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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the establishment of a Programme for the Environment and Climate Action (LIFE)

(Text with EEA relevance)

{SEC(2011) 1541 final}

{SEC(2011) 1542 final}

{SEC(2011) 1543 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Commission Communication for the Multiannual Financial Framework (MFF) for 2014-2020 (hereinafter the MFF Communication)¹ sets out the budgetary framework and main orientations for delivering the Europe 2020 Strategy.² In its proposal, the Commission decided to address environment and climate action as an integral part of all the main instruments and interventions. This so-called '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 that will enhance Europe's competitiveness, create more and greener jobs, strengthen energy security, and bring health benefits."

However, the main Union funding instruments do not address all environmental and climate specific needs. Implementation of environmental and climate legislation remains uneven and inadequate across the Union, which leads to the consolidation of environmental and climate problems. This situation requires new and more efficient ways of implementing legislation, as well as development and dissemination of best practices across the Union to ensure Member States and stakeholders learn from each other.

For this reason, in addition to mainstreaming, the Commission proposes to continue the LIFE Programme currently regulated by the LIFE+ Regulation.³ Combining the mainstreaming approach with a specific instrument will increase the coherence and the added-value of the Union intervention. A dedicated instrument allows the Commission to better shape priorities, directly monitor implementation, and ensure that resources available are effectively used for environmental and climate protection. This approach gives the Commission the opportunity to select the best projects across the Union, thereby addressing coordination failures.

Furthermore, environmental assets have a public good nature and are unevenly distributed across the Union. The obligation to preserve and enhance these assets calls for a consistent application of the principles of solidarity and responsibility sharing. In this context, Article 8 of the Habitats Directive⁴ explicitly links the delivery of conservation measures to the provision of Union co-financing. LIFE plays an essential role for better distribution of solidarity and responsibility sharing in preserving the Union environmental and climate common good.

A specific funding programme for the environment and climate action:

- ensures a more effective intervention than Member State individual action by an increased pooling of resources and expertise, and by attracting partnerships that otherwise would be difficult to set up;

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions *A budget for Europe 2020*, COM(2011)500 final, 29.6.2011.

² Europe 2020: A strategy for smart, sustainable and inclusive growth COM(2010) 2020 final, Brussels, 3.3.2010, adopted by the European Council on 17 June 2010.

³ Regulation (EC) No 614/2007, OJ L 149, 9.6.2007, p. 1.

⁴ Directive 92/43/EEC, OJ L 206, 22.7.1992, p. 7.

- provides the platform for development and exchange of best practices and knowledge sharing, improving, catalysing, and accelerating changes in the implementation of the environmental and climate *acquis*, and allowing Member States and stakeholders to learn from each other and address these challenges more efficiently;
- creates synergies across Union Funds and national funds by coordinating their action jointly towards environmental and climate objectives while leveraging additional public and private sector funds. This increases the coherence and effectiveness of the Union intervention and promotes a more homogenous implementation of the *acquis*;
- increases the visibility of environmental and climate action by bringing the Union closer to its citizens and showing the Union's commitment to environmental and climate objectives, thereby making those objectives more relevant.

Several evaluations⁵ confirm that the LIFE Programme is a successful instrument for the implementation of Union environmental policy and legislation, with a significant added value. However, these evaluations have also highlighted that the LIFE Programme's policy impact is limited by its lack of strategic focus. This was partly due to its pure 'bottom-up' approach for project selection, which did not allow the Commission to steer demand based on Union environmental and climate policy needs. A clearer focus on activities and sectors where LIFE could make a difference is therefore needed.

The new challenges ahead and the achievement of Europe 2020 objectives and targets call for modifications to the Programme. Fighting climate change and making the Union more resilient to the associated risks are some of the greatest challenges facing the Union and there is a need for urgent action as reflected in the Europe 2020 Strategy. The Commission recognises that challenge and in its MFF Communication states that it intends to increase the proportion of the Union budget related to climate action to at least 20% with contribution from different policies. The Programme for the Environment and Climate Action (LIFE) should therefore contribute to that goal.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

This Regulation draws on an extensive analysis of options addressed in the Impact Assessment⁶ and broad consultation with stakeholders. In particular, the following studies and consultations have been carried out:

- the ex-post evaluation of the LIFE Programme (1996-2006)⁷ and the Mid-term evaluation of the LIFE+ Programme (2007-2009);⁸

⁵ LIFE Ex-post evaluation carried out by COWI in 2009; LIFE+ Mid-term evaluation carried out by GHK in 2010; Combined impact assessment and ex-ante evaluation of the review of the LIFE+ Regulation" carried out by a consortium led by GHK in 2011 and "Climate Change in the future multiannual financial framework" carried out by the Institute for European Environmental Policy in 2011.

⁶ [reference to be added when published]

⁷ <http://ec.europa.eu/environment/life/publications/lifepublications/evaluation/index.htm#expost>.

⁸ <http://ec.europa.eu/environment/life/publications/lifepublications/evaluation/index.htm#mte2010>.

- studies commissioned from external consultants, namely: "Combined impact assessment and ex-ante evaluation of the review of the LIFE+ Regulation"⁹ and "Climate Change in the future multiannual financial framework";¹⁰
- an open online consultation on 'Your Voice in Europe';¹¹
- a consultation conducted by the Committee of the Regions;¹²
- a consultation of the LIFE+ Committee members and Member States' environmental attachés, and an ad-hoc stakeholder meeting.¹³

The outcome of the consultations is that the LIFE programme is seen as generally performing well in both environmental and value-added terms. Stakeholders support the continuation of LIFE, as well as the different interventions and proposals made by the Commission, including for a new type of projects, Integrated Projects.

Although stakeholders support LIFE to increase its focus on implementation and integration of environmental and climate objectives into other policies, they do not support a limitation in the thematic areas covered. Similarly, although stakeholders generally support the move from a pure bottom-up to a more top-down approach, they are opposed to the establishment of annual and exhaustive priorities. The main reason is that the priority areas should be relatively stable to allow potential applicants to plan, prepare and submit proposals.

The Impact Assessment therefore focused on the recommendations from the evaluations and the Court of Auditors¹⁴ 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. The first one is the status quo, with a pure bottom-up approach partially corrected by the concentration of earmarked resources on climate action. The second one is a flexible top-down approach for all types of projects whereby the Commission develops multiannual work programmes where it specifies thematic priorities linked to the achievement of specific targets, and drives demand to address the thematic priorities within the different components. Integrated Projects, given their characteristics, would only focus on certain sectors until targets are achieved. The third scenario combines the top-down approach for Integrated Projects and the bottom-up approach for all other types of projects. Under this option, the Commission would limit ex-ante the thematic focus of Integrated Projects on four sectors in the sub-programme for Environment until targets are achieved, while applicants can submit proposals for other types of projects in all environmental sectors. 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

⁹ [reference to be added when published]

¹⁰ [reference to be added when published]

¹¹ <http://ec.europa.eu/environment/life/about/beyond2013.htm>.

¹² <http://ec.europa.eu/environment/life/about/beyond2013.htm>.

¹³ <http://ec.europa.eu/environment/life/about/beyond2013.htm>.

¹⁴ [reference to be added]

for success and where more environmental benefits could be obtained. Stakeholders, especially regional authorities, also signalled these sectors. As the sub-programme for Climate Action is newly established, Integrated Projects relevant for climate change mitigation and adaptation may be introduced gradually 2-3 years into the programming period. The Impact Assessment also analysed whether the 50% project resources traditionally earmarked for nature and biodiversity was still valid and concluded it was. In fact, biodiversity was considered by all stakeholders as the most important priority for LIFE. The Impact Assessment also assessed options for geographical distribution of projects, including the possibility for national allocations (similar to the LIFE+ Regulation). Three options were envisaged: a system of merit only with no geographical criteria attached to selection; a system of geographical balance ensured by the Commission in line with the principles of solidarity and responsibility sharing; and a system of national allocations for Integrated Projects. The preferred option is ensuring geographical balance for Integrated Projects.

