



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**Concerning the Financial Instrument for the Environment (LIFE +)**

(presented by the Commission)

{SEC(2004) 1176}

## EXPLANATORY MEMORANDUM

### 1. CONTEXT

The achievement of the Lisbon/ Gothenburg policy goals, namely the development of a European economy that delivers growth and social cohesion while reducing negative impacts on the environment, requires continued commitment to sustainable use and management of resources and environment protection. The March 2004 Spring Council concluded that ‘Growth, to be sustainable, must be environmentally sound’. The current trends in the state of the environment and the increased pressures it is subject to call for increased and enhanced action. The challenge for the upcoming financial perspectives period is double: first, to ensure that key environmental objectives – combating climate change, halting the decline in biodiversity, improving the quality of life and ensuring the sustainable use and management of resources – complement and reinforce the growth agenda and, second, to decouple growth from its negative environmental impacts.

EU funding is fundamental to achieving these policy goals. It is provided for in the communication “Building our common future ~ Policy challenges and budgetary means of the enlarged Union, 2007-2013” [COM(2004) 101] as complemented by “Financial Perspectives 2007-2013” [COM(2004) 487]. Environment will be integrated into these priority policy areas and will be funded primarily through the Heading 1, Sustainable Growth (Heading 1A, including innovation and competitiveness framework programme; research and development programmes and Heading 1B, cohesion for growth and employment), Heading 2: Conservation and Management of Resources, including, agriculture and rural development programmes), and Heading 4: Europe as a Global Partner, including the pre-accession and development and external assistance programmes). At present, for example, around 16.5 % of the ERDF and 50% of the Cohesion Fund are devoted to the environment. In addition, all cohesion, agri-environment and rural development interventions must respect Community law on the environment. These levels of funding for environmental activities should be maintained and where necessary increased in the next financing period, reflecting the importance of the environment as a key dimension of sustainable development.

Funding for the environment has clear European value-added. Environment degradation and climate change combined with the increasing incidence of natural disasters of a transborder nature (eg flooding, forest fires) demand a Europe wide and global approach and response. EU funding supports activities that by their trans-boundary nature would not be funded at national level. There are many examples of common public goods within the field of environment, benefiting all of Europe and hence justifying support at EU level. The commitment to environment protection in the Treaty and the need to oversee the implementation of the body of environment legislation which has been adopted over the past thirty years requires action and financial support at EU level.

The main Community funding instruments will support physical and tangible investment in the environment as well as support for research, innovation and environmental technologies. However, these programmes do not cover all environment funding imperatives. For example, they do not cover activities having a uniquely European dimension such as best practice exchange, capacity building of local and regional authorities and support for NGOs having a Europe wide vocation. These are essential complements to investment funding and fundamental to the achievement of environmental goals in the enlarged EU. Hence a new

Financial Instrument for the Environment is needed. It will group together most of the current support programmes for the environment in one instrument **and will be funded under Expenditure Heading 2 of the Financial perspectives 2007-2013, Conservation and Management of Natural Resources.**

## **2. THE CHOICE OF INSTRUMENT: LIFE+**

In order to complement main funding programmes, a new Financial Instrument for the Environment, LIFE + (L'Instrument Financier pour l'Environnement: Promouvoir L' Union Soutenable) is proposed.

The general objective of LIFE + shall be to contribute to the development, implementation monitoring, evaluation and communication of Community environment policy and legislation as a contribution to promoting sustainable development in the EU. LIFE+ will support in particular the implementation of the 6<sup>th</sup> Environmental Action Programme which aims at combating climate change, halting the decline in nature and bio-diversity, improving environment, health and the quality of life, promoting the sustainable use and management of natural resources and wastes and developing strategic approaches to policy development, implementation and information/awareness raising .

LIFE+ will support those activities which have

- European added value: it will intervene only where there is a clear EU value added and contributes to economies of scale on a European level.
- leverage or multiplier effect: it will provide a co-funding mechanism with Member States, regional or local authorities and other public and private operators.
- catalytic or demonstrative character: LIFE + will support actions that show novel ways to approach and implement environment policy;
- long term perspective: LIFE + interventions will be investments for the future. They will aim at setting the foundations for sustainability

LIFE + will have two strands:

### **LIFE+ Implementation and Governance will:**

- contribute to the development and demonstration of innovative policy approaches and instruments including promotion of successful research results.
- contribute to consolidating the knowledge base for the development, assessment, monitoring and evaluation, including ex-post evaluation of environmental policy and legislation (through i.a studies, modelling and scenario building);
- support the design and implementation of approaches to monitoring and assessment of the state of the environment and the drivers, pressures and responses that impact on it;
- facilitate the implementation of Community environment policy, with a particular emphasis on implementation at local and regional level, through i.a. capacity

building, exchange of best practice and networking, development of training modules and/or programmes;

- provide support for better environmental governance, broadening stakeholder involvement, including that of environment non-governmental organisations, in policy consultation and implementation;

This programme strand will generate improvement in *the knowledge base* of environment policy development and implementation. Future policy will be increasingly complex to devise, demanding more comprehensive data. It is widely recognised that, in the interests of better policy making and enhanced cost effectiveness, a major effort is needed to get better data on the state of the environment and to understand the linkages between air, water, soil and the cause and effect relationship between different activities and environment degradation. There is generally insufficient quantitative data and qualitative information reported to underpin comprehensive evaluation of environmental policies. For most environmental indicators, there is not full EU coverage. Data is often not comparable between countries due to diverging definitions and data collection practices. There are few common standards, insufficient inter-operability between monitoring systems and limited opportunities for data sharing. LIFE+ Implementation and Governance will support modelling and scenario building, studies as well as the conception, design and demonstration of new approaches to monitoring and assessment in key priority areas, including those covered by the thematic strategies (i.e. resources, waste prevention, air, soil, marine, pesticides and urban environment). This will contribute to consolidating the knowledge base, improve coherence and consistency of monitoring and assessment on a European basis and thereby significantly improve EU environmental policy development and implementation

