Programme for the environment and climate action, LIFE 2014-2020

2011/0428(COD) - 12/12/2011 - Legislative proposal

PURPOSE: to establish a programme for the environment and climate action (LIFE programme) covering the period 1 January 2014 to 31 December 2020.

PROPOSED ACT: Regulation of the European Parliament and of the Council. .

BACKGROUND: in its Communication entitled "A Budget for Europe 2020" (the MFF Communication), in which it recognised the climate change challenge, the Commission stated that it intends to **increase the climate related proportion of the Union budget to at least 20%** with contribution from different policies. The proposed Regulation should contribute to that goal.

The Commission has decided to address environment and climate action as an integral part of all the main instruments and interventions. This 'mainstreaming' approach implies that environmental and climate objectives need to be reflected in all main instruments to ensure that they contribute to building a low-carbon, resource efficient and climate resilient economy.

However, the main Union funding instruments do not address all environmental and climate specific needs. Furthermore, implementation of environmental and climate legislation remains uneven and inadequate across the Union. This situation requires new and more efficient ways of implementing legislation, as well as development and dissemination of best practices across the Union.

For this reason, and in addition to mainstreaming, the Commission proposes to **continue the LIFE Programme** currently regulated by the LIFE+ Regulation, and define **a more strategic approach** with a clearer focus on activities and sectors where LIFE could make a difference.

IMPACT ASSESSMENT: the impact assessment focused on the recommendations from the evaluations and the Court of Auditors aiming to increase the effectiveness and added value of LIFE, while incorporating stakeholders' main concerns and suggestions.

The options to **establish priorities** analysed in the Impact Assessment try to strike a balance between the need for stability for potential applicants and the need to better focus on Union policy needs. Three scenarios were analysed: (i) status quo, with a pure bottom-up approach partially corrected by the concentration of earmarked resources on climate action; (ii) a flexible top-down approach for all types of projects; (iii) combining the top-down approach for integrated projects and the bottom-up approach for all other types of projects. The preferred option is the flexible top-down approach.

The Impact Assessment analysed options for areas on which **Integrated Projects** should focus, concluding that Natura 2000, water, waste and air were the sectors with the highest potential for success and where more environmental benefits could be obtained.

Lastly, a strong emphasis was put on **simplification** to build on the changes undertaken by LIFE+, such as the use of e-proposals. As part of the simplification measures, options for externalisation of most of the management tasks to an existing Executive Agency were also analysed, including full externalisation and a hybrid option.

LEGAL BASIS: Article 192 of the Treaty on the Functioning of the European Union.

CONTENT: this proposal for a new regulation aims to establish the LIFE programme with **two sub-programmes**, one on the **environment** and the other on **climate action**.

The **objective of the LIFE Programme** is to be a catalyst for **promoting implementation and integration of environmental and climate objectives in other policies** and Member State practice. Special emphasis is placed on better governance, as it is inextricably linked to improving implementation.

The proposal discusses the main points of the new programme.

(1) Shift from a pure bottom-up approach to a flexible top-down approach: work programmes valid for at least two years will be drawn up by the Commission in consultation with the Member States. These will cover, for example, priorities, allocation of resources between types of funding, and targets for the period. The priorities will not be exhaustive in order to allow applicants to submit proposals in other areas as well and to incorporate new ideas and react to new challenges.

The Commission will be assisted by the Committee for the LIFE Programme for the Environment and Climate Action, which will have a dual nature with different chairs and different compositions depending on whether the issues dealt with are related to the sub-programme for Environment or the sub-programme for Climate Action.

(2) Creation of a new type of projects, "Integrated Projects": these aim to improve the implementation of environmental and climate policy and their integration into other policies, especially by ensuring a **coordinated mobilisation of other Union, national and private funds** towards environmental or climate objectives.

Integrated Projects will operate on a large territorial scale (in particular regional, multi- regional, or national, and in a cross-sectoral manner).

- Integrated Projects for the sub-programme for **Environment** will primarily focus on the implementation of plans and programmes related to the Birds and Habitats Directives, the Water Framework Directive, and waste and air quality legislation.

- For the sub-programme for **Climate Action**, Integrated Projects may focus on the implementation of mitigation and adaptation strategies and action plans.

(3) Clearer definition of the activities funded for each priority area.

- **The sub-programme for Environment** consists of **three priority areas**: (i) the priority area Biodiversity extends its support to developing best practices for wider biodiversity challenges while keeping its focus on Natura2000; (ii) the priority area of Environment and Resource Efficiency shifts its focus towards implementation of Union environmental policy and legislation; (iii) the priority area Governance and Information replaces the former LIFE+ Information and Communication component and will more actively promote the dissemination of knowledge for decision-making and the development of best practices.

- In accordance with the Roadmap for moving to a low-carbon economy in 2050, the sub-programme for Climate Action should support efforts contributing to three specific priority areas: (i) Climate Change Mitigation, (ii) Climate Change Adaptation and (iii) Climate Governance and Information.

The Commission will ensure synergies between the LIFE Programme and other Union instruments, e.g. it may exploit research and innovation results produced by Horizon 2020.

(4) Types of funding: the LIFE Programme should cover all types of funding required to address its objectives and priorities: (i) action grants to finance projects; (ii) operating grants for NGOs and other entities of Union interest which are primarily active in the area of environment or climate; (iii) option of using financial instruments; (iv) encouraging the use of green public procurement when implementing action grants.

(5) Enlarged territorial scope: the LIFE Programme (i) allows **activities outside the Union** in exceptional cases and under specific conditions as well as in countries participating in the programme from outside the Union; (ii) provides a legal basis for cooperation with international organisations of interest to environmental and climate policy that do not necessarily fall within the scope of Union external action.

(6) Simplification: the LIFE Programme will continue **improving IT systems** to accelerate and facilitate the electronic submission of applications. In order to **further facilitate the participation of small stakeholders,** such as SMEs or NGOs, special attention will be paid to clear, easily readable and unified application forms, deadlines to allow enough time for submission of applications, assistance with the preparation of applications, and publicly available deadlines to reject or award the project proposal accompanied with clear reasons for rejection.

The proposal also **increases the use of flat rates and lump-sums** to ease the application and reporting processes, and will lighten reporting requirements for Integrated Projects. **Certain costs will no longer be considered eligible** (e.g., VAT), and the eligibility of other costs, such as personnel costs related to permanent staff not specifically recruited for the project, might be limited or excluded.

In order to maintain similar levels of support for projects financed by way of action grants as in the LIFE+ Regulation, the **co-financing rates** should be increased from presently 50% to 70% and in specific cases to 80%, while still ensuring the same leverage effect as today. The higher rate of 80% would apply to Integrated Projects.

(7) Central management: the LIFE Programme should remain centrally managed to maximise policy links, quality of interventions, sound financial management and stable resources, and to ensure that findings of LIFE projects are taken up in shaping Union policy. This is considered as an essential asset by the European Parliament, Member States and stakeholders. The Commission will explore the possibility of delegating the selection and monitoring tasks to the European Agency for Competitiveness and Innovation, while keeping the governance of the LIFE Programme within the Commission.

BUDGETARY IMPLICATIONS: the total financial envelope for the LIFE Programme **for the period 2014-2020 expressed in current prices is EUR 3 618 million.** Of this amount:

- EUR 2 713.5 million is allocated to the sub-programme for Environment (half of the resources dedicated to projects financed by way of action grants shall be allocated to support the conservation of nature and biodiversity);

- EUR 904.5 million is allocated to the sub-programme for Climate Action.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the EU.