Finally, a strong emphasis was put on simplification to build on the changes undertaken by LIFE+, such as the use of e-proposals. The areas identified for additional simplification were: a two-step approach to select Integrated Projects, an increasing use of lump-sums and flat rates, and the ineligibility of certain costs. To ensure that beneficiaries are not disadvantaged by this simplification, the Impact Assessment explored the option to increase the co-financing rates. 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.

3. LEGAL ELEMENTS OF THE PROPOSAL

The Union's environmental objectives are enshrined in Title XX of the Treaty on the Functioning of the European Union (TFEU). The most common legal basis for environmental and climate legislation is Article 192 of the TFEU which empowers the European Parliament and the Council to decide what action should be taken by the Union in order to achieve the environmental objectives which are set out in Article 191 of TFEU. The Lisbon Treaty in particular strengthened the emphasis on climate action by making combating climate change an explicit part of the environmental objectives.

Article 11 of TFEU lays down the obligation to integrate environmental protection requirements into the definition and implementation of the Union policies and activities, in particular with a view to promoting sustainable development.

Furthermore, Article 8 of the Habitats Directive explicitly links the delivery of conservation measures to the provision of Union co-financing.

This proposal for a new LIFE Regulation is designed as a LIFE Programme with **two sub-programmes**: one for Environment and one for Climate Action. The creation of a sub-programme for Climate Action upgrades the former thematic strand "climate change" under the LIFE+ Environment Policy and Governance component.

There is a great potential for synergies between environmental and climate objectives as projects can benefit multiple purposes. For instance, projects related to forest protection may bring co-benefits for biodiversity and climate change mitigation by enhancing the reforestation and thereby also improving carbon absorption capacity. Floodplain restoration

projects may facilitate adaptation to climate change and the transition towards a more climate resilient society.

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.

An important change to improve the efficiency of the LIFE Programme and to create closer links to Union policy priorities is the **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 e.g., priorities, allocation of resources between types of funding, and targets for the period. The priorities included therein 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 thus be assisted by the Committee for the LIFE Programme for the Environment and Climate Action, which will have a dual nature with, in particular, different chairs and different composition depending on whether the issues dealt with are related to the sub-programme for Environment or the sub-programme for Climate Action. Other particular aspects of the LIFE Programme, such as further specifying eligibility criteria for project selection, criteria for the application of geographical balance to Integrated Projects, and performance indicators applicable to specific thematic priorities, will be adopted by the Commission through delegated acts.

Another major change is the **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-sector manner) and will be oriented towards the implementation of environmental and climate action plans or strategies required by environmental or climate legislation, pursuant to other Union acts or developed by the Member States authorities. Integrated Projects for the sub-programme for Environment will primarily focus on the implementation of plans and programmes related to the Birds¹⁵ and Habitats Directives, the Water Framework Directive¹⁶, and Waste and Air quality legislation. These Integrated Projects should also allow achieving results in other policy areas, in particular the Marine Strategy Framework Directive.¹⁷ For the sub-programme for Climate Action, Integrated Projects may focus on the implementation of mitigation and adaptation strategies and action plans. Integrated Projects will also aim, when possible, at mobilising other Union funding sources by exploiting synergies and ensure consistency between different Union funding programmes. They will provide examples to the responsible authorities of how coordination of different funding instruments is possible to achieve better implementation of Union environmental and climate legislation. At Union level, this coordination between the LIFE Programme and other Union funding programmes could be established within the Common Strategic Framework.

¹⁵ Directive 2009/147/EC, OJ L 20, 26.1.2010, p. 7.

¹⁶ Directive 2000/60/EC, OJ L 327, 22.12.2000, p. 1.

¹⁷ Directive 2008/56/EC, OJ L 164, 25.6.2008, p. 19.

This Regulation also provides a **clearer definition of the activities funded for each priority area**. The sub-programme for Environment consists of three priority areas, the focus of which will be shifted towards implementation and integration. The priority area *Biodiversity* extends its support to developing best practices for wider biodiversity challenges while keeping its focus on Natura2000. The priority area of *Environment and Resource Efficiency* shifts its focus towards implementation of Union environmental policy and legislation and excludes market replication-oriented innovation, since it will be better covered by Horizon 2020.¹⁸ As part of the increased focus on promoting better governance, 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 for better and more effective compliance, in addition to awareness raising campaigns.

The Roadmap 2050¹⁹ acknowledged that testing new approaches to climate change mitigation will remain essential for moving to a low-carbon economy. Adaptation to climate change as a cross-sector Union priority will also need to be ensured. Moreover, governance promotion and awareness-raising are essential in order to deliver constructive results and to ensure the involvement of stakeholders. Therefore, the sub-programme for Climate Action should support efforts contributing to three specific priority areas: *Climate Change Mitigation*, *Climate Change Adaptation* and *Climate Governance and Information*.

A main objective of the LIFE Programme is to catalyse changes in policy development and implementation by providing and disseminating solutions and best practices to achieve environmental and climate goals. It therefore offers co-funding opportunities for projects with clear environmental or climate benefits and expands on the existing knowledge base. The Commission will ensure synergies between the LIFE Programme and other Union instruments, e.g. it may exploit research and innovation results produced by Horizon2020 and by previous Framework Programmes in the fields of research and innovation.

The LIFE Programme should cover all **types of funding** required to address its objectives and priorities. In particular, action grants to finance projects represent the main financial intervention. Operating grants for NGOs and other entities of Union interest which are primarily active in the area of environment or climate are also possible. The LIFE Programme allows the use of financial instruments.²⁰ The Commission should also encourage the use of green public procurement when implementing action grants.

The LIFE Programme **enlarges its territorial scope** with a more flexible approach regarding funding for environment and climate outside the Union: firstly, by formally allowing activities outside the Union in exceptional cases and under specific conditions as well as in countries participating in the programme from outside the Union; and secondly, by providing a legal base for cooperation with international organisations of interest to environmental and climate policy that do not necessarily fall within the scope of Union external action (e.g., international studies).

¹⁸ Commission proposal for a Decision of the European Parliament and of the Council on Horizon 2020 – The Framework Programme for Research and Innovation.

¹⁹ COM(2011) 112 final.

²⁰ Communication from the Commission to the European Parliament and the Council, *A framework for the next generation of innovative financial instruments - the EU equity and debt platforms*, COM(2011)662 final, 19.10.2011.

As part of the **simplification** process, the LIFE Programme adopts lighter procedures. It is important that Member States are involved in setting priorities for the LIFE Programme in particular to ensure that these priorities adequately reflect the differences among Member States and effectively help in improving and accelerating implementation of environmental and climate policy.

In addition, 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 socio-economic impacts of a project will be analysed when assessing the application.

It will also increase the use of flat rates and lump-sums to ease the application and reporting processes, and will lighten reporting requirements for Integrated Projects. In particular, a two-step approach for the selection of Integrated Projects could be introduced. Reporting and re-programming could be based on a two years' cycle and the payment schedule adapted to ensure a more gradual cash flow to the project.

Similarly, certain costs which have proved burdensome in terms of monitoring and reporting 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, while maintaining a mechanism to enable their continued contribution to project activity. In order to ensure beneficiaries are not disadvantaged and 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 to compensate the fact that, while those projects would require significant inputs from permanent staff, permanent staff costs may not be considered an eligible cost. It would also apply to specific projects in support of particular needs for the development and implementation of Union policy or legislation, in consideration of the strategic value of those projects and to ensure an attractive co-financing rate.

Finally, 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 Union policy shaping. This is considered as an essential asset by the European Parliament, the Member States and stakeholders. However, current management could be improved by delegating many of the tasks to an existing Executive Agency. Given the characteristics of the LIFE Programme and to increase synergies with other Union funding programmes, the Commission will explore the possibility of delegating to a large extent the selection and monitoring tasks to the European Agency for Competitiveness and Innovation, while keeping the governance of the LIFE Programme within the Commission.

Since the objectives of the proposed actions, as set out in Article 3, by their very nature, cannot be sufficiently achieved by the Member States and can therefore by reason of scale and effects of the action be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European

Union. In accordance with the principle of proportionality, as also set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

4. BUDGETARY IMPLICATION

The total financial envelope for the LIFE Programme in the MFF Communication for the period 2014-2020 expressed in current prices is €3,618 million.²¹ Of this amount €2,713.5 million is allocated to the sub-programme for Environment, of which half of the resources dedicated to projects financed by way of action grants shall be allocated to support the conservation of nature and biodiversity. €904.5 million is allocated to the sub-programme for Climate Action.