LIFE+ Implementation and Governance will facilitate *networking and exchange of best practice* on a European scale. Networking will be particularly important in facilitating exchanges of views and best practice in areas where policy, policy approaches, legislation or development of means of implementation are in early stages e.g. implementing and managing NATURA sites, in integrating sustainability in urban planning, in furthering the environmental dimension of forest protection and in the forest fire prevention field, environment and health, etc. Networking amongst Member State administrative and judicial authorities active in the environment field has proven essential to improving and facilitating the implementation of Community legislation. The multiplier effect of current networking initiatives having a European dimension – the Sustainable Mobility Campaign/Car Free Day, the stakeholder consultations under the thematic strategies etc – have shown demonstrated the usefulness of support in this area.

Capacity building under LIFE+, particularly at local and regional level, will lead to synergies by preparing authorities, institutions and private entities to implement policies and legislation, leading potentially to improved implementation and greater environmental integration in other policies and programmes.

LIFE+ Implementation and Governance will also facilitate, through its support for networks, stakeholders and environment NGOs, the *active involvement of citizens* in the policy development and implementation process. In the enlarged EU, the role of these organisations in disseminating information, monitoring implementation of policies and stimulating debate will become increasingly important.

## **LIFE Information and Communication will**

- disseminate information and raise awareness on environmental issues;
- support accompanying measures (such as publications, events, campaigns, conferences, etc);

LIFE+ Information and Communication will actively promote EU environmental policies by means of *information, communication, awareness-raising and dialogue*, thereby helping to empower individuals and groups in European civil society to participate, in an informed and active manner, in the protection of the environment and the sustainable use of resources. By building up and maintaining effective mechanisms for co-operative awareness raising and dialogue with networks of relevant stakeholders, LIFE Information and Communication will enhance ownership of EU environmental policies and contribute to more effective implementation. The programme will bring EU policies closer to the citizen.

### **3. LIFE+ - A SIMPLIFIED, STREAMLINED AND PROPORTIONATE INSTRUMENT**

The choice of a single instrument is predicated on simplification grounds as well as on lessons learned and the recommendations of past evaluations. DG Environment currently manages, on a central basis, several different programmes - the LIFE programme, a sustainable urban development programme, a NGO programme, Forest Focus, a general policy development and implementation facility (which has an internal and external dimension) and a budgetary transfer to the EEA. Each of these different programmes has its own application/administration and comitology procedures, the management of which demands considerable resources.

The current LIFE programme has three strands: Environment, Nature and Third Countries. LIFE Environment has supported demonstration and pilot projects aimed at developing new approaches and methods for the protection and enhancement of the environment, with a particular emphasis on innovative technologies and applications; LIFE Nature has supported the implementation of EU nature conservation policy; and LIFE third countries has funded technical assistance activities for capacity building and promoting sustainable development in third countries. The Community Framework for Co-operation to Promote Sustainable Urban Development provides financial and technical support to networks of local authorities and aims to encourage the conception, exchange and implementation of good practice at the local level of EU environmental legislation, sustainable urban development and Local Agenda 21 (measures at sub-national level aimed at sustainable development). The Community Action Programme promoting non-governmental organisations (NGOs) provides financial assistance for NGOs that are involved in contributing to the development and implementation of Community environmental policy and legislation in different regions of Europe. The Forest Focus programme covers the monitoring and protection of forests against atmospheric pollution and fires and the monitoring of forests in relation to biodiversity, climate change, carbon sequestration and soils. It also supports the development of forest fire prevention measures. Other actions for the environment are funded out of general budget lines, both internal and external, based on Article 49(2) of the Financial Regulation (institutional prerogative of the Commission). For the actions within the EU, these budget lines provide funding for the implementation of the environment policy, including studies and awareness raising actions. As for the external dimension, they cover in particular the regular contributions to the Environmental Conventions and international agreements to which the Community is a Party.

Most of these programmes will be merged to fall under the single instrument for the environment. The basic objectives and scope of some of these programmes will continue to be covered under LIFE+. For example, the scope of the current Forest Focus regulation will be reflected in the LIFE+ programmes and the activities will be covered by both strands of LIFE+. Support for NGOs and local and regional authorities will continue under LIFE+. The budgetary envelope is sufficient to facilitate funding of these activities in line with past commitments. The subsidy to the EEA will be made under the same Budgetary Expenditure Heading but not under the LIFE+ regulation.

Concerning programmes and expenditure that will not be covered under the new instrument, the single instrument is not a simple extension of the current LIFE programme. In the context of the decisions taken in preparation of the Communication on the Financial Perspectives [COM(2004) 487], and in the interests of improving synergy between various Community instruments, the environmental technology and eco-innovation component of the current LIFE programme will be integrated in the EU's competitiveness framework programme which is under preparation. This will cover many of the activities covered under the current LIFE Environment. In the same Communication, it is proposed that the funding of the external dimension of environment policy will be done uniquely through the external assistance instruments. Therefore, the LIFE Third Countries strand under the current LIFE programme and the external actions which were financed out of the general implementation facility (such as contributions to international environment conventions) will be funded under the external assistance instruments in the future. Civil protection will continue to be funded separately, under a separate solidarity instrument.

The efficiency gains in merging the other programmes into one instrument will come through substantial simplification of the decision-making process, flexibility in allocation of funds within the same instrument and reduction of administrative overheads involved in funding similar activities through different programmes. A single instrument will allow for a single set of rules and decision-making and financing procedures, as well as more consistent policy targeting. The result will be a reduction in the administrative overheads involved, as well as more transparency and visibility.

