

- Tell them to check their country's factsheet and compare the results with the other EU countries. Share their conclusions.
- Separate them in pairs and tell them to think of other SME-related strengths and challenges.

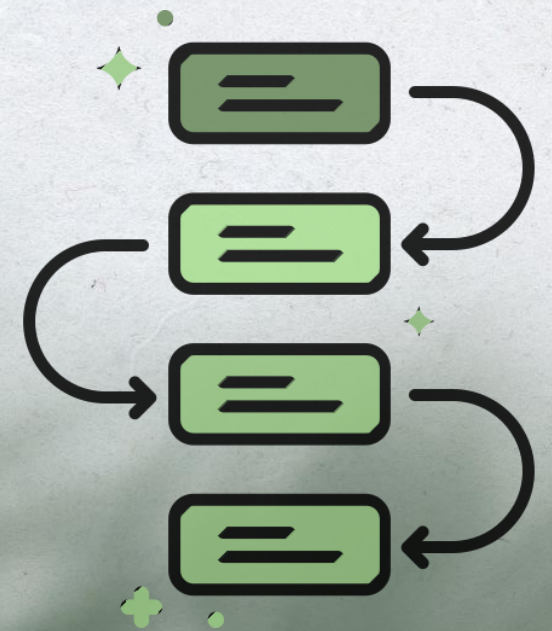


## 3. The Green Action Plan

- The GAP was developed to **help SMEs** exploit the **opportunities** provided by the transition of the **green economy**.

It involves **five** principal strategies:

1. Green SMEs for more competitiveness and sustainability;
2. Green entrepreneurship for the companies of the future;
3. Opportunities for SMEs in a greener value chain;
4. Access to the markets for green SMEs;
5. Governance.



# INTRODUCTION TO KEY STAKEHOLDERS



## Relevant Key Stakeholders

Primary	Secondary	Internal
Customers	Banks and financial Institutions	Employees
Employees	Consultancy firms	Management
Suppliers	Educational Institutions	Owners
Government	Local Communities	Stakeholders
Competitors	Media	
	Transporters	



External	NGOs
Banks and financial institutions	INGO
Competitors	GONGO
Consultancy firms	QUANGO
Consumers	ENGO
Educational Institutions	RINGO
Government	CSO
Local Communities	-
Media	-
Supplies	-
Transporters	-

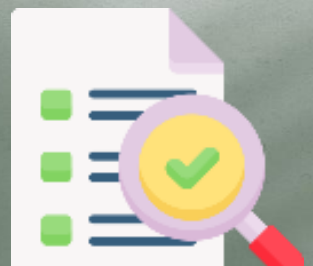


Governmental EU	Governmental Non-EU
European Social Fund Plus (ESF+)	National Enterprise Network, UK
European Maritime, Fisheries and Aquaculture Fund (EMFAF)	Federation of Small Business
LIFE program	Kapatid Mentor Me Program (KMME)
European Agricultural guarantee Fund (EAGF)	Shared Service Facilities Program (SFF)
Just Transition Fund	Barangay Micro Business Enterprise
-	SME Roving Academy
-	Traders Group
-	Small Business Research + Enterprise Centre



Here are some websites that include additional information regarding the relevant stakeholders:

- <http://www.erionet.org/>
- [https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes\\_en](https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes_en)
- [https://ec.europa.eu/info/funding-tenders/how-apply/eligibility-who-can-get-funding/funding-opportunities-small-businesses\\_en#:~:text=The%20European%20Social%20Fund%20Plus,fisheries%20and%20aquaculture%20are%20SMEs](https://ec.europa.eu/info/funding-tenders/how-apply/eligibility-who-can-get-funding/funding-opportunities-small-businesses_en#:~:text=The%20European%20Social%20Fund%20Plus,fisheries%20and%20aquaculture%20are%20SMEs)
- <https://southbaltic.eu/sme>







Here are some websites that include additional information regarding the relevant stakeholders:

- [https://www.fsb.org.uk/join-us/membership.html?gclid=Cj0KCQiAosmPBhCPARIsAHOen-P0uLosaYRnINlb1omOA2YQEaGII4Hzzy81DH8ACIxnEFImuP2NIb4aAmljEALw\\_wcB](https://www.fsb.org.uk/join-us/membership.html?gclid=Cj0KCQiAosmPBhCPARIsAHOen-P0uLosaYRnINlb1omOA2YQEaGII4Hzzy81DH8ACIxnEFImuP2NIb4aAmljEALw_wcB)
- <https://www.haringey.gov.uk/business/advice-and-support/business-support-organisations-and-agencies>
- <https://www.globe.com.ph/go/career-money/article/government-sme-programs.html#gref>
- <https://www.erasmus-entrepreneurs.eu/page.php?cid=22>