²¹ This corresponds to €3.2 billion in constant prices.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on the establishment of a Programme for the Environment and Climate Action (LIFE)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee²²,

Having regard to the opinion of the Committee of the Regions²³,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Union environmental and climate policy and legislation have delivered substantial improvements to the state of the environment. However, major environmental and climate challenges remain, which if left unaddressed, will have significant consequences for Europe.
- (2) These environmental and climate challenges, due to their scale and complexity, should be funded primarily through the Union's major funding programmes. In its Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "A Budget for Europe 2020"²⁴ (the "MFF Communication"), recognising 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. This Regulation should contribute to that goal.
- (3) Those Union funding programmes cannot address all environmental and climate action specific needs. For environment and climate action, specific approaches are required

²² OJ C , , p. .

²³ OJ C , , p. .

²⁴ COM(2011)500 final, 29.6.2011.

to deal with uneven integration of their objectives into Member States practice, uneven and inadequate implementation of the legislation in the Member States, and insufficient dissemination and promotion of policy goals. It is appropriate to continue the LIFE Programme regulated by Regulation (EC) No 614/2007 of the European Parliament and of the Council of 23 May 2007 concerning the Financial Instrument for the Environment (LIFE+)²⁵ and adopt a new Regulation. Therefore, this Regulation should establish a dedicated funding Programme for the Environment and Climate Action (the "LIFE Programme").

- (4) Environmental assets are unevenly distributed across the Union, but their benefits concern and are felt by the Union as a whole. The Union's obligation to preserve those assets calls for a consistent application of the principles of solidarity and responsibility sharing, which imply that some Union environmental and climate problems are better addressed at regional or local level. The LIFE Programme plays an essential role for better distribution of solidarity and responsibility sharing in preserving the Union environmental and climate common good.
- (5) Given its characteristics and size, the LIFE Programme cannot solve all environmental and climate problems. Rather, its objective should be to catalyse changes in policy development and implementation by providing and disseminating solutions and best practices to achieve environmental and climate goals.
- (6) This Regulation lays down, for the entire duration of the LIFE Programme, a financial envelope of €3,618 million²⁶ constituting the prime reference, within the meaning of point 17 of the Commission Proposal for an Interinstitutional Agreement of 29 June 2011 between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management²⁷, for the budgetary authority during the annual budgetary procedure.
- (7) In line with the conclusions of the Luxembourg European Council of December 1997 and of the Thessaloniki European Council of June 2003, candidate countries and the Western Balkan countries in the Stabilisation and Association Process as well as countries to which the European Neighbourhood Policy applies should be eligible to participate in Union programmes, in accordance with the conditions established in the relevant bilateral agreements concluded with those countries.
- (8) For environmental and climate action-related investments within the Union to be effective, some activities need to be implemented outside its borders. Those investments may not always be financed under the Union's external action instruments. Interventions in countries not directly participating in the LIFE Programme, and participation of legal persons based on those countries in activities financed under the LIFE Programme should exceptionally be possible provided specific conditions are met.
- (9) This Regulation should also provide a framework for cooperation with and support to relevant international organisations in view of ensuring environmental and climate

²⁵ OJ L 149, 9.6.2007, p.1.

²⁶ All figures in current prices.

²⁷ COM(2011) 403 final, 29.6.2011.

policy needs that do not fall within the scope of external action instruments, such as certain studies.

- (10) Environmental and climate requirements should be integrated into Union's policies and activities. The LIFE Programme should therefore be complementary to other Union funding programmes, including the European Regional Development Fund,²⁸ the European Social Fund,²⁹ the Cohesion Fund,³⁰ the European Agriculture Guarantee Fund,³¹ the European Agricultural Fund for Rural Development,³² the European Maritime and Fisheries Fund,³³ and Horizon 2020.³⁴ The Commission and Member States should ensure such complementarity at all levels. At Union level, complementarity should be ensured by establishing a structured cooperation between the LIFE Programme and the shared-management Union funding programmes in the Common Strategic Framework,³⁵ in particular to promote funding of activities that complement Integrated Projects or support the use of solutions, methods and approaches developed under the LIFE Programme. The LIFE Programme should also encourage the uptake of environmental and climate-related research and innovation results of Horizon 2020. Within this context it should offer co-funding opportunities for projects with clear environmental and climate benefits in order to ensure synergies. Coordination is required to prevent double funding.
- (11) Halting and reversing the loss of biodiversity and improving resource efficiency, together with addressing environment and health related concerns, remain key challenges for the Union. These challenges require increased efforts at Union level to provide solutions and best practices that help achieving the targets of the Communication from the Commission "Europe 2020: a strategy for smart, sustainable and inclusive growth" (hereinafter the "Europe 2020 Strategy")³⁶. In addition, improved governance, in particular through awareness raising and stakeholders' involvement, is essential to deliver environmental objectives. Therefore the sub-programme for Environment should have three priority areas for action: Environment and Resource Efficiency, Biodiversity, and Environmental Governance and Information. It should be possible for projects financed by the LIFE Programme to contribute to the achievement of the specific objectives of more than one of those priority areas and to involve the participation of more than one Member State.
- (12) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "Roadmap to a Resource Efficient Europe"³⁷ (hereinafter the "Roadmap to a Resource Efficient Europe") has set forth the milestones and actions that are needed to put the Union on a path to a resource-efficient and sustainable growth. Therefore, the priority area Environment and Resource Efficiency should support effective implementation of

²⁸ OJ L ...p. [ref. ERDF]

²⁹ OJ L...p. [ref. ESF]

³⁰ OJ L...p [ref. CF]

³¹ OJ L...p. [ref. EAGF]

³² OJ L...p [ref. EAFRD]

³³ OJ L...p [ref. EMFF]

³⁴ OJ L...p [ref. Horizon 2020]

³⁵ [Ref. to be added once adopted]

³⁶ COM(2010) 2020 final, 3.3.2010.

³⁷ COM(2011) 571 final, 20.9.2011.

Union environmental policy by the public and private sectors, in particular in the environmental sectors covered by the Roadmap to a Resource Efficient Europe, by facilitating the development and sharing of new solutions and best practices. However, it should exclude those eco-innovation activities that overlap with Horizon 2020.

- (13) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "Our life insurance, our natural capital: an EU biodiversity strategy to 2020"³⁸ (hereinafter the "Union Biodiversity Strategy to 2020") has set up targets to halt and reverse biodiversity loss. These targets include, among others, the full implementation of Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora³⁹ and Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds⁴⁰, as well as maintaining and restoring ecosystems and their services. The LIFE Programme should contribute to achieving those targets. Therefore, the priority area Biodiversity should focus on the implementation and management of the Natura2000 network set up by Council Directive 92/43/EEC, in particular in relation to the Prioritised Action Frameworks foreseen in Article 8 of the same Directive, on the development and dissemination of best practices in relation to biodiversity and Directives 2009/147/EC and 92/43/EEC, as well as on the wider biodiversity challenges identified by the Union Biodiversity Strategy to 2020;
- (14) Forests play a significant role for environment and climate as regards, for instance, biodiversity, water, soil, and climate change mitigation and adaptation. Forests and soils help to regulate the climate by taking up carbon dioxide (CO₂) from the atmosphere and store immense amounts of carbon. To optimise that role, the provision of relevant, compatible data and information is necessary. This Regulation should therefore represent also a framework for supporting environmental and climate synergistic actions associated with forests and soils. Other areas for increased synergies are water scarcity and droughts, as well as management of flood risks.
- (15) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "A Roadmap for moving to a competitive low carbon economy in 2050"⁴¹ (hereinafter the "Roadmap 2050") acknowledged that testing new approaches to climate change mitigation will remain essential for moving to a low-carbon economy. Adaptation to climate change, as a cross-cutting Union priority, will also need to be ensured. Moreover, governance promotion and awareness-raising is essential to deliver constructive results and to ensure stakeholders' involvement. Therefore, the sub-programme for Climate Action should support efforts contributing to three specific priority areas: Climate Change Mitigation, Climate Change Adaptation and Climate Governance and Information. It should be possible for projects financed by the LIFE Programme to contribute to the achievement of the specific objectives of more than one of those priority areas and to involve the participation of more than one Member State.