A multi-annual programming approach will be introduced, with the Commission presenting multi-annual programmes that will set out principal objectives, priority areas of action, type of actions, expected results and indicative funding for adoption. Detailed annual work programmes will translate the multi-annual objectives into specific actions. These programmes will include indicators for the evaluation and assessment of the programme. Detailed implementation provisions will be adopted for the implementation and evaluation of the programmes.

The results of evaluations have been taken on board in the design of LIFE+. These assessments have shown that the current programmes have had a positive impact. LIFE, for example, has been instrumental in getting key environment initiatives such as the NATURA 2000 network launched. Other programmes have supported the establishment of Europe wide local and non-governmental environment networks and organisations. The LIFE evaluation pointed to the need to improve support of policy development, to improve dissemination of results and to aim for greater Europe wide impact of demonstration projects. It concluded that whilst the programme is efficiently managed and controlled, using systematic and rigorous procedures, the processes are bureaucratic and could benefit from simplification. These recommendations have been taken into account in the design of LIFE+.

LIFE+ takes both subsidiarity and proportionality into account. Concerning subsidiarity, there is scope for action in the environment field at all levels of governance. Specific attention has been paid in designing the LIFE+ instrument to ensure that only actions that demonstrate EU value added will be supported. The European Union is based on solidarity, and on learning from each other. At the same time, the delivery of key agreed objectives requires synergy between actions and expenditure decisions at the EU, national, and regional levels. By complementing and stimulating national, regional and local efforts to promote environment protection, the Union can contribute to the efficiency of actions at those levels of governance and demonstrate EU-wide solidarity. This is all the more important given the increased diversity following enlargement.

The needs for financial support for the environment in the enlarged EU are significant. These needs are mainly related to investment in the infrastructure required to effectively implement EC environment legislation. However, there is an additional need for support for accompanying measures. This funding through LIFE+ is small by comparison to the investment needs, but large in its multiplier and cohesive effects. It is modest and well within proportion given the extent of environment challenges the EU will face over the Financial Perspective period.

The new environment instrument will complement and enhance other EC funding instruments. Specific attention will be paid to ensuring that double funding is avoided. For example, the actions under LIFE+ in the knowledge building area will be closely coordinated with and may be contracted through the European Environment Agency in Copenhagen (the EEA).

Considerable efforts will be made to complement rural development and structural funding. For example, the current LIFE Nature programme has been very effective in supporting the designation of NATURA 2000 sites and demonstrating how some of these sites could be managed. The next step in the realisation of the NATURA 2000 network, following designation, is the active management of the sites. This requires increased funding and funding of a strategic, longer term and structural nature, namely investment support for the sites and for owners of the sites. The EU structural and rural development funds are best placed to provide this and have made provision to do so in the next financial perspectives period. However the new LIFE+ instrument will continue to be applicable to certain actions related to NATURA 2000 that are not covered by the other instruments such as the development of innovative ways to approach and demonstrate site management; technical support for the preparation of management plans for new sites or those not covered by either structural or rural development fund provisions; design of innovative monitoring schemes; training of stakeholders; communication and networking activities; support for the establishment of local partnerships that promote specific governance approaches to the protection of NATURA 2000 areas.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**Concerning the Financial Instrument for the Environment (LIFE +)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 175(1) thereof,

Having regard to the proposal from the Commission <sup>1</sup>,

Having regard to the Opinion of the European Economic and Social Committee <sup>2</sup>,

Having regard to the Opinion of the Committee of the Regions <sup>3</sup>,

Acting in accordance with the procedure laid down in Article 251 of the Treaty

Whereas:

- (1) Environment, as one of the dimensions of the EU Sustainable Development Strategy adopted at the Gothenburg European Council in 2001, is a priority for Community assistance and will be funded primarily through cohesion, agriculture and rural development, research, innovation and competitiveness, pre-accession and development and external assistance programmes.
- (2) These Community programmes do not cover all environment funding imperatives and there is a need to support Community environment policy and legislation, and specifically the priorities under the Sixth Environmental Action Programme;
- (3) The challenge of effective environment policy development and implementation under the 6<sup>th</sup> EAP can only be met through support for the demonstration of innovative policy approaches, consolidating the knowledge base, building implementation capacity, fostering good governance, promoting networking mutual learning and the exchange of best practice and improved dissemination of information, awareness raising and communication;
- (4) The support under this regulation should therefore be targeted on the development, implementation, monitoring and evaluation of environment policy and legislation as well as its communication and dissemination throughout the EU;

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<sup>1</sup> OJ C [...], [...], p. [...].

<sup>2</sup> OJ C [...], [...], p. [...].

<sup>3</sup> Opinion delivered on (not yet published in the Official Journal).



- (5) The support should be provided through grant agreements and public procurement contracts provided under the Financial Regulation,
- (6) The experience of current and past instruments has highlighted the need to plan and programme on a multi-annual basis and concentrate efforts by prioritising and targeting the areas of activity able to benefit from Community financial aid,
- (7) There is a need to reduce the number of programmes and simplify programming and management through a single, streamlined programme;
- (8) There is however a need to ensure a smooth transition and to continue to monitor and audit the activities financed under current programmes following their expiry,
- (9) Attention needs to be paid to ensuring that this support under this programme is complementary to other Community funds and instruments,
- (10) In line with the Conclusions of the European Council meetings in Luxembourg (December 1997) and in Thessaloniki (June 2003), candidate countries and the Western Balkan countries in the Stabilisation and Association Process should be considered eligible to participate in Community Programmes, in accordance with the conditions established in the relevant bilateral agreements concluded with these countries.
- (11) The Regulation establishes a financial framework for seven years, which is to be the principal point of reference for the budgetary authority, within the meaning of para 36 of the (proposal for the) inter-institutional agreement of (xxx) between the European Parliament, the Council and the Commission on budgetary discipline and the improvement of the budgetary procedure [COM(2004) 498 final of 14.7.2004];
- (12) The achievement of the objectives of the 6<sup>th</sup> Environmental Action Programme agreed at Community level, cannot be sufficiently achieved by the Member States acting individually, and there is hence a justification for Community assistance provided that it does not go beyond what is necessary in order to achieve those objectives;

HAVE ADOPTED THIS REGULATION:

### *Article 1*

#### Objectives

A financial instrument for the environment, hereinafter referred to as "LIFE+", is hereby established.

