



IN THIS ISSUE:

Eco-Innovation Action Plan: putting Europe on the right track to meet the eco-innovation challenge.

Page 2 | STORY IN FOCUS

Ecopol, a transnational partnership dedicated to reinforcing eco-innovation

Page 3 | ECO-INNOVATION IN FIGURES

Measuring Eco-Innovation in the EU

Page 4 | STORY IN FOCUS

Grasping future trends of eco-innovation: what is out there for Eco-Innovation Observatory?

Page 5 | NEW OUTLOOK

INNO-Grips:
Innovating Innovation Policy

Page 6 | ANNUAL EVENT

Service innovation as a driver of value creation in the business and policy context?

Page 6-7 | NETWORK NEWS

Page 8 | NEWS & EVENTS

Eco-Innovation Action Plan

PUTTING EUROPE ON THE RIGHT TRACK TO MEET THE ECO-INNOVATION CHALLENGE. INTERVIEW WITH IGOR JELIŃSKI, DG ENVI

WHAT IS THE ECO-INNOVATION ACTION PLAN?

The Action Plan is a follow-up of the Innovation Union flagship initiative and also a natural evolution of the Environmental Technologies Action Plan (ETAP), launched by the European Commission in 2004. It will reflect the lessons learnt from ETAP and will be better adapted to the new political and economic landscape.

WHO WILL BE AFFECTED BY IT AND WHAT ARE ITS PRIORITIES?

European SMEs remain the main target of the Action Plan. However, it is not only about the green tech industry - it should facilitate the transition of the entire economy towards clean growth. All SMEs must become active developers and users of eco-innovation.



The Action Plan should complement other policies and strategies, not duplicate them. Eco-innovators often face the same barriers as "traditional" innovators, but often find these barriers more severe. Financing is a good example. Compared to other sectors, eco-innovators often face longer profitability horizons, require more funds and thus incur greater risks. Also, the focus of eco-innovation policies should be on the sustainable management of natural capital and natural resources, and on the reduction of air, water, soil and noise pollution.

HOW DOES THE ECO-INNOVATION ACTION PLAN RELATE TO ETAP?

The Eco-Innovation Action Plan will build on ETAP results. Since 2004, ETAP has been subject to several reviews. Several actions have been achieved and can be phased out, while others need to be reinforced. One example is ETAP's global dimension, where ETAP has so far failed to make a tangible contribution. The new Action Plan puts more emphasis on the international aspect of eco-innovation, focusing on networking between SMEs and better coordination of policies with international partners.

IS THERE STRONG STAKEHOLDER COMMITMENT TO 'ECO-INNOVATE'?

Thanks to ETAP we have definitely witnessed the growth of an "eco-innovation community". The regular ETAP Fora have become traditional meeting places for European eco-innovation policy makers and practitioners. I believe that there is a commitment from stakeholders to eco-innovate. A recent Eurobarometer survey shows that more than half of the EU SMEs surveyed introduced material efficiency technologies in the past five years as a response to the materials challenge.

WHAT ARE THE BARRIERS TO DEVELOPING ECO-INNOVATION?

The most significant barriers are related to economic and financial factors, notably to the lack of funds within the enterprise, uncertain demand from the market, etc. These are closely followed by the market factors of insufficient access to public subsidies and fiscal incentives. On the other hand, technological capacities or strategic objectives and social and relational factors are seen as least serious.

Ecopol, a transnational partnership dedicated to reinforcing **eco-innovation**

ECO-INNOVATION IS A YOUNG DISCIPLINE AT THE INTERSECTION OF TWO SPHERES: INNOVATION POLICY AND ENVIRONMENTAL POLICY. THIS STRUCTURAL SPLIT DOES NOT FAVOUR THE FAST ADOPTION OF NEW ECO-INNOVATION POLICIES AND THE LAUNCH OF NEW SUPPORT PROGRAMMES. AS A CONSEQUENCE, WHITE SPOTS IN THE ECO-INNOVATION FRAMEWORK CAN BE FOUND IN EVERY EUROPEAN COUNTRY OR REGION. THE ECOPOL INNO-NET TRIES TO ERASE THESE SPOTS BY ANALYSING, ASSESSING, DEVELOPING AND IMPLEMENTING GOOD ECO-INNOVATION PRACTICE PILOTS.