³⁸ COM(2011) 244 final, 3.5.2011.

³⁹ OJ L 206, 22.7.1992, p.7.

⁴⁰ OJ L 20, 26.1.2010, p.7.

⁴¹ COM(2011) 112 final, 8.3.2011.

- (16) The priority area Climate Change Mitigation should contribute to the development and implementation of Union climate-related policy and legislation, in particular with regard to greenhouse gas monitoring and reporting, policies related to land use, land use change and forestry, emissions trading system, Member States' effort to reduce greenhouse gas emissions, carbon capture and storage, renewable energy, energy efficiency, transport and fuels, ozone layer protection and fluorinated gases.
- (17) The first consequences of climate change can already be seen in Europe and worldwide, such as extreme weather conditions leading to floods and droughts, and rising temperatures and sea levels. The priority area Climate Change Adaptation should therefore contribute to adapt to such impacts across populations, economic sectors and regions to ensure a more resilient Union through specific adaptation measures and strategies. Actions in this field should be complementary to actions eligible for funding under the civil protection financial instrument.
- (18) Full implementation of environmental and climate legislation and policy is inextricably linked to achieving better governance, improving stakeholder involvement and disseminating information. Therefore, the priority areas Governance and Information should in both sub-programmes support the development of platforms and sharing of best practices for better compliance and enforcement, and to generate support from the public and stakeholders for Union's policy making efforts in the areas of environment and climate. In particular, they should support improvements in the dissemination of knowledge-base, raising awareness, public participation, access to information and access to justice on environmental matters.
- (19) In the framework of this Regulation, support should be provided in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.⁴² Projects financed pursuant to the LIFE Programme should meet eligibility criteria to secure the best possible use of Union Funds and to ensure European added value. Those with cross-sectoral impacts should be encouraged. The Commission should also promote and encourage the use of green public procurement especially when implementing projects.
- (20) In order to maintain a level playing field for all undertakings active in the internal market and to avoid undue distortions of competition, funding provided under the LIFE Programme should be addressed, where appropriate, to market failures. Moreover, in case it constitutes state aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union, it should be designed in compliance with state aid rules so as to prevent market distortions, such as crowding-out of private funding, creating ineffective market structures or preserving inefficient firms, and may not be put into effect until it is approved by the Commission in accordance with Article 108(3) of the Treaty, unless it complies with a regulation adopted pursuant to Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid⁴³.

⁴² OJ L 248, 16.9.2002, p.1.

⁴³ OJ L 142, 14.05.1998, p.1.

- (21) In order to improve the implementation of environmental and climate policy and enhance the integration of environmental and climate objectives in other policies, the LIFE Programme should promote projects that support integrated approaches to the implementation of environmental and climate legislation and policy. For the sub-programme for Environment, those projects should focus primarily on the implementation of the Union Biodiversity Strategy to 2020, with particular regard to the effective management and consolidation of the Natura2000 network set up by Council Directive 92/43/EEC through the implementation of Prioritised Action Frameworks foreseen in Article 8 of the same Directive, of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for the Community action in the field of water policy,⁴⁴ and of the Waste and Air legislation. Those projects, while focusing on the themes identified, will be multi-purpose delivery mechanism (e.g. aiming at environmental benefits and capacity building) allowing to reach results in other policy areas, in particular Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for Community action in the field of marine environmental policy (Marine Strategy Framework Directive).⁴⁵ Those types of projects could be envisaged in other environmental areas. For the sub-programme for Climate Action, those projects should in particular concern climate change mitigation and adaptation strategies and action plans. Those types of projects should support only a series of specific activities and measures, while other activities that complement those included in the project should be sourced from other Union funding programmes, as well as from national, regional and private sector funds. Funding through the LIFE Programme should exploit synergies and ensure consistency between different Union funding sources by providing a strategic environmental and climate focus.
- (22) The Union is a party to the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation and Access to Justice in Environmental matters (hereinafter the “Aarhus Convention”). The work of non-governmental organisations (NGOs) should therefore be supported, since they are effective in supporting the aims of the Aarhus Convention by advocating the concerns and views of Union citizens as part of the policy development process as well as in supporting its implementation, and in raising awareness on environmental and climate related problems and policy responses. It is appropriate for the LIFE Programme to support a broad range of NGOs of Union interest, primarily active in the field of environment and/or climate action, through the competitive and transparent awarding of operating grants, in order to help them making effective contributions to Union policy, as well as building up and strengthening their capacity to become more efficient partners.
- (23) In order to carry out its role in the initiation of environmental and climate policy development and implementation, the Commission should use resources from the LIFE Programme to support the initiation, implementation and mainstreaming of Union environmental and climate policy and legislation, including the purchase of services and goods. Financial resources allocated to communication activities under

⁴⁴ OJ L 327, 22.12.2000, p. 1.

⁴⁵ OJ L 164, 25.6.2008, p. 19.

this Regulation shall also cover corporate communication on the political priorities of the Union.⁴⁶

- (24) The current gap in the market between the demand for and supply of loans, equity and risk capital is likely to persist in the context of a financial crisis and, it is appropriate, therefore, to allow the use of financial instruments to support projects with revenue generating capacity in the areas of environment or climate. Financial instruments supported by the LIFE Programme should be used to address specific market needs in a cost effective way, in line with the objectives of the Programme, and should not crowd out private financing. Financial instruments may be combined with grants funded from the Union budget, including under this Regulation.
- (25) The experience of past instruments has highlighted the need to program on a multi-annual basis and to focus efforts on concrete environmental and climate policy priorities and areas for action. Such multiannual work programmes should be flexible to achieve the LIFE Programme targets and objectives, while providing the necessary stability of priority areas for potential applicants to plan, prepare and submit proposals. In this view, those multiannual work programmes should be valid for at least two years with non-exhaustive priorities.
- (26) With a view to simplifying the LIFE Programme and reducing administrative burden for applicants and beneficiaries, more use should be made of flat rates and lump-sums, and funding should focus on more specific categories of costs. By way of compensation for ineligible costs and in order to maintain the effective level of support provided by the LIFE Programme, the co-funding rates should be 70% as a general rule and 80% in specific cases.
- (27) The LIFE Programme and the sub-programmes should be regularly monitored and evaluated based on corresponding indicators to allow for readjustments. In order to provide evidence of the co-benefits that both sub-programmes can bring to climate action and biodiversity, and to provide information on the level of spending, the monitoring of the LIFE Programme should track climate-related expenditure and biodiversity-related expenditure, as defined in the MFF Communication. Such tracking should be performed based on a simple methodology by placing the expenditure in one of three categories: climate/biodiversity related only (to be counted as 100%), significantly climate/biodiversity related (to be counted as 40%), and not climate/biodiversity related (to be counted as 0%). That methodology should not exclude the use of more precise methodologies, where appropriate.
- (28) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, penalties.
- (29) In order to ensure uniform conditions for the implementation of this Regulation related to the adoption of the multiannual work programmes, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16

⁴⁶ COM(2011) 500 final, 29.06.2011, Part II (Policy fiches), p. 7.