The general objective of LIFE+ shall be to contribute to the development and implementation of Community environment policy and of environmental legislation, as a contribution to promoting sustainable development.

LIFE+ will support the implementation of the 6<sup>th</sup> Environmental Action Programme, and specifically contribute to

- achieving a quality of the environment where the levels of pollution do not give rise to harmful effects on human health and the environment,
- stabilising greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.
- protecting, preserving, restoring and facilitating the functioning of natural systems, natural habitats, wild flora and fauna, with the aim of halting desertification and the loss of biodiversity,
- promoting better management of natural resources and waste, and encouraging a shift to more sustainable production and consumption patterns.
- developing strategic approaches to policy development, implementation and integration, including improving environmental governance and raising awareness.

## *Article 2*

### Scope and Specific Objectives

1. To support the achievement of the environmental objectives set out in Article 1, LIFE+ will have two components.

LIFE+ Implementation and Governance will:

- contribute to the development and demonstration of innovative policy approaches and instruments,
- contribute to consolidating the knowledge base for the development, assessment, monitoring and evaluation of environmental policy and legislation,
- support the design and implementation of approaches to monitoring and assessment of the state of the environment and the drivers, pressures and responses that impact on it;
- facilitate the implementation of Community environment policy, with a particular emphasis on implementation at local and regional level,
- provide support for better environmental governance, broadening stakeholder involvement, including that of non-governmental organisations, in policy consultation and implementation;

LIFE+ Information and Communication will:

- disseminate information and raise awareness on environmental issues,
- provide support for accompanying measures (information, communication actions and campaigns, conferences, etc).

2. An indicative list of eligible themes and actions is provided in Annex 1.

### *Article 3*

#### Types of intervention

1. Community funding may take the following legal forms:
  - grant agreements
  - public procurement contracts
2. Community grants may be provided through specific forms and agreements such as framework partnership agreements and participation in financial mechanisms and funds. They may take the form of co-funding of operating or action grants. For action grants, the maximum rate of co-financing will be specified in the annual work programmes. Operating grants to bodies pursuing objectives of general European interest may not be subject to the degressivity provisions of the Financial Regulation.
3. Furthermore, expenditure is foreseen for accompanying measures, through public procurement contracts, in which case Community funds will cover the purchase of services and goods. This will cover, inter alia, expenditure on information and communication, preparation, implementation, monitoring, checking and evaluation of projects, policies, programmes and legislation.

### *Article 4*

#### Programming

1. Funding will be provided in support of multi-annual strategic programmes drawn up by the Commission. These programmes shall define the principal objectives, priority areas of action, type of actions and expected results for Community funding in relation to the objectives set out in Article 1 and would, as far as possible, include indicative financial estimates.
2. Annual work programmes shall be based on the multi-annual strategic programme and shall set out, for a given year, the aims being pursued, the fields of action, the calendar, expected results, implementation modalities, financing amounts and the maximum rate of co-financing.
3. The multi-annual and annual programmes will be adopted according to the procedures set out in Article 12. If circumstances require, the multi-annual and annual programmes may be amended during the period of their application following the same procedures

## *Article 5*

### Financial Procedures and Implementing Measures

1. The Commission shall implement the Community Assistance in accordance with the Council Financial Regulation (Council Regulation (EC/Euratom) N° 1605/2002 of 25 June 2002) applicable to the general budget of the European Communities.
2. The Commission may decide to entrust part of the budget implementation to national public-sector bodies or bodies governed by private law with a public-service mission on the basis of the provisions as laid down in Article 54, para.2(c) of the Financial Regulation, according to the selection criteria set out in Annex 3.

## *Article 6*

### Beneficiaries

The LIFE+ programme shall be open to public and/or private bodies, actors and institutions, in particular:

- National, regional and local authorities
- Specialised bodies foreseen in the EU legislation
- International organisations, for actions in the Member States and countries referred to in Article 7
- Non-governmental organisations.

## *Article 7*

### Participation of Third Countries

The programmes financed through LIFE+ shall be open to the participation of the following countries, provided that supplementary appropriations are received:

- the EFTA States which are members of the EEA, in accordance with the provisions of the EEA agreement
- the candidate countries which have applied to become Members of the European Union, as well as to the western Balkan countries included in the Stabilisation and Association process.

## *Article 8*

### Complementarity between financial instruments

Operations financed under this Regulation shall not fall within the main scope nor receive assistance for the same purpose from other Community financial instruments. The beneficiaries of this Regulation shall provide the Commission with information about funding received from the EC budget and of ongoing applications for funding. Synergies and complementarity will be sought with other Community instruments.

## *Article 9*

### Duration and budgetary resources

1. This regulation shall be implemented starting on 1 January 2007 and ending on 31 December 2013.

The financial framework for the implementation of this instrument is set at EUR 2,190 million for the period from 1 January 2007 to 31 December 2013 (seven years).

2. The budgetary resources allocated to the actions provided for in this Regulation shall be entered in the annual appropriations of the general budget of the European Union. The available annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspectives.
3. The indicative breakdown of the financial support between the two components of LIFE+ is given in Annex 2.