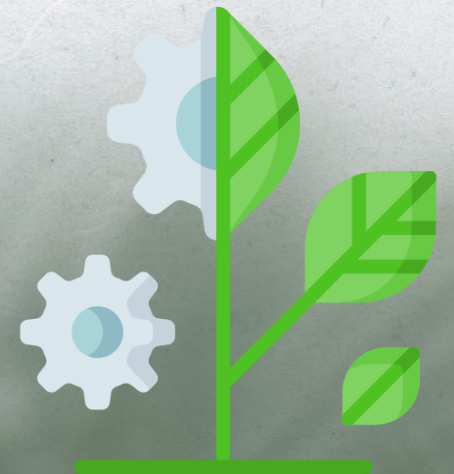
# OTHER POLICIES FOR SMES MANAGEMENT

# National Policies for SME Management



## Activity:

- Ask them to search for other policies for SME management in their country.



# Other Policies for Environmental Sustainability

## 1. The Green Employment Initiative

- **Objective:** To upgrade the International Labour Organization's (ILO) knowledge and their policy response.
- Watch this video for more information:

<https://www.youtube.com/watch?v=ZWVqmm7jvRo&t=1s>



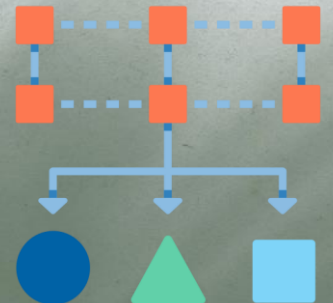
## 2. The Eco-Innovation Action Plan

- **Main objective of the EcoAP:** To support firms and consumers to reduce negative impact on the environment with a positive impact on the economy and society.



## 3. The Taxonomy Regulation

- A classification system i.e., taxonomy, that offers to various businesses a “glossary” that explains which **economic activities** are identified as “**environmentally sustainable**”.



## 3. The Taxonomy Regulation

The EU Taxonomy encompasses a standard set of definitions for sustainable activities centered around six environmental objectives:



## 3. The Taxonomy Regulation



### Activity:

- Ask your audience to think about some *environmentally sustainable activities* that your firm could implement.
- And to categorize to which *objective* from the Taxonomy Regulation Strategy does the activity they thought of, belong to.

## 4. Environmental Action Programs

### Principal Objectives of the 8<sup>th</sup> Environmental Action Program:

- To achieve the 2030 GHG **emission reduction** target and **neutrality by 2050**;
- To **promote adaptive capacity**, strengthen resilience and reduce vulnerability to climate change;
- To **decouple economic growth** from resource use and environmental degradation;
- To pursue a **zero-pollution target**, including for air, water and soil;
- To protect and **preserve biodiversity**, and amplifying natural capital (i.e., air, water, soil, etc.);
- To **alleviate environmental and climate pressures** for production and consumption (i.e. in the areas of energy, industrial development etc.)



## 5. Horizontal Strategies

### 5.1 The Sustainable Development Strategy (SDS)

- The EC released a reflection paper **sustainable development goals** (SDGs) entitled *“Towards a Sustainable Europe by 2030”*.

### 5.2 The Biodiversity Strategy

- To build our societies’ resilience for future threats such as;
  - The impacts of climate change, Forest fires, Food insecurity and Disease outbreaks.



# The Sustainable Development Goals (SDGs)



Watch this video for more information:

[https://www.youtube.com/watch?v=M-iJM02m\\_Hg](https://www.youtube.com/watch?v=M-iJM02m_Hg)



# UNIT 2: THE IMPORTANCE OF GREENING SMES

# Society, Citizenship and Responsibility

The EC provided the **Environmental Compliance Assistance Program** to help SMEs improve their environmental performances.

**It aims to:**

- Minimize the administrative burden on companies;
- Help SMEs integrate environmental concerns into their businesses;
- Support regional and national networks;
- Build up local know-how;
- Improve communication;
- Provide funding.





# Society, Citizenship and Responsibility

## Brainstorming Activity:

- Direct them to write down three words that come to mind when hearing the phrase '*Corporate Social Responsibility*'.



# Society, Citizenship and Responsibility

## Corporate Social Responsibility

What is **Corporate Social Responsibility (CSR)**?

- A **management technique** whereby firms integrate their social and environmental concerns in their firms' operations and interactions with their stakeholders.
- Promotes the balance of economic, environmental and social imperatives i.e. ***Triple-Bottom-Line Approach*** (TBL).
  - The TBL approach is used as a **framework** for **estimating** and **reporting** corporate **performance** against economic, social and environmental performance.