Tomi Tura, an expert in innovation policy from the Finnish **Lahti Science and Business Park**, has been ECOPOL project co-ordinator since July 2011. According to him, “beyond its networking benefits, the ECOPOL consortium wants to go further by jointly assessing areas of improvement in each eco-innovation policy framework and launching a number of concrete implementation pilots. ECOPOL benefits from the

involvement of additional public agencies in charge of eco-innovation, as well as from a number of private sector experts.”

ECOPOL is a transnational public partnership of eco-innovation programme owners and managers from six European countries or regions under the co-ordination of the Finnish Lahti Science and Business Park, whose public mission is to promote the establishment and development of growth companies in the Lahti Region and to co-ordinate the Finnish National Cleantech Cluster. Also representing the Baltic region is **SWENTECSP**, the Swedish National Environmental Agency. From Southern Europe, Portugal (a newcomer to PRO INNO Europe®) is putting forward two participants with complementary skills: **APA**, the National Environmental Agency, and **Adi**, the National Innovation Agency. The other southern participant is also a newcomer to this type of joint innovation policy learning: the Regional Authority of the Athens Region, which also manages the region’s structural and cohesion funds. Completing the European picture are **Jülich**, the project management agency of several German Ministries, and **LEV**, the Styrian Energy Agency with own sector-specific innovation support programmes.

The ECOPOL INNO-Net strengthens eco-innovation action plans for each participating country through recommendations made following a thorough analysis and evaluation of policies and supporting instruments. On the practical level, the benefits of the project can be found in the launch of several pilots in each partner country to test the practice effectiveness and transferability of good practices.

On the European level, ECOPOL contributes to the objectives of PRO INNO Europe® and ETAP: there is a close connection between the ECOPOL consortium and the ETAP High Level Group. In this sense, during ECOPOL, the partners will examine the national ETAP roadmaps and suggest ways to strengthen them.

Three issues are in focus:

Green public procurement as a powerful demand-side instrument

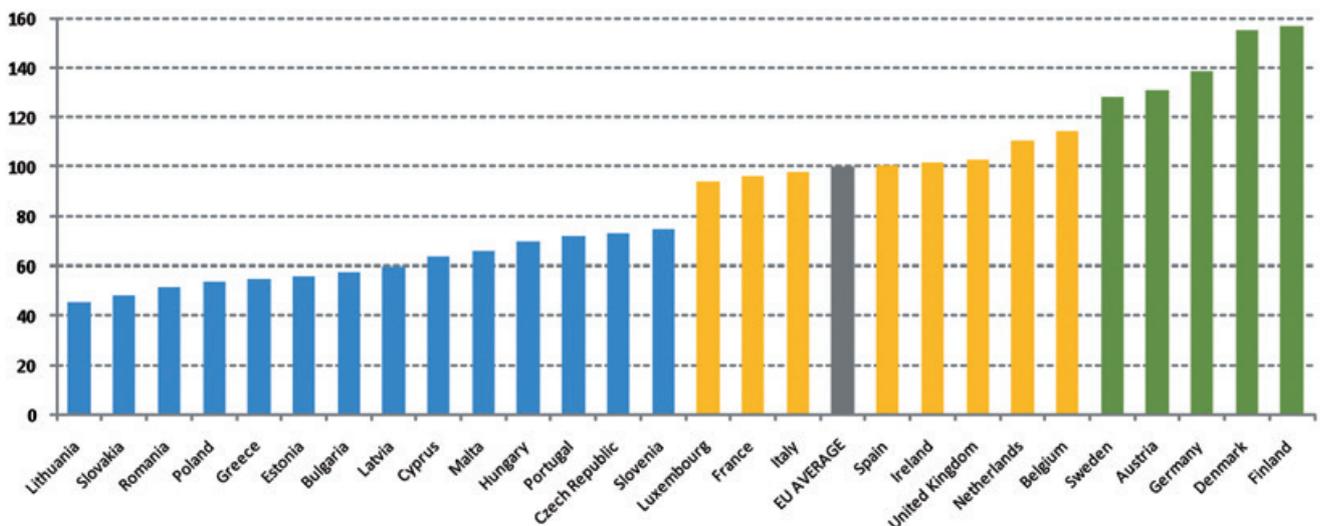
Waste & recycling as a sector with a very high CO2 footprint and great potential for business creation

Internationalisation as a means of increasing productivity by enlarging markets for eco-innovators

Measuring Eco-Innovation

in the EU Interview with **Michal Miedzinski** (Technopolis Group), **Stefan Giljum** (SERI) and **Soeren Steger** (Wuppertal Institute)

FINLAND AND DENMARK ARE THE EU LEADERS IN ECO-INNOVATION. HOW IS IT MEASURED AND WHAT WAS THE AIM OF THE ECO-INNOVATION SCOREBOARD? THE ECO-INNOVATION OBSERVATORY TEAM EXPLAINS.