## *Article 10*

### Monitoring

1. For any action financed by LIFE+, the beneficiary shall submit, technical and financial reports on the progress of work. A final report shall also be submitted within three months of the completion of the action. The Commission shall determine the form and content of the reports.
2. Without prejudice to the audits carried out by the Court of Auditors in liaison with the competent national audit bodies or departments pursuant to Article 248 of the Treaty, or any inspection carried out pursuant to Article 279(c) of the Treaty, officials and other staff of the Commission may carry out on-the-spot checks, including sample checks, on actions financed under LIFE+.
3. Contracts and agreements, as well as agreements with delegated bodies referred to in Article 5(2), resulting from this Regulation shall provide in particular for supervision

and financial control by the Commission (or any representative authorized by it) and audits by the Court of Auditors, if necessary on-the-spot.

4. For a period of five years following the last payment in respect of any action, the beneficiary of financial assistance shall keep available for the Commission all the supporting documents regarding expenditure on the action.
5. On the basis of the results of the reports and sample checks referred to in paragraphs 1 and 2, the Commission shall, if necessary, adjust the scale or the conditions of allocation of the financial assistance originally approved and also the timetable for payments.
6. The Commission shall take every other step necessary to verify that the actions financed are carried out properly and in compliance with the provisions of this Regulation and the Financial Regulation (Council Regulation (EC/Euratom) N° 1605/2002 of 25 June 2002).

### *Article 11*

#### Protection of Community financial interests

1. The Commission shall ensure that , when actions financed under the present Regulation are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of the amounts unduly paid and, if irregularities are detected , by effective, proportional and dissuasive penalties, in accordance with Council Regulations (EC, Euratom) No 2988/95 and (Euratom, EC) No 2185/96, and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council.
2. For the Community actions financed under LIFE+, the notion of irregularity referred to in Article 1, paragraph 2 of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, by an unjustified item of expenditure.
3. The Commission shall reduce, suspend or recover the amount of financial assistance granted for an action if it finds irregularities, including non-compliance with the provisions of this Regulation or the individual decision or the contract or agreement granting the financial support in question, or if it transpires that, without Commission approval having being sought, the action has been subjected to a change which conflicts with the nature or implementing conditions of the project.
4. If the time limits have not been observed or if only part of the allocated financial assistance is justified by the progress made with implementing an action, the Commission shall request the beneficiary to submit observations within a specified period. If the beneficiary does not give a satisfactory answer, the Commission may cancel the remaining financial assistance and demand repayment of sums already paid.

5. Any undue payment shall be repaid to the Commission. Interest shall be added to any sums not repaid in good time under the conditions laid down by the Financial regulation.

#### *Article 12*

##### Committee

1. The Commission shall be assisted by a committee, LIFE+ Committee, composed of representatives of the Member States and chaired by the representative of the Commission.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(2) of Decision 1999/468/EC shall be set at three months.

#### *Article 13*

##### Evaluation

The multi-annual programmes will be monitored regularly in order to follow the implementation of activities carried out under each strand.

LIFE+ will be subject to a mid-term and final evaluation in order to assess its contribution to the development of Community environmental policy and the use made of the appropriations.

The final evaluation will be carried out not later than one year before the programme ends and shall be submitted to the EP and the Council.

#### *Article 14*

##### Simplification and Consolidation

1. With a view to simplification and consolidation, this Regulation repeals and replaces the following instruments: Council Regulation (EEC) No 1973/92 (LIFE) and Council Regulation (EC) No 1404/96 (LIFE II); Regulation (EC) No 1655/2000 of the European Parliament and of the Council (LIFE III), and its extension; Decision No 1411/2001/EC of the European Parliament and of the Council ('the Urban Programme'), Decision No 466/2002/EC of the European Parliament and of the Council (the 'NGO programme'); Regulation (EC) No 2152/2003 of the European Parliament and of the Council (Forest Focus).

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<sup>4</sup> OJ L 181, 20.7.1996, p. 1.

2. Actions started before 31 December 2006 pursuant to the instruments referred to above shall continue to be governed, until their completion by these instruments. The committees provided for in these instruments shall be replaced by the Committee referred to in Article 12 of this Regulation. This Regulation will fund any obligatory monitoring and evaluation required under these instruments following their expiry.

*Article 15*

Rules of implementation of this Regulation

Implementing provisions will be established by the Commission according to the procedure set out in Article 12.

*Article 16*

Entry into force

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

*For the European Parliament*  
*The President*  
[...]

*For the Council*  
*The President*  
[...]



## **ANNEX 1**

### **Indicative Themes and Actions Eligible for Funding**

#### **1. Themes**

In view of the objectives laid down in Article 1, funding could be provided, *inter alia*, for support of the implementation of the 6<sup>th</sup> EAP priorities, namely:

- climate change: the European Climate Change Programme (and any successor)
- nature and bio-diversity: The NATURA 2000 network (complementary to but not over-lapping with rural development and cohesion policy instruments) such as innovative approaches to site management and planning and management costs for certain sites, including new sites or those not covered by either structural or rural development fund provisions; the reversal of the decline in bio-diversity by 2010 and monitoring of forests and environmental inter-actions in the Community, as well as forest fire prevention measures.
- environment and health: including the Environment and Health Action plan, the Water Framework Directive, Clean Air for Europe (CAFÉ) and the Marine, Soil, Urban and Pesticides Thematic Strategies.
- sustainable use of resources: the resources and waste prevention and recycling thematic strategies, sustainable production and consumption strategies.
- strategic approaches to policy development, implementation and enforcement: including environmental impact assessment and strategic environmental assessment;
- ex-post evaluation of Community environmental policy measures.

#### **2. Actions**

The following types of activities may be covered by the LIFE +:

- studies, surveys, modelling and scenario building
- monitoring
- capacity building assistance
- training, workshops and meetings
- networking
- best practice platforms
- awareness raising campaigns
- information and communication actions
- demonstration of policy approaches and instruments.