February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.⁴⁷

- (30) In order to secure the best possible use of Union funds and to ensure European added value, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of eligibility criteria for project selection, criteria for the application of geographical balance to "Integrated Projects", and performance indicators applicable to specific thematic priorities. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.
- (31) Regulation (EC) No 614/2007 should therefore be repealed.
- (32) To ensure efficient transition between the LIFE Programme and the measures adopted under Regulation (EC) No 614/2007, it is necessary to continue to monitor, audit and qualitatively assess the activities financed under that Regulation following its expiry.
- (33) The added value of the LIFE Programme derives from the specificity of its approach and focus which make its interventions especially adapted to the environmental and climate needs. The LIFE Programme can contribute to a more effective implementation of environmental policies than Member State single action through increased pooling of resources and expertise. It also provides the platform for developing and exchanging best practices and knowledge, improving, catalysing, and accelerating changes in the implementation of the *acquis*, and building capacity, supporting private actors in testing small-scale technologies and solutions, especially by SMEs, and allowing Member States and stakeholders to learn from each other. Moreover, the LIFE Programme creates synergies across Union and national funds while leveraging additional private sector funds, thereby increasing the coherence of Union intervention and promoting a more homogenous implementation of the *acquis*.
- (34) Since the objectives of the proposed actions, namely contributing to the implementation and development of Union environmental and climate policy and legislation, including the integration of the environment and climate objectives into other policies, and promoting better governance, cannot be sufficiently achieved by the Member States and can therefore by reason of scale and effects of the action be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

⁴⁷ OJ L 55, 28.2.2011, p.13

HAVE ADOPTED THIS REGULATION:

TITLE I

THE PROGRAMME FOR THE ENVIRONMENT AND CLIMATE ACTION (LIFE)

Article 1

Establishment

A Programme for the Environment and Climate Action covering the period from 1 January 2014 to 31 December 2020 (hereinafter the “LIFE Programme”), is hereby established.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (a) "pilot projects" mean projects that apply a technique or method that has not been applied or tested before, or elsewhere, and that offer potential environmental or climate advantages compared to current best practice;
- (b) “demonstration projects” mean projects that put into practice, test, evaluate and disseminate actions, methodologies or approaches that are new or unknown in the project's specific context, such as geographical, ecological, socio-economic, and that could be applied elsewhere in similar circumstances;
- (c) “best practice projects” mean projects that apply appropriate, cost-effective, state-of-the-art techniques, methods and approaches taking into account the specific context of the project;
- (d) “integrated projects” mean projects implementing in a sustainable manner, on a large territorial scale, in particular, regional, multi-regional or national scale, environmental or climate strategies or action plans required by specific environmental or climate Union legislation, pursuant to other Union acts or developed by Member States' authorities;
- (e) “technical assistance projects” mean projects aimed at supporting the preparation of integrated projects referred to in point (d);
- (f) “preparatory projects” mean projects in support of specific needs for the implementation and development of Union environmental or climate policy and legislation.

Article 3

Objectives and indicators

1. The LIFE Programme shall in particular have the following general objectives:
 - (a) to contribute to the shift towards a resource-efficient, low-carbon and climate-resilient economy, to the protection and improvement of the quality of the environment and to halting and reversing biodiversity loss;
 - (b) to improve the development, implementation and enforcement of Union environmental and climate policy and legislation, and to catalyse and promote integration and mainstreaming of environmental and climate objectives into other Union policies and public and private sector practice, including by increasing their capacity;
 - (c) to support better environmental and climate governance at all levels.

In doing so, the LIFE Programme shall contribute to sustainable development and the achievement of the Europe 2020 Strategy's objectives and targets.

2. The performance of the LIFE Programme shall be assessed, in particular, against the following indicators:
 - (a) attributable environmental and climate improvements, as regards the objective referred to in point (a) of paragraph 1. In relation to the objective to contribute to halting and reversing biodiversity loss, attributable environmental improvements shall be measured through the percentage of the Natura2000 network restored or brought to adequate management, surface of ecosystem services restored, and number and type of habitats and species targeted improving conservation status;
 - (b) the number of interventions developed or undertaken that implement plans, programmes or strategies pursuant to Union environmental or climate policy and legislation, and the number of interventions suitable for being replicated or transferred, as regards the objectives linked to development and implementation referred to in point (b) of paragraph 1;
 - (c) the number of interventions achieving synergies with or mainstreamed into other Union funding programmes, or integrated into public or private sector practice, as regards the objectives linked to integration and mainstreaming referred to in point (b) of paragraph 1;
 - (d) the number of interventions to ensure better governance, dissemination of information and awareness on environmental and climate aspects as regards the objective referred to in point (c) of paragraph 1;

The Commission shall be empowered to adopt delegated acts in accordance with Article 30 concerning the performance indicators in view of their application to the thematic priorities as defined in the multiannual work programmes referred to in Article 24.

3. The objectives referred to in paragraph 1 shall be pursued through the following sub-programmes (hereinafter the “sub-programmes”):
 - (a) the sub-programme for Environment;

- (b) the sub-programme for Climate Action.

Article 4

Budget

1. The financial envelope for implementing the LIFE Programme shall be EUR 3 618 000 000.⁴⁸
2. The budgetary breakdown for the sub-programmes shall be as follows:
 - (a) EUR 2 713 500 000 of the overall financial envelope referred to in paragraph 1 shall be allocated to the sub-programme for Environment;
 - (b) EUR 904 500 000 of the overall financial envelope referred to in paragraph 1 shall be allocated to the sub-programme for Climate Action.

Article 5

Participation of third countries in the LIFE Programme

The LIFE Programme shall be open to the participation of the following countries:

- (a) European Free Trade Association (EFTA) countries which are parties to the Agreement on the European Economic Area (EEA);
- (b) candidate countries, potential candidates and acceding countries to the Union;
- (c) countries to which the European Neighbourhood Policy applies;
- (d) countries which have become members of the European Environmental Agency in accordance with Council Regulation (EC) No 993/1999 of 29 April 1999 amending Regulation (EEC) No 1210/90 on the establishment of the European Environmental Agency and the European environment information and observation network⁴⁹.

Such participation shall be done in accordance with the conditions laid down in the respective bilateral or multilateral agreements establishing the general principles for their participation in Union programmes.

Article 6

Activities outside the Union

1. Without prejudice to Article 5, the LIFE Programme may finance activities outside the Union, provided those activities are indispensable to achieve Union

⁴⁸ All figures in current prices.

⁴⁹ OJ L 117, 5.5.1999, p. 1.

environmental and climate objectives or to ensure the effectiveness of interventions carried out in the Member States.

2. A legal person established outside the Union may be able to participate in the projects referred to in Article 18, provided the beneficiary coordinating the project is based in the Union and the activity to be carried out outside the Union meets the requirements set out in paragraph 1.

Article 7

International cooperation

In the course of implementing the LIFE Programme, cooperation with relevant international organisations, their institutions and bodies, shall be possible where needed for the purpose of achieving the objectives referred to in Article 3.

Article 8

Complementarity

1. The Commission and the Member States shall ensure that support from the LIFE Programme is consistent with the policies and priorities of the Union and complementary to other instruments of the Union.
2. Operations financed under the LIFE Programme shall comply with Union and national law, including Union State aid rules. In particular, funding under the LIFE Programme which constitutes state aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union shall be notified by Member States to the Commission and may not be put into effect until it is approved by the Commission in accordance with Article 108(3) of the Treaty, unless it complies with a regulation adopted pursuant to Council Regulation (EC) No 994/98.
3. In accordance with their respective responsibilities, the Commission and the Member States shall ensure coordination between the LIFE Programme and the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund, in order to create synergies, particularly in the context of Integrated Projects referred to in Article 18 point (d), and to support the use of solutions, methods and approaches developed under the LIFE Programme. At Union level, coordination shall take place within the Common Strategic Framework referred to in Article 10 of Regulation (EU) No.... (CSF Regulation).
4. The Commission shall also ensure consistency and synergies, and avoid overlap between the LIFE Programme and other Union policies and instruments, in particular Horizon 2020 and those in the framework of Union's external action.

TITLE II

THE SUB-PROGRAMMES

CHAPTER 1

The sub-programme for Environment

Article 9

Specific priority areas of the sub-programme for Environment

1. The sub-programme for Environment shall have three priority areas:
 - Environment and Resource Efficiency;
 - Biodiversity;
 - Environmental Governance and Information.
2. At least 50% of the budgetary resources allocated to projects supported by way of action grants under the sub-programme for Environment shall be dedicated to projects supporting the conservation of nature and biodiversity.