WHAT IS THE IDEA BEHIND THE ECO-INNOVATION SCOREBOARD?

Measuring eco-innovation is a key element in monitoring the performance and progress of EU Member States towards sustainable development. In this context, the Eco-Innovation Scoreboard aims at measuring innovativeness with benefits for the economy, society as well as the environment. The Scoreboard shows how well individual Member States perform in different dimensions of eco-innovation and points to their strengths and weaknesses.

WHAT DO THE RESULTS OF THE 2010 SCOREBOARD SAY ABOUT ECO-INNOVATION IN EU MEMBER STATES?

The Member States have a very diverse eco-innovation performance and face different challenges. According to the 2010 Scoreboard, there is no country that could serve as a role model for eco-innovation performance in all areas. Based on the results, we can divide the EU into three groups of eco-innovation performers: leaders, followers and catching-up countries (see the chart). Finland and Denmark, followed by Germany, Austria and Sweden perform best on average. The evidence suggests that although eco-innovation is relatively widespread in the EU, its potential remains largely untapped.

BUT HOW CAN THE ECO-INNOVATION PERFORMANCE OF COUNTRIES BE MEASURED?

Measuring eco-innovation is a challenging task because the availability and quality of eco-innovation data both leave much room for improvement.

In the 2010 Scoreboard, we measured eco-innovation country performance with 13 indicators in five areas (from inputs into innovation processes to economic and environmental outcomes). The indicators included, for example, investments in environmental R&D, environmental technology patents or employment in eco-industries. In order to compare different countries, the average EU performance for each of the indicators and areas is set at a score of 100.

HOW CAN THE ECO-INNOVATION SCOREBOARD FOSTER ECO-INNOVATION IN THE MEMBER STATES?

The Eco-Innovation Scoreboard is innovative itself: it is the first tool capturing the eco-innovation performance of EU Member States. Through its use and continuous improvement we aim to overcome the existing gap in monitoring and comparing eco-innovation performance in Europe. The EU has a real opportunity to improve its environmental and economic performance through eco-innovation. Better monitoring and evaluation of eco-innovation trends will help to adapt policy objectives to meet the challenges.

For further information, please look at: <http://www.eco-innovation.eu/scoreboard>

“Eco-innovation is any innovation that reduces the use of natural resources and decreases the release of harmful substances across the whole life-cycle”.

Grasping future trends of eco-innovation: what is out there for Eco-Innovation Observatory?

ENERGY SAVING IN AIRPLANE TRAVELS, ECO-CITIES AND ECO-BUILDINGS, GREEN CEMENT, COMPLETELY BIODEGRADABLE BAGS – THESE ARE ONLY SOME EXAMPLES OF TRENDS PAVING THE WAY FOR ECO-INNOVATION IN OUR DAILY LIVES.

The Eco-Innovation Observatory is a 3-year initiative under Europe INNOVA and ETAP developing an integrated information source and a series of analyses on eco-innovation trends and markets. 'Future Trends - Creating the environment for eco-innovation evolution' is its first horizon scanning report, describing future trends of eco-innovation.



The report explores eco-innovation's visibility in several sources of information such as scientific publications, the Internet and the electronic media. It demonstrates how key megatrends can create a platform for eco-innovation evolution while identifying potential areas where eco-innovation is needed.

'Horizon scanning is a starting point for various foresight activities in the project, and as a starting point it is not meant to be exhaustive. A good number of foresight activities will be continuously carried out during the project, and thus also the scope of the reports will be enhanced and upgraded in each year. This approach allows the team to learn from and expand on the initial efforts as the project evolves', explains **Anne Karjalainen** from Finland Futures Research Centre, co-author of the report.

The activity of grasping future trends, emerging technology fields and eco-innovations will provide information for the upcoming Delphi-technique, used to collect expert data for the following future scenarios as well as for the road mapping and impact analysis activities.

'Foresight activities can be thus illustrated as a chain of events in which each phase will provide information for the next one', concludes Ms. Karjalainen.