# Corporate Social Responsibility

Watch this video for more information:

From 1:54 – 2:52

<https://www.youtube.com/watch?v=Zc102xiah1M>



# Society, Citizenship and Responsibility

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## Corporate Social Responsibility



### Example of companies with CSR:

- **New Belgium Brewing Company** - produces its electricity through solar panels and wastewater and aims to have all its beer carbon neutral by 2030.
- **Levi Strauss** – minimized the amount of water used in production of their jeans and provides tips as to how to preserve the clothing and where to donate them.
- **LEGO** - aim to be carbon neutral by 2022 and ensure all packaging are sustainable by 2025. Also, they will remove single use plastic bags and install solar panels on all factories.

# Corporate Social Responsibility

## Activity:



- After explaining CSR, ask them to think about how they would like to include CSR activities in their company and write down three examples.



# BENEFICIAL OUTCOMES FOR TURNING GREEN


## Possible Financial Outcomes for Greening SMEs

### Advantages of becoming a green SME:

1. Cost savings;
2. Ensuring legislative compliance and anticipating future legislation;
3. Reduced environmental risk;
4. Meeting supply chain requirements;
5. Improved relations with regulators;
6. Improved public image and increased market opportunities;
7. Employee enthusiasm.



## 1. Cost savings

- Converting to green methods of production actually  costs.

## 2. Ensuring legislative compliance and anticipating future legislation



- By ensuring compliance to current legislations you prevent the possibility of being fined and can predict future policies.

## 3. Reduced environmental risk

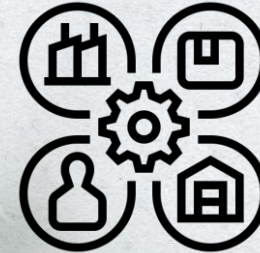
- Reducing environmental risk places a firm in a better position to obtain loans by investors, banks etc.





## 4. Meeting supply chain requirements

- Development of stronger partnerships with suppliers and other organization, from the incorporation of environmental strategies.



## 5. Improved relations with regulators

- Adhering to environmental regulations can lead to improved relations with regulators, plausibly reducing the number of visits per year.



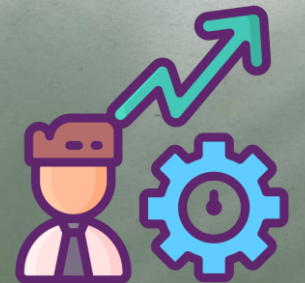
## 6. Improved public image and increased market opportunities



- Ensuring a positive public image will accelerate the number of market opportunities;
- An environmental outlook will **strengthen customer loyalty** among your existing clients and **attract new ones**.

## 7. Employee enthusiasm

- An environmental management strategy can generate a lot of **motivation** within the firm and **increase the levels of productivity** by the employees.
- Increase profits due to the generation of sustainable ideas by the workforce.



# DEFINITION AND ROLE OF GREEN JOBS





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## What is a Green Job?

Watch this video for more information:

<https://www.youtube.com/watch?v=NrNQzCjI8A4>



## Where can green jobs be found?

- Traditional sectors such as **manufacturing** and **construction**;
- Emerging fields such as **renewable energy** and **energy efficiency**.

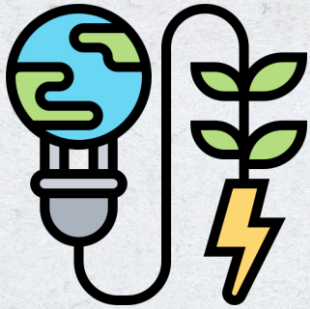
## What is their role?

- Improve energy & raw materials efficiency;
- Limit greenhouse gas emissions;
- Minimize waste and pollution;
- Protect and restore ecosystems;
- Support adaptation to the effects of climate change.





## Booming sectors with green jobs



ENERGY



AGRICULTURE



DESIGN



TRANSPORT



TOURISM



## Booming sectors with green jobs



### Activity:



- Ask them to find one company in their country from each sector that incorporates green jobs and present it.



## Example of companies with Green Jobs:

- **APPLE** – dedicated in removing harmful substances from product designs and developing safer substitutes.
- **IKEA** - uses natural resources and cutting down on energy consumption. The packaging has always been compact to reduce the amount of cardboard used.
- **Beyond Meat** - uses plant-based materials to produce food products that taste like meat, but have lower carbon footprint and overall environmental impact as compared to real meat products.



THANK YOU