Article 10

Specific objectives for the priority area Environment and Resource Efficiency

The specific objectives of the sub-programme for Environment for the priority area Environment and Resource Efficiency shall in particular be:

- (a) to develop, test and demonstrate policy or management approaches, best practices, and solutions to environmental challenges, suitable for being replicated, transferred or mainstreamed, including with respect to the link between environment and health, and in support of resource efficiency-related policy and legislation, including the Roadmap to a Resource Efficient Europe;
- (b) to support the application, development, testing and demonstration of integrated approaches for the implementation of plans and programmes pursuant to Union environmental policy and legislation, primarily in the areas of water, waste and air;
- (c) to improve the knowledge base for the development, assessment, monitoring and evaluation of Union environmental policy and legislation, and for the assessment and monitoring of the factors, pressures and responses that impact on the environment within and outside the Union.

Article 11

Specific objectives for the priority area Biodiversity

The specific objectives of the sub-programme for Environment for the priority area Biodiversity shall in particular be:

- (a) to contribute to the implementation of Union policy and legislation in the area of biodiversity, including the Union Biodiversity Strategy to 2020, Directive 2009/147/EC and Directive 92/43/EEC, in particular by applying, developing, testing and demonstrating approaches, best practices and solutions;
- (b) to support the further development, implementation and management of the Natura 2000 network set up in Article 3 of Directive 92/43/EEC, in particular the application, development, testing and demonstration of integrated approaches for the implementation of the Prioritised Action Frameworks referred to in Article 8 of Directive 92/43/EEC;
- (c) to improve the knowledge base for the development, assessment, monitoring and evaluation of Union biodiversity policy and legislation, and for the assessment and monitoring of the factors, pressures and responses that impact on the biodiversity within and outside the Union.

Article 12

Specific objectives for the priority area Environmental Governance and Information

The specific objectives of the sub-programme for Environment for the priority area Environmental Governance and Information shall in particular be:

- (a) to promote awareness raising on environmental matters, including generating public and stakeholders support to Union policy-making in the field of environment, and to promote education for sustainable development;
- (b) to support communication, management, and dissemination of information in the field of environment, and to facilitate knowledge sharing on successful environmental solutions and practice, including by developing cooperation platforms between stakeholders and training;
- (c) to promote and contribute to a more effective compliance with and enforcement of Union environmental legislation, in particular by promoting the development and dissemination of best practices and policy approaches;
- (d) to promote better environmental governance by broadening stakeholder involvement, including NGOs, in policy consultation and implementation.

CHAPTER 2

The sub-programme for Climate Action

Article 13

Specific priority areas of the sub-programme for Climate Action

The sub-programme for Climate Action shall have three priority areas:

- Climate Change Mitigation;
- Climate Change Adaptation;
- Climate Governance and Information.

Article 14

Specific objectives for the priority area Climate Change Mitigation

In view of contributing to the reduction of greenhouse gas emissions, the priority area Climate Change Mitigation shall in particular have the following specific objectives:

- (a) to contribute to the implementation and development of Union policy and legislation on mitigation, including mainstreaming across policy areas, in particular by developing, testing and demonstrating policy or management approaches, best practices and solutions for climate change mitigation;
- (b) to improve the knowledge base for the development, assessment, monitoring, evaluation and implementation of effective mitigation actions and measures and to enhance the capacity to apply that knowledge in practice;
- (c) to facilitate the development and implementation of integrated approaches, such as for mitigation strategies and action plans, at local, regional or national level;
- (d) to contribute to the development and demonstration of innovative mitigation technologies, systems, methods and instruments that are suitable for being replicated, transferred or mainstreamed.

Article 15

Specific objectives for the priority area Climate Change Adaptation

In view of contributing to supporting efforts leading to increased resilience to climate change, the priority area Climate Change Adaptation shall in particular have the following specific objectives:

- (a) to contribute to the development and implementation of Union policy and legislation on adaptation, including mainstreaming across policy areas, in

particular by developing, testing and demonstrating policy or management approaches, best practices, and solutions, for climate change adaptation;

- (b) to improve the knowledge base for the development, assessment, monitoring, evaluation and implementation of effective adaptation actions and measures and to enhance the capacity to apply that knowledge in practice;
- (c) to facilitate the development and implementation of integrated approaches, such as for adaptation strategies and action plans, at local, regional or national level;
- (d) to contribute to the development and demonstration of innovative adaptation technologies, systems, methods and instruments that are suitable for being replicated, transferred or mainstreamed.

Article 16

Specific objectives for the priority area Climate Governance and Information

The specific objectives of the priority area Climate Governance and Information shall in particular be:

- (a) to promote awareness raising on climate matters, including generating public and stakeholders support to Union policy-making in the field of climate, and to promote education for sustainable development;
- (b) to support communication, management, and dissemination of information in the field of climate and to facilitate knowledge sharing on successful climate solutions and practice, including by developing cooperation platforms between stakeholders and training;
- (c) to promote and contribute to a more effective compliance with and enforcement of Union climate legislation, in particular by promoting the development and dissemination of best practices and policy approaches;
- (d) to promote better climate governance by broadening stakeholder involvement, including NGOs, in policy consultation and implementation.

TITLE III

COMMON IMPLEMENTING PROVISIONS

CHAPTER 1

Funding

Article 17

Types of funding

1. Union funding may take the following legal forms:
 - (a) grants;
 - (b) public procurement contracts;
 - (c) contributions to financial instruments in accordance with the general provisions for financial instruments set out in Regulation (EC, Euratom) No 1605/2002 and with more operational requirements set out in specific Union acts;
 - (d) any other interventions needed for the purpose of achieving the objectives referred to in Article 3.
2. The Commission shall implement this Regulation in accordance with Regulation (EC, Euratom) No 1605/2002.
3. Funding under this Regulation which constitutes State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union shall be implemented in compliance with the relevant Union State aid rules.

Article 18

Projects

Action grants may finance the following projects:

- (a) pilot projects;
- (b) demonstration projects;
- (c) best practice projects;
- (d) integrated projects primarily in the areas of nature, water, waste, air, and climate change mitigation and adaptation;
- (e) technical assistance projects;
- (f) preparatory projects;
- (g) information, awareness and dissemination projects;
- (h) any other projects needed for the purpose of achieving the objectives referred to in Article 3.

Article 19

Eligibility criteria for projects

1. Projects referred to in Article 18 shall satisfy the following eligibility criteria:

- (a) being of Union interest by making a significant contribution to the achievement of one of the objectives of the LIFE Programme set out in Article 3;
- (b) ensuring a cost-effective approach and being technically and financially coherent;
- (c) being sound in the proposed implementation.

The Commission shall be empowered to adopt delegated acts in accordance with Article 30 concerning the conditions for the application of the criterion referred to in paragraph 1(a) in order to adapt that criterion to the specific priority areas defined in Articles 9 and 13.

2. Where possible, projects financed by the LIFE Programme shall promote synergies between different objectives and promote the use of green public procurement.
3. Integrated Projects referred to in Article 18 point (d) shall involve, where appropriate, stakeholders and promote, when possible, the coordination with and mobilisation of other Union funding sources.

The Commission shall ensure geographical balance in line with the principles of solidarity and effort sharing in the award process for Integrated Projects. The Commission shall be empowered to adopt delegated acts in accordance with Article 30 concerning criteria for the application of geographical balance in each thematic area referred to in Article 18 point (d).

4. The Commission shall have special regard to transnational projects where transnational cooperation is essential to guarantee environmental protection and climate objectives, and shall endeavour to ensure that at least 15% of the budgetary resources dedicated to projects are allocated to transnational projects.

Article 20

Co-financing rates and eligibility of costs for projects

1. The maximum co-financing rate for the projects referred to in Article 18 shall be 70% of eligible costs. By way of exception, the maximum co-financing rate for projects referred to in Article 18 points (d) and (f) shall be 80% of eligible costs.
2. VAT shall not be considered an eligible cost for projects referred to in Article 18.

Costs relating to the purchase of land shall be considered eligible for Union financing for projects referred to in Article 18 provided that:

- the purchase will contribute to improving, maintaining and restoring the integrity of the Natura2000 network set up in Article 3 of Directive 92/43/EEC;
- land purchase is the only or most cost-effective way of achieving the desired conservation outcome;

- the land purchase is reserved in the long term for uses consistent with the objectives set out in Articles 11, 14 or 15; and
- the Member State concerned shall, by way of transfer or otherwise, ensure the long-term assignment of such land to nature conservation purposes.