## **ANNEX 2**

### **Indicative Financial Breakdown**

**(percentage of total)**

The amounts allocated to each of the two components of LIFE are indicatively the following:

LIFE + Implementation and governance: 75-80%

LIFE + Information and communication: 20-25%

### ANNEX 3

#### Criteria for Delegation of Budget Implementation Tasks

The Commission shall ensure the implementation of the Community actions provided for by the LIFE + Programme.

Budget implementation tasks may be delegated to national public-sector bodies or bodies governed by private law with a public-service mission.

These competent authorities or agencies (hereafter referred to as 'national agencies') shall be designated by the Commission in agreement with the Member States, or by the Member State itself, in conformity with the provisions of Articles 54(2)(c) and 56 of Council Regulation (EC, Euratom) No 1605/2002 and of Articles 38 and 39 of Commission Regulation (EC, Euratom) No 2342/2002.

The Commission shall analyse the compliance with the principles of economy, effectiveness and efficiency. Before proceeding to implement the delegation, the Commission shall ensure, by mean of a prior assessment, that delegation of funds to national agencies is in compliance with sound financial management and enhance the visibility of the Community action. Moreover, the Commission shall request the opinion of the competent committee provided for in article 12 of this Regulation.

The designation of these national agencies shall be in accordance with the following criteria:

- an organisation established or designated as a national agency shall have legal personality, and be governed by the law of the Member State concerned;
- national agencies must have an adequate number of staff, with professional capacities in the field of environment policy;
- they must have an appropriate infrastructure, in particular as regards informatics and communications;
- they must operate in an administrative context which enables them to carry out their tasks satisfactorily and to avoid conflicts of interest;
- they must be in a position to apply the financial management rules and contractual conditions laid down at Community level;
- they must offer adequate financial guarantees, issued preferably by a public authority, and their management capacity must be appropriate to the level of Community funds they will be called upon to manage.

The Commission shall conclude an agreement with each national agency, in accordance with article 41 of the Implementing Rules (of the Financial Regulation), setting out detailed provisions covering, *inter alia*, the definition of the tasks, the rules on reporting, the demarcation of responsibilities and the arrangements for control. The agencies shall respect the principles of transparency, equality of treatment and of the avoidance of double-funding with other sources of Community funds, and the obligation to monitor projects and to recover any funds due for reimbursement by beneficiaries.

Moreover, the Commission shall certify that each Member State takes the necessary steps to ensure the appropriate audit and financial oversight of the national agency, providing the Commission – before the national agency starts the operations - with the necessary assurances as to the existence, relevance and proper operation within it, in accordance with the rules of sound financial management.

The national agencies shall be responsible for the funds not recovered, in the event of irregularity, negligence or fraud imputable to the national agency.

The Commission, in cooperation with the Member States, shall ensure the transition between the actions carried out within the context of the preceding programmes in the fields of environment and those to be implemented under the LIFE+ Programme.

## LEGISLATIVE FINANCIAL STATEMENT

**Policy area: 07 Environment**

**Activity: Environmental Programmes and Projects**

**TITLE OF ACTION: FINANCIAL INSTRUMENT FOR THE ENVIRONMENT – LIFE PLUS (2007-2013)**

### 1. BUDGET LINE(S) + HEADING(S)

07 03 10 (operational)

07 01 04 05 (administrative)

[indicative budget lines; to be created in the future budget]

### 2. OVERALL FIGURES

**2.1. Total allocation for action (Part B): € 2,190 million**

**2.2. Period of application: 2007-2013**

**2.3. Overall multi annual estimate of expenditure:**

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million *(to three decimal places)*

	2007	2008	2009	2010	2011	2012	2013	2014 >	Tot
Commitments	231	252	275	294	314	336	359		2061
Payments	90	220	240	250	270	296	320	375	2061

(b) Technical and administrative assistance and support expenditure *(see point 6.1.2)*

Commitments	14	16	17	19	20	21	22		129
Payments	14	16	17	19	20	21	22		129

Subtotal a+b									
Commitments	245	268	292	313	334	357	381		2190
Payments	104	236	257	269	290	317	342	375	2190

- (c) Overall financial impact of human resources and other administrative expenditure  
(see points 7.2 and 7.3)

Commitments/ payments	6.8	6.9	7.0	7.2	7.3	7.5	7.6		50.3
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TOTAL a+b+c	2007	2008	2009	2010	2011	2012	2013	2014 ->	Total
Commitments	251.8	274.9	299	320.2	341.3	364.5	388.6		2240.3
Payments	105.8	242.9	264	276.2	297.3	324.5	349.6	375	2240.3

#### 2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing/proposed financial programming.

This proposal is compatible with the Commission proposal for the Financial perspectives 2007-2013 [COM(2004)101 final of 10.02.2004]. It is included within the new Heading 2 “Conservation and management of natural resources”

Participation of EFTA countries (members of the EEA), candidate countries associated to the EU, as well as to the Western Balkans countries as provided for in Art (7) will be covered by Heading 4 in line with the Communication on the Financial Perspectives 2007-2013 [COM (2004) 487 final].

#### 2.5. Financial impact on revenue:

Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

OR

Proposal has financial impact – the effect on revenue is as follows:

### 3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Non-comp	Diff & Non-differentiated	YES	YES	YES	No 2

### 4. LEGAL BASIS

Pursuant to Articles 174 & 175 of the EC Treaty.

## 5. DESCRIPTION AND GROUNDS

### 5.1. Need for Community intervention

#### 5.1.1. Objectives pursued

The general objective of LIFE + shall be to contribute to the development, implementation monitoring and evaluation of Community environment policy and legislation, in its internal dimension, as a contribution to promoting sustainable development in the Community. Financial interventions are also open to EFTA countries (members of the EEA), candidate countries associated to the EU, as well as to the Western Balkans countries.