MAIN PROSPECTS FOR ECO-INNOVATION

The fundamental part of the report is the analysis of the megatrends creating the platform for eco-innovation evolution. These include resource scarcity, globalisation, and environmental threats such as climate change and other environmental problems. They all lead to shifts in demand and thus, reinforce the eco-innovation development.

The demand for material resources exceeds the supply due to the growing world population and growing consumption. The report puts emphasis on phosphorus and critical metals as their scarcity is increasing. The need to enhance current materials in order to achieve new functionalities is also emphasised.

Future trends creating the framework for future eco-innovation are spiced up with some practical examples as well as early indicators of eco-innovators. Among them, one can find sustainable city projects under construction in Masdag, Abu Dhabi, United Arab Emirates, a sustainable housing project Dockside Green in Victoria, Canada, or bags and envelopes completely biodegradable into naturally occurring substances.

The report is available for download on the EIO website at:

<http://www.eco-innovation.eu>

INNO-Grips: Innovating Innovation Policy

INNOVATION IS CRUCIAL TO SUSTAINING PROSPERITY AND SOCIAL WELLBEING IN EUROPE, AND WILL PLAY A CENTRAL PART IN REACHING THE EUROPE 2020 OBJECTIVES OF A 20% INCREASE IN BOTH RESOURCE AND ENERGY EFFICIENCY, AND A 20% REDUCTION IN CO2 EMISSIONS COMPARED TO 1990 LEVELS. HOW COMPANIES INNOVATE, HOWEVER, IS CHANGING FAST, WITH NEW TRENDS SUCH AS “OPEN INNOVATION” AND “USER-DRIVEN INNOVATION” ATTRACTING MORE ATTENTION. INNOVATION POLICY MUST THEREFORE CONSTANTLY “INNOVATE” ITSELF TO REMAIN RELEVANT. HERE, INNO-GRIPS STEPS IN TO PROVIDE INTELLIGENCE ABOUT THIS RAPIDLY CHANGING FIELD.

ECONOMIC AND MARKET INTELLIGENCE ON INNOVATION

INNO-Grips is supporting policy makers to adopt appropriate policy responses to emerging innovation trends. It analyses framework conditions, barriers and drivers to innovation and innovation policy and offers intelligence on international developments in six studies. Over a period of three years (2010-2012), these Innovation Intelligence Studies are accompanied by six workshops where their results and recommendations are validated by European innovation experts and stakeholders.

SIX INNOVATION INTELLIGENCE STUDIES:

- Barriers to internationalisation and growth of EU's innovative companies
- Implications of climate change, resource scarcity and demographic developments
- Open innovation in Europe: effects, determinants and policy
- Social attitudes toward fostering entrepreneurship and innovation demand
- The role of multinational companies and supply chains in innovation
- The new nature of innovation

INNOVATION POLICY – A POWERFUL TOOLBOX FOR MITIGATING CLIMATE CHANGE

The second innovation intelligence study focussed on the **implications of climate change, resource scarcity and demographic developments for innovation policy**. The researchers highlighted the need for **forward-looking innovation policy** formulation in mitigating the effects of climate change, and identified 12 themes for innovation policy and climate protection. These included establishing a dedicated climate change agency; an independent policy institution that could assist all levels of government. Higher levels of public R&D support, particularly for disruptive and radical zero carbon energy technologies, was also identified as an area for action, alongside placing greater emphasis on ensuring that innovations are widely adopted and do not stall in the R&D phase.

The next innovation intelligence study will examine social attitudes toward fostering entrepreneurship and innovation demand. Currently, there is a lack of policy development in this area, since these attitudes and their economic effects are very difficult to measure. The study will examine social attitudes in Europe as well as other major economies, and present ways public policy could foster more entrepreneurship and demand for innovation within Europe.

INNOVATION INTELLIGENCE STUDIES CONSORTIUM

- WIFO, Austria
- Fraunhofer ISI, Germany
- Greenovate!, Belgium
- Management Centre Innsbruck MCI, Austria
- NIFU STEP, Norway
- Maastricht University – UNU-MERIT, the Netherlands



For more information, contact **Rossella Riggio** at **Greenovate! Europe**: rossella.riggio@greenovate.eu

Service innovation as a driver of value creation in the business and policy context

THE CONFERENCE HELD IN HAMBURG, GERMANY, ON 6-7 SEPTEMBER 2011 – ATTENDED BY OVER 150 POLICY MAKERS, COMPANY REPRESENTATIVES, RESEARCHERS AND OTHER STAKEHOLDERS FROM 27 DIFFERENT COUNTRIES – OFFERED STIMULATING DISCUSSIONS, DEBATES AND WORKSHOPS ON PROMOTING SERVICE INNOVATION THROUGH INSTRUMENTS SUCH AS INNOVATION PARTNERSHIPS, CLUSTERS OR INFRASTRUCTURE SUPPORT, AND ON MEASURING SERVICE INNOVATION IMPACT.