Article 21

Operating grants

1. Operating grants shall support certain operational and administrative costs of non-profit making entities which pursue an aim of general European interest, are primarily active in the field of environment and/or climate action and are involved in the development, implementation and enforcement of Union policy and legislation.
2. The maximum rate of Union co-financing for operating grants referred to in paragraph 1 shall be 70% of eligible costs.

Article 22

Other types of activities

The LIFE Programme may finance actions implemented by the Commission in support of the initiation, implementation and mainstreaming of Union environmental and climate policies and legislation for the purpose of achieving the objectives referred to in Article 3. Such actions may include:

- (a) information and communication, including awareness raising campaigns. Financial resources allocated to communication activities pursuant to this Regulation shall also cover corporate communication of the political priorities of the Union;
- (b) studies, surveys, modelling and scenario building;
- (c) preparation, implementation, monitoring, checking and evaluation of projects, policies, programmes and legislation;
- (d) workshops, conferences and meetings;
- (e) networking and best-practice platforms;
- (f) any other activities needed for the purpose of achieving the objectives referred to in Article 3.

Article 23

Beneficiaries

The LIFE Programme may fund public and private bodies.

CHAPTER 2

Implementing measures

Article 24

Multiannual work programmes

1. The Commission shall adopt multiannual work programmes for the LIFE Programme. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).
2. Each multiannual work programme shall have a duration of at least two years and shall set out, in line with the objectives laid down in Article 3, the following:
 - (a) the duration of the multiannual work programme;
 - (b) the allocation of funds between each priority area and between different types of funding within each sub-programme;
 - (c) the thematic priorities for projects to be financed for the period covered by the multiannual work programme;
 - (d) qualitative and quantitative outcomes, indicators and targets for each priority area and type of projects for the period covered by the multiannual work programme;
 - (e) selection and award criteria for grants;
 - (f) indicative timetables for the calls for proposals for the period covered by the multiannual work programme.
3. The Commission shall revise, where appropriate, the multiannual work programmes. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).

Article 25

Methods of implementation

The Commission shall implement the actions in pursuit of the objectives referred to in Article 3 according to the management methods set out in Article 53 of Regulation (EC, Euratom) No 1605/2002, in particular direct or indirect management by the Commission on a centralised basis, or joint management with international organisations.

Article 26

Administrative and technical assistance

The financial allocation of the LIFE Programme may also cover necessary expenditure relating to preparatory, monitoring, control, audit, communication and evaluation activities required directly for the management of the LIFE Programme and the achievement of its objectives.

Article 27

Monitoring and evaluation

1. The Commission shall regularly monitor and report on the implementation of the LIFE Programme and its sub-programmes, including the amount of climate-related expenditure and biodiversity-related expenditure. It shall also examine synergies between the LIFE Programme and other complementary Union programmes, and in particular between its sub-programmes.
2. The Commission shall submit to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions:
 - (a) no later than 30 September 2017, an external mid-term evaluation report of the LIFE Programme (and its sub-programmes), including qualitative and quantitative aspects of its implementation, the amount of climate-related expenditure and biodiversity-related expenditure, and its complementarity with other relevant Union programmes, the achievement of the objectives of all the measures (at the level of results and impacts, when possible), the efficiency of the use of resources and its European added value, in view of a decision on the renewal, modification or suspension of the measures. The evaluation shall additionally address the scope for simplification, its internal and external coherence, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account evaluation results on the long-term impact of its predecessor. The report shall be accompanied by remarks by the Commission including the manner in which the findings of the mid-term evaluation shall be taken into account when implementing the LIFE Programme, and, in particular, when drawing up the multiannual work programmes;
 - (b) no later than 31 December 2023, an external and independent ex-post evaluation report covering the implementation and results of the LIFE Programme and its sub-programmes, including the amount of climate related expenditure and biodiversity related expenditure, the extent to which the LIFE Programme as a whole, and each of its sub-programmes, has achieved its objectives, and the contribution of the LIFE Programme to achieving the Europe 2020 Strategy objectives and targets.
3. The Commission shall make the results of the evaluations undertaken pursuant to this Article publicly available.

Article 28

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures to ensure that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, over all beneficiaries, contractors and subcontractors who have received Union funds under the Programme.

The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.

Without prejudice to the first and second subparagraphs, cooperation with third countries and international organisations and grant agreements, grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.

3. The beneficiary of financial assistance shall keep available to the Commission, for a period of five years following the last payment in respect of any project, all supporting documents regarding the expenditure on that project.

TITLE IV

FINAL PROVISIONS

Article 29

Committee procedure

1. The Commission shall be assisted by the Committee for the LIFE Programme for the Environment and Climate Action.

That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 30

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 3(2), 19(1) and 19(3) shall be conferred on the Commission for an indeterminate period of time from the [date of entry into force of this Regulation].
3. The delegation of power referred to in Articles 3(2), 19(1) and 19(3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Articles 3(2), 19(1) or 19(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 31

Repeal

Regulation (EC) No 614/2007 is hereby repealed.

References to the repealed Regulation shall be construed as references to this Regulation.

Article 32

Transitional measures

1. Measures started before 31 December 2013 pursuant to Regulation (EC) No 614/2007 shall, until their completion, continue to be governed by that Regulation and shall comply with the technical provisions defined therein. The Committee referred to in Article 29(1) shall replace the committee provided for in Regulation (EC) No 614/2007 from date of entry into force of this Regulation.
2. The financial allocation for the LIFE Programme may also cover technical and administrative assistance expenses, including any obligatory monitoring, communication and evaluation required pursuant to Regulation (EC) No 614/2007

following its expiry, to ensure the transition between the LIFE Programme and the measures adopted pursuant to Regulation (EC) No 614/2007.

3. The amounts needed within the financial envelope to provide for monitoring, communication and auditing measures in the period following 31 December 2020 shall be deemed to be confirmed only if they are consistent with the financial framework applicable from 1 January 2021.
4. The appropriations corresponding to assigned revenue arising from the repayment of amounts wrongly paid pursuant to Regulation (EC) No 614/2007 shall be used, in accordance with Article 18 of Regulation (EC, Euratom) No 1605/2002, to finance the LIFE Programme.

Article 33

Entry into force

This Regulation shall enter into force on the twentieth 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

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
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3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. Summary of estimated impact on expenditure
 - 3.2.2. Estimated impact on operational appropriations
 - 3.2.3. Estimated impact on appropriations of an administrative nature
 - 3.2.4. Compatibility with the current multiannual financial framework
 - 3.2.5. Third-party participation in financing
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

"Proposal for a Regulation of the European Parliament and of the Council on the establishment of a Programme for the Environment and Climate Action (LIFE)"

1.2. Policy area(s) concerned in the ABM/ABB structure⁵⁰

ENVIRONMENT AND CLIMATE ACTION

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**⁵¹
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

2014-2020 Multiannual Financial Framework

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objective No.

