

Financial Instrument for the Environment (LIFE+) 2007-2013

2004/0218(COD) - 30/09/2010 - Follow-up document

The Commission presents its mid-term review of the LIFE+ Regulation adopted in the context of Regulation (EC) No 614/2007. In preparing this review, the Commission contracted an external evaluation published in June 2010.

Launched in 1992, the LIFE Programme is one of the spearheads of EU environmental funding and has financed 3115 projects contributing in €2.2 billion to the protection of the environment.

The Regulation applies for the period 2007-2013 and has a financial envelope of €2.14 billion. The European Parliament provided an additional allocation to increase the budget to €2.17 billion. Action grants, from the traditional LIFE Programme, represent 78% of the budget.

1) Evaluation of results: in the reporting period, LIFE+ has served as an **effective tool** to implement the priorities set in the 6th Environmental Action Programme (6EAP). LIFE+ consolidated almost all environmental expenditure by DG Environment into a single financial instrument. The main benefit of the consolidation is the potential for improved strategic planning. However, some drawbacks have been identified especially for Forest Focus.

Action Grants are the successor of LIFE III but the Regulation introduced changes. LIFE+ now includes three strands: (1) Nature and biodiversity, (2) Environment and governance, and (3) Information and communication.

The report notes that the co-financing rate is 50% of eligible costs but the maximum co-financing rate in Nature projects may be up to 75% if targeting priority habitats or species. 547 projects were funded in the reporting period. Projects under the Nature & Biodiversity strand represented around 51% of the action grants budget.

While the traditional LIFE strands (i.e. LIFE Nature and LIFE Environment) continue to play a central role, the two new strands had a slow start.

As to projects financed per Member State, the Regulation introduced indicative **national allocations** to promote a proportionate distribution of projects throughout the EU. The evaluation hints that national allocations may lead to selecting projects of lower quality.

The evaluation concludes that the Programme **achieves added value** by improving the implementation of EU environmental policy at national, regional or local levels and by providing EU-wide exchange of information. The inclusion of new themes and strands has furthered its relevance and capacity to create EU added value.

2) Actions for the remaining financing period: the Commission has taken note of the recommendations made in the consultants' report and is taking the necessary steps to overcome most pressing issues identified.

Several major recommendations e.g. national allocations or co-financing rate cannot be implemented without amending the Regulation but they will be taken into account when designing any future instrument.

The actions proposed here can be implemented or continued within the current framework:

- organisation of workshops for potential applicants after each call for proposal to increase the number and quality of applications;
- substantial revision of the Guide for applicants for the 2010 call for action grants;
- shortening of the selection procedure without reducing the quality of the project selection;
- improvement of the mechanisms for carrying out more systematic ex-post visits to assess sustainability;
- improvement of efforts to support National Contact Points and Member States with lower uptake;
- better integration of action grants into policy development and implementation;
- reinforcing and improving dissemination activities and increasing efforts to attract non-traditional LIFE applicants, especially for Biodiversity and new themes under Environment & Governance;
- encouraging more networking, *inter alia* by organising regional and EU-wide meetings;
- exploring the possibility to develop result indicators similar to those adopted under the CIP (Competitiveness and Innovation Programme);
- exploring new ways to improve synergies and complementarity with other funds;
- for the NGO funding programme, exploring stronger focus on yearly priorities, and possibilities for introducing external assessment and multi-annual framework partnerships.

3) The future of LIFE+: at this stage, the main conclusion of the mid-term evaluation is that **a specific instrument for the environment, i.e. LIFE, is relevant and needed**, as is creating EU added value for EU environmental policy development and implementation. However, more work is required to identify environmental **financial needs** and the main obstacles to finance those in order to define alternatives for environmental spending for the next programming period.

The evaluation highlighted the importance of providing **an adequate framework for financing Natura2000 and biodiversity**.

Now that the network has been established, the focus should move to active conservation and restoration leading to a significant increase in the cost incurred by public and private managers of the network.

Any future instrument should also consider whether:

- more focus such as annual focus areas or EU policy priorities is needed in the current LIFE+ Environment & Governance to increase its added value;
- **delivery mechanisms other than action grants** should be explored to define the most effective EU intervention to address business and public sector needs. These other mechanisms could be direct investment, investment funding to lever private sector funds, loans guarantees, equity as well as the blending of grants and other financial instruments;
- assessment of the effectiveness of retaining two separate instruments (e.g., CIP and LIFE+ Environment & Governance) to finance innovative ideas for the environment, and whether other specific funds (e.g. a climate-specific instrument) may be required;
- funding for EU environmental NGOs should be reviewed to more effectively support them in two of their roles;
- the external dimension of environmental policy should also be considered based on the evaluation conclusions.

In September 2010, the Commission is launching an **impact assessment** of possible options for the review of the Regulation. The impact assessment will deal with the fundamental question of the best processes for financing environmental needs. The aim is to identify those environmental areas with financing needs for

which a specific EU instrument for the environment would be the most effective way of tackling environmental problems and those where environmental funding through instruments other than LIFE may be more appropriate.

The results of the impact assessment will be available by the third quarter of 2011 and will form the basis, if relevant, of a Commission proposal for a new financial instrument for the environment.