The conference showcased thought-provoking cases like **Google, IBM, Kone** and **Volvo Group**. The companies provided concrete examples of how service innovation can be used to create new business opportunities and growth and how value can be created in everyday business. IBM, for example, saw huge growth in service segment revenues from the 1980s through 2011, and Volvo Group now has a soft products division (including service innovations) which has increased sales of higher margin products and services.

Google is an excellent example of a start-up company that has grown into a global corporation with products and services used all over the world. **Mr. Alexander Zerdick, Head of Operations in Austria, Germany and Switzerland**, revealed that constraints played an important role for the company, allowing employees to think outside the box and come up with innovative solutions.

Value creation was also highlighted from the policy perspective. Policy actions aim to create value for end-users, whether research institutes, companies or educational institutions. The key issues are identifying best practices to support service innovation and main challenges to establishing specific service innovation policies, strategies and instruments.



In terms of challenges, several obstacles (e.g. regulations, monopolies, labour market restrictions or inefficient procurement practises) hinder the full utilisation of service innovation. Policies play a crucial role in the removal of these barriers. According to **Dr. Reinhard Büscher, DG ENTR**, European Commission, the policy discussion should move from “how to support service innovation” to “how to capitalise on service innovation”.

This is also the aim of **the EPISIS strategy for European Service Innovation**, launched at the conference.

The work to create value and boost service innovation continues.

Presentations and additional information are available on the conference website:
www.proinno-europe.eu/episisconference2011

The EPISIS strategy, formulated by the EPISIS partners and the European Service Innovation Think Tank, has three strategic areas: **Dynamic markets** as driver of innovative service and solutions business, **multi-disciplinary skills and knowledge co-creation and innovative service and solutions business** as engines of growth and innovation. These are fundamental building blocks for new jobs, industry renewal, competitive advantage for cross-sector European businesses and a way to tackle Europe’s grand challenges.

WORKING WITH EMERGING ECONOMIES FOR GREEN GROWTH : 11th European Forum on Eco-Innovation



On 11 and 12 October, Finnish city of Lahti was hosting the 11th European Forum on Eco-innovation. Forum plays an important role in helping to create conditions for increased investments in a transition to a green economy. Participants were discussing ways to identify global opportunities for eco-innovation and opportunities for green trade between developed and developing nations. Their recommendations will contribute to the development of the EU position at the Rio+20 conference.

11th Forum information can be found at:
http://ec.europa.eu/environment/ecoinnovation2011/2nd_forum/index_en.html

SUCCESS OF ECOPLUS, A MEMBER OF THE EUROPEAN CLUSTER ALLIANCE, AT 2011 REGIOSTARS



Each year the European Commission grants the RegioStars Award to the most innovative projects funded under European Regional policy. The objective is to identify good practices in

regional development and to highlight innovative projects which may be attractive and inspiring to other regions. In June 2011, the Green Building Cluster of Lower Austria received the RegioStars Award for cluster excellence in the category "Networking and cluster initiatives supporting regional growth and SME access to global markets". Cluster manager Alois Geißhofer received the award from EU Commissioner for Regional Policy, Johannes Hahn, and RegioStars president, Ann Mettler. Mr. Geißhofer accepted the award with great honour, welcoming the recognition of the work undertaken by the Green Building Cluster of Lower Austria.

The Green Building Cluster of Lower Austria (**Bau.Energie.Umwelt Cluster Niederösterreich**) is an economic hub and network encompassing the most innovative Lower Austrian firms from all sectors of sustainable building and living. It is one of ECOPLUS' clusters. It is dedicated to the energy-efficient refurbishment of older buildings, the construction of new, multi-story buildings at passive house standards, healthy interiors, and enhanced living comfort. With approximately 200 Cluster partners currently participating, the Green Building Cluster is a network linking business and research and characterised by innovation and co-operation.