LIFE+ will support in particular the implementation of the 6<sup>th</sup> Environmental Action Programme which aims at combating climate change, halting the decline in nature and biodiversity, improving environment, health and the quality of life and promoting the sustainable use and management of natural resources and wastes. It will support, *inter alia*, the implementation of the EC Climate Change programme, the environment and health action plan, and actions coming out of the thematic strategies (air quality, urban environment, soils, marine environment, pesticides, sustainable use of resources and waste recycling).

#### 5.1.2. Measures taken in connection with ex ante evaluation

DGENV did not foresee an ex-ante evaluation for LIFE+ in its evaluation programme for 2004. In light of the decisions taken by the Commission in the context of the 2007-2013 Financial Perspectives, this work has had to be carried out at an earlier stage than originally envisaged.

The ex-ante assessment shows that support for the environment at Community level through a dedicated instrument for the environment is relevant and justified –as an integral ingredient in the Lisbon/Gothenburg strategies. A dedicated instrument for the environment will support actions which provide value added at EU level. There will be the assurance of an adequate level of efficiency, provided that the various dedicated environment programmes are merged into one instrument.

The objectives of the dedicated instrument for the environment, LIFE+ are specifically targeted on improving policy development and implementation as a contribution to achieving wider Treaty and strategic environment policy goals set out in the 6<sup>th</sup> Environmental Action Programme. Operational objectives have been identified, with examples of related output indicators provided. The programme will be focused on the main stakeholders involved in building the environmental knowledge base, implementing policy and disseminating information.

A single instrument will be more effective in supporting environmental policy objectives. It will allow DG ENV to rationalise and streamline, bringing the management of similar activities (e.g. training, networking, monitoring support etc) under one framework in support of the achievement of environment policy objectives. One fund will facilitate a better matching of resources and policy priorities. This will reinforce the coherence of actions funded at Community level.

The multi-annual programming framework, suggested for the dedicated instrument for the environment will result in increased coherence and complementarity in the delivery of

activities. These programmes should be accompanied by a logical framework with specific objectives and related indicators to facilitate monitoring and evaluation. Details on implementation will be set out in programme guidelines. In order to achieve cost effectiveness, these provisions should aim at simplifying delivery mechanisms, optimising the use of human resources, while maintaining sound financial management. All actions will have to meet broad eligibility criteria, including demonstration of EU value added and respect of subsidiarity, complementarity and proportionality.

In general, the specific policy support nature of LIFE+ should not lend itself to duplication or overlap with other Community programmes. However, special attention will be paid in programme delivery to ensure that duplication is avoided.

## **5.2. Action envisaged and budget intervention arrangements**

In order to achieve the main objectives described under 5.1 above, LIFE+ will be divided into 2 strands:

### **(1) LIFE Implementation and Governance, which will:**

- contribute to the development and demonstration of innovative policy approaches and instruments including promotion of successful research results.
- contribute to consolidating the knowledge base for the development, assessment, monitoring and evaluation, including ex-post evaluation of environmental policy and legislation (through i.a studies, modelling and scenario building);
- support the design and implementation of approaches to monitoring and assessment of the state of the environment and the drivers, pressures and responses that impact on it;
- facilitate the implementation of Community environment policy, with a particular emphasis on implementation at local and regional level, through i.a. capacity building, exchange of best practice and networking, development of training modules and/or programmes;
- provide support for better environmental governance, broadening stakeholder involvement, including that of environment non-governmental organisations, in policy consultation and implementation;

### **(2) LIFE Information and Communication, which will:**

- disseminate information and raise awareness on environmental issues;
- support accompanying measures (**such as publications, events, campaigns, conferences, etc**);



In order to achieve the main objectives, the Decision establishing LIFE+ foresees a range of possible actions. LIFE+ will support those activities which have:

- European added value: it will intervene only where there is a clear EU value added and contributes to economies of scale on a European level.
- leverage or multiplier effect: it will provide *a co-funding mechanism* with Member States, regional or local authorities and other public and private operators.
- catalytic or demonstrative character: LIFE + will support actions that show novel ways to approach and implement environment policy;
- long term perspective: LIFE + interventions will be investments for the future. They will aim at setting the foundations for sustainability e.g. building the knowledge base)

In the main, these will be:

- Analytical activities:

This type of actions will cover the carrying out of studies, surveys, evaluations, the elaboration of guides and reports and the development of common methodologies and indicators.

- Policy support actions:

This type of intervention will cover, inter alia, the financing of key networks (and notably those that facilitate stakeholder involvement throughout the policy cycle); the funding of non-governmental organisations; demonstration actions; workshops, training and other seminars and capacity building initiatives; and, exchange of best practice, all of which aims at underpinning the preparation and implementation of environment policy.

- Environmental Awareness and Dissemination activities:

This type of actions will cover among others the organisation of conferences, media campaigns, events, outreach (environment help desks) and awareness raising in support of the implementation of EC environment law and policy.

### **5.3 Methods of implementation**

The programme will be mainly managed directly by the Commission. The types of actions may be financed either by:

- Public procurement contracts
- Grant agreements

However, part of the programme may be implemented through the delegation of budget implementation tasks to national public-sector bodied or bodies governed by law with a

public-sector mission, on the basis of national plans submitted each year (following multi-annual strategic programmes).

Technical and financial assistance will be provided, covering the whole life-cycle of projects: this will increase the efficiency of the implementation of the programme, due to the availability of scientific and technical expertise, and the potential higher proximity to the projects to be funded.