News, partners and projects are presented on:
<http://www.ecoplus.at/en/ecoplus/cluster/green-building>



**2011
Innovation policy
trends in the EU**

INNO-METRICS REPORTS UNDERWAY



INNO-Metrics is developing instruments aimed at understanding the sources and patterns of innovation in the economy, and it will soon release updated documents underpinning innovation policy development. Currently, two documents are in the pipeline and will be available soon:

- The 2012 Innovation Union Scoreboard will provide an update of the 2011 results on benchmarking Member States' innovation performance and will be published in January 2012.
- The Regional Innovation (RIS) report will review and update the 2009 report. It will follow the new framework of the Innovation Union Scoreboard but will cover more indicators and include a detailed discussion of regions' strengths and weaknesses. It is expected to also be released in January 2012.

For more information on INNO-Metrics, please see:
<http://www.proinno-europe.eu/metrics>

INNO-GRIPS WORKSHOP: "SOCIAL ATTITUDES TOWARD FOSTERING ENTREPRENEURSHIP AND INNOVATION DEMAND"



Venue: Rue d'Arlon 63-67,
 1040 Brussels
 Time: 09:00-12:00, 19 January 2012

The economic effects of social attitudes are possibly the most difficult aspect of innovation to measure. As such, a consequent lack in policy development is present, which will be addressed to further stimulate the demand for innovative products and the promotion of entrepreneurship.

The workshop will explore study outcomes regarding changing trends in social attitudes toward entrepreneurship and innovation demand and how these affect the overall performance of innovation.

If you would like to attend or receive more information, please contact **Peter Alpass** at **Greenovate!**
assistant@greenovate.eu



PRO INNO Europe® is an initiative of the European Commission's Directorate General Enterprise and Industry. It aims to become the focal point for innovation policy analysis and policy cooperation in Europe, with the view to learning from the best and contributing to the development of new and better innovation policies in Europe.

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LEARNING FROM TOP INNOVATOR: IPF/EPISIS JOINT VISIT TO SOUTH KOREA



In November, a delegation from the EPISIS and Inno-Partnering Forum (IPF), INNO-Nets, will peer review South Korean innovation support systems for SMEs. South Korea is among the few countries in the world that have specific policies and programmes targeted at service innovation.

The delegation therefore hopes to learn from, benchmark and disseminate best practices from South Korean policies, measures and programmes in support of SME innovation and service innovation.

The delegation will visit and discuss with ministries and agencies directly involved in SME innovation and service innovation. The programme includes meetings with the Korean Ministry of Knowledge Economy (MKE), the Science and Technology Policy Institute (STEP), the National IT Industry Promotion Agency (NIPA), the Korean Evaluation Institute of Industrial Technology (KEIT), the Small and Medium Business Administration (SMBA) and the Korean Technology Finance Corporation (KOTEC).

In addition, the EPISIS team will participate in the Service R&D conference, "Service Up! Value Up!" organised by the Korean Ministry of Knowledge Economy on November, 24.

The IPF team will review several SME innovation schemes run by the Korean agencies which have unique features not commonly used in Europe and from which the team expects to identify good practice which are transferable to a European context. The IPF team also intends to visit Singapore with a focus on learning from SME innovation programmes run by SPRING Singapore (the Standards, Productivity and Innovation Board – a statutory board under the Ministry of Trade and Industry of Singapore).

Look out for the reports of the visit on the PROINNO Europe® website:
www.proinno-europe.eu

CLUSTER POLICY CO-OPERATION IN EUROPE: CONFERENCE UNDER THE POLISH PRESIDENCY



"Strengthening Cluster Policy Co-operation in Europe – looking ahead to a new policy agenda" is a conference initiated by TACTICS partners/European Cluster Alliance (ECA) and organised by the Polish Agency for Enterprise Development in collaboration with the Polish Ministry of Finance. The event took place on 20-21 October 2011 in Warsaw during the Polish EU Presidency.

The main objective of the conference was to have an active debate on how to improve future cluster policies in Europe. The discussions focused on the cluster policy context in Europe, including the expectations of the European Commission in terms of gaps to be addressed, the review of ongoing European projects and initiatives related to clusters. Supported by work performed by TACTICS task forces, parallel sessions addressed the issues of "inter-clustering and internationalisation", the "international visibility of European clusters" and "clusters as eco-system for open innovation". The second day was dedicated to the ECA, with new projects and policy co-operation opportunities. The conference attracted some 120 participants within the structures of ECA and TACTICS members.

For more information, please visit: <http://www.proinno-europe.eu/eca/about>