## 6. FINANCIAL IMPACT

### 6.1. Total financial impact on (ex) part B (over the entire programming period)

#### 6.1.1. Financial intervention

	2007	2008	2009	2010	2011	2012	2013	TOT
LIFE + Impl. & Gov.	185	202	220	235	252	269	287	1650
LIFE + Inf. & Comm.	46	50	55	59	62	67	72	411
<b>TOTAL</b>	<b>231</b>	<b>252</b>	<b>275</b>	<b>294</b>	<b>314</b>	<b>336</b>	<b>359</b>	<b>2061</b>

#### 6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

The estimated breakdown is given for one year (2007). This breakdown should not differ substantially over the whole period.

	2007
1) Technical and administrative assistance (ATA):	
a) Bureaux d'assistance technique (BAT)	
b) Other technical and administrative assistance:	
- intra-muros:	
- extra-muros:	8.0
Sub-total 1	
2) Support expenditure	
a) Studies	3.8
b) Meetings of experts	1.2
c) Information and publications	1.0
Sub-total 2	
<b>TOTAL</b>	<b>14</b>

The development of IT applications related to the programmes will be carried out through service contracts (public procurement procedures) funded via the operational budget

## 6.2. Calculation of the costs by type of measure/action planned in (ex) part B (for the whole programming period)

At this point in time it is not possible to provide either an accurate estimate of the number of projects envisaged for each year, or the average cost of each measure. The table 6.2 below indicates the expected breakdown of the annual allocation for one year (2007) by type of intervention.

Among the priority areas of intervention are: Natura 2000, Climate change and the Thematic Strategies.

The sum of the different measures proposed will remain within the allocation granted to the ENV policy area, following the annual budget procedure.

Commitments in € million

Breakdown	Total cost for one year (2007)
<ul style="list-style-type: none"> <li>▪ Building knowledge base (studies, surveys, models, informatics support)</li> <li>▪ Capacity building and implementation (training, networking, dissemination, workshops, project funding)</li> <li>▪ Information and communication (Awareness raising campaigns, conferences, events, help desks, publications)</li> <li>▪ Others</li> </ul>	<p>35 (15%)</p> <p>139 (60%)</p> <p>46 (20%)</p> <p>11 (5%)</p>
Total cost	231

## 7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

### 7.1. Impact on human resources

There will be no additional impact on human resources but an estimate of the staff involved in managing the financial side of the programme is as follows:

Types of post		Staff to be assigned to management of the action using existing and/or additional resources	Total	Description of tasks deriving from the action
		Number of permanent posts		
Officials or temporary staff	A	37		
	B	31		
	C	17		
Total		85		

### 7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials	6562.56 K	37 x 108 000
Temporary staff		31 x 57 924
		17 x 45 348
Total	6562.56 K	

The amounts are total expenditure for twelve months.

The human and administrative expenditure requested under the LIFE+ programme are in line with the current situation for DG Environment. In principle, no extra human resources will be required in relation to this programme until 2007: however, the allocation of the resources will depend, on one hand, by the internal organisation of the new Commission, and on the other hand, by the possible reallocation of the HR between services following the adoption of the new financial perspectives.

In any case, the level of expenditure for human and administrative resources (including IT expenditure) for LIFE+ will remain within the allocation granted by the Budgetary Authority each year in the course of the budgetary process for policy area Environment.

### 7.3. Other administrative expenditure deriving from the action

There will be no overall increase in the DG's administrative expenditure on meetings and missions. As an indication, the following table shows the likely costs of the regulatory committee meetings for the programme, which will be financed out of the DG's annual allocation for this type of expenditure.

Budget line (number and heading)	Amount €	Method of calculation
<b>Overall allocation (Title 07)</b>		
07031 – Committees <sup>1</sup>	100K	4 meetings x 25 members x €1K
07030 – Experts meetings		
07010 – Missions	110K	110 missions x €1K
Other expenditure (specify)		
Total	210K	

The amounts are total expenditure for twelve months.

<sup>1</sup> Specify the type of committee and the group to which it belongs.

I.	Annual total (6.2 + 6.3)	6 772 560
II.	Duration of action	7 years
III.	Total cost of action (I x II)	47 407 920*

This amount is purely indicative. The cost of the 7-year period will not result from the simple multiplication of the 2007 amount: a small increase in the allocation is foreseen for every subsequent year (see table 2.3(c); the amount for the 7-year period is estimated at € 50.3m instead of the € 47.4m resulting from the table above).

## 8. FOLLOW-UP AND EVALUATION

### 8.1. Follow-up arrangements

Each file - grant agreement or market contract – is followed by the responsible Commission service. All files are monitored during the whole life-cycle. Beneficiaries of community grants and/or contributions are required to report to the Commission on the implementation of the projects/activities (from both the technical and the financial viewpoint). A report is also required to contractors after the completion of their work. All these provisions, including modalities, conditions, deliverables, etc. are included in the grant agreements and in the public procurement contracts.

All the procedures for the implementation and the follow-up of this programme will be in compliance with the provisions of Council Regulation (EC, Euratom) N° 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.

### 8.2 Arrangements and schedule for the planned evaluation

As provided for under Article 13 of the Regulation, the multi-annual programmes will be monitored regularly in order to follow the implementation of activities carried out under each strand. The programme, LIFE+, will be subject to a mid-term and final evaluation in order to assess its contribution to the development of Community environmental policy and the use made of the appropriations. The final evaluation will be carried out not later than one year before the programme ends and shall be submitted to the EP and the Council

## **9. ANTI-FRAUD MEASURES**

As stated in point 8.1 above, potential beneficiaries and contractors shall comply with the provisions of the Financial Regulation and provide the evidence of their financial and legal soundness.

For grants, they are required to supply provisional statements of income and expenditure related to the project/activity for which funding is requested. Payments are made on the basis of the terms and conditions related to the grant agreement and on the basis of expenditure and income statements duly certified by the beneficiary and checked by the relevant service of the Commission. On the spot controls are also possible and beneficiaries are required to keep all details and supporting documents for a period of 5 years after the completion of the project.