1. Environment and Resource Efficiency
2. Biodiversity
3. Environmental Governance and Information
4. Climate Change Mitigation
5. Climate Change Adaptation
6. Climate Governance and Information

ABM/ABB activity(ies) concerned : (based on 2011 nomenclature)

07 03 – Development and Implementation of Union Environmental Policy and Legislation

07 12 – Implementation of Union policy and legislation on Climate Action

⁵⁰ ABM: Activity-Based Management – ABB: Activity-Based Budgeting.
⁵¹ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.3.& 1.4.4 Expected result and impacts and indicators

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

Objective	Expected Result	Result Indicator	Expected Impact	Impact indicator
Specific objectives common to both sub-programmes				
<p>To improve the development, implementation and enforcement of Union environmental and climate policy and legislation, (Article 3(1)(b))</p> <ul style="list-style-type: none"> by developing, testing and demonstrating approaches, best practices and solutions suitable for being replicated or transferred; and <p>Articles 10(a), 11(a), 12(c), 14(a), 14(d), 15(a), 15(d), and 16(c)</p> <ul style="list-style-type: none"> by improving the knowledge base to inform decision makers. <p>Articles 10(c), 11(c), 12(b), 14(b), 15(b), 16(b)</p>	<p>Take up of new or updated approaches or best practices by the private and public sectors: 25% of projects/measures/approaches replicated or transferred.</p>	<ul style="list-style-type: none"> Percentage of updated or new approaches, methods or solutions funded by LIFE replicated or transferred; No. of MS/regions that replicate Integrated Projects approaches. 	<p>Effective integration of environment and climate concerns into the practice of the private and public sectors.</p>	<ul style="list-style-type: none"> Percentage of updated or new approaches developed through LIFE that have been systematically used or improved by the private and public sectors; No. of MS/regions systematically applying integrated approaches and new MS/regions applying integrated approaches, as a consequence of LIFE examples.
	<p>Improved knowledge base to inform decision makers.</p>	<ul style="list-style-type: none"> No. of tools, approaches, studies developed or undertaken through LIFE; No. of policy/legislation proposals based on studies undertaken; No. of policy/legislation proposals based on projects results. 	<p>Attributable consolidated practices of policy makers: using indicators or tools developed and tested through LIFE.</p>	<ul style="list-style-type: none"> No. of attributable consolidated practices by using indicators or tools developed and tested following LIFE examples; Reduced number of infringement cases of EU legislation attributable to LIFE interventions.
<p>To promote integration and mainstreaming of environmental and climate objectives into other Union policies and public and</p>	<p>Increased mainstream funding for environment and climate solutions:</p> <ul style="list-style-type: none"> 25% approaches incorporated into national/regional 	<ul style="list-style-type: none"> Percentage of approaches/projects financed through LIFE that are incorporated into 	<p>Effective integration of the environment and climate concerns into other Union policies.</p>	<ul style="list-style-type: none"> No. of multi-sectoral cooperation/coordination frameworks for funding environment and climate

Objective	Expected Result	Result Indicator	Expected Impact	Impact indicator
private practice, including by increasing their capacity, in particular by applying, developing, testing and demonstrating integrated approaches, best practices and solution suitable for being mainstreamed. Articles 3(1)(b), Articles 10(a)-(b), 11(a)-(b), 12(c), 14(a), 14(c), 14(d), 15(a), 15(c) 15(d), 16(c)	programmes; • Increased mobilisation of other Union Funds for the environment or climate by 25% compared to 2011 levels.	national/regional programmes; • No. of measures complementary to Integrated Projects financed by other Union Funds.		developed by or following LIFE examples; • No. of approaches or projects funded through LIFE that are up-scaled, rolled out or diffused by other Union Funds.
To support better environmental and climate governance at all levels. Article 3(1)(c) and Articles 12 and 16	Increased participation of stakeholders and citizens in awareness-raising activities.	No. of participants in awareness-raising activities.	Increased awareness of environmental and climate problems and solutions.	Awareness regarding environmental and climate problems and solutions, as measured by Eurobarometer surveys.
	Improved participation of citizens and NGOs in the decision-making process.	<ul style="list-style-type: none"> No. of citizens participating in on-line consultations; No. of proposals for amendments to legislative acts emanating from NGOs funded by LIFE. 	Attributable consolidated channels for public participation and continued increasing trend in the quality and intensity of citizens and NGOs participation in the decision making process.	Uptake of proposals emanating from various stakeholders related to environmental or climate policy and legislative acts.
Specific objectives for the priority area Environment and Resource Efficiency (Articles 3(1)(a) and Article 10)				
To develop, test and demonstrate policy or management approaches, best practices, and solutions to environmental challenges, suitable for being replicated, transferred or mainstreamed including with respect to the link between environment and health and in support of resource efficiency-related policy and legislation,	Increased resource efficiency of the Union economy.	No. of projects developing, testing or demonstrating more resource efficient approaches, best practices or solutions.	A consolidated shift towards a more resource-efficient economy.	No. of consolidated resource efficient approaches that apply technologies or approaches demonstrated through LIFE and resource efficiency level achieved.

Objective	Expected Result	Result Indicator	Expected Impact	Impact indicator
including the Roadmap to a Resource Efficient Europe. Article 10(a)				
Support the application, development, testing and demonstration of integrated approaches for the implementation of plans and programmes pursuant to Union environmental policy and legislation, primarily in the areas of water, waste and air. Article 10(b)	10% of River Basins Districts (RBD) brought to adequate management by the end of the programming period.	<ul style="list-style-type: none"> No. of Integrated Projects to implement Water Framework Directive and km² covered; No. of RBD brought to adequate management; No. of water bodies improving ecological status. 	Consolidated and expanded adequate management of the sectors targeted.	<ul style="list-style-type: none"> No. of RBD that continue being adequately managed and new RBD adequately managed as a consequence of LIFE examples; No. of water bodies targeted achieving good ecological status.
	12% of Regions adequately managing waste by the end of the programming period.	No. of Integrated Projects to implement waste plans and programmes and ha/population covered.		No. of regions that continue managing waste adequately and No. of new regions with improved management as a consequence of LIFE examples.
	10% of the Union population benefiting from improved air quality by the end of the programming period.	No. of Integrated Projects to implement the Air Quality Directive and population covered.		No. of cities with continuous improved air quality standards and No. of new cities with improved air quality standards as a consequence of LIFE examples.
Specific objectives for the priority area Biodiversity (Article 3(1)(b) and Article 11)				
To contribute to the implementation of the Union policy and legislation in the area of biodiversity, including Implementation of the Biodiversity Strategy to 2020, Directive 2009/147/EC and Directive 92/43/EEC, in particular by applying developing, testing and	25% of habitats targeted by projects improve conservation status by the end of the Programming period.	No. and type of habitats targeted and improving conservation status as a consequence of LIFE interventions.	Species and habitats targeted by LIFE projects achieving favourable conservation status.	No. of habitats and species targeted achieving favourable conservation status following LIFE examples or after LIFE interventions.
	25% of species targeted by projects improve conservation status by the end of the programming period;	No. and type of species targeted and improving conservation status as a consequence of LIFE interventions;		

Objective	Expected Result	Result Indicator	Expected Impact	Impact indicator
demonstrating best practices and solutions. Article 11(a)	3% ecosystem services restored by the end of the programming period.	Ha. and type of ecosystem service restored through LIFE.	Consolidated restoration of ecosystem services and further restoration.	No. of ha of ecosystem services restored following LIFE examples.
To support the further development, implementation and management of the N2000 network, in particular the application, development, testing and demonstration of integrated approaches for the implementation of Prioritised Action Frameworks (PAFs). Article 11(b)	15% of the Natura 2000 network adequately managed by the end of the programming period.	<ul style="list-style-type: none"> No. of Integrated Projects implementing PAFs and ha of Natura 2000 covered; No of Natura 2000 sites brought to adequate management. 	Consolidated and expanded adequate management of the Natura 2000 network.	No. of Natura 2000 sites which continue being adequately managed and new Natura 2000 sites with improved management, as a consequence of LIFE examples.
Specific objectives for the priority area Climate Change Mitigation (Article 3(1)(a) and Article 14)				
To facilitate the development and implementation of integrated approaches such as for mitigation strategies and action plans, at local, regional or national level. Article 14(c)	Increased development and implementation of climate change mitigation strategies or action plans.	No. and coverage of climate change mitigation strategies or action plans developed or implemented through LIFE.	Effective integration of climate change mitigation concerns into public and private sector performance, and sustainable and continuously improved capacity and performance of the private and public sector	Geographical volume and/or economic value of climate change mitigation strategies or action plans developed and implemented.
To contribute to the development and demonstration of innovative mitigation technologies, systems, methods and instruments that are suitable for being replicated, transferred or mainstreamed. Article 14(d)	Increased innovative technologies, systems and instruments and/or other best practice solutions for the reduction of greenhouse gas emissions.	No. of innovative policy approaches, technologies, systems and instruments and/or other best practice solutions for the reduction of greenhouse gas emissions demonstrated through LIFE.	A consolidated shift towards more a low-carbon economy.	Tons of greenhouse gases reduced by new technologies, systems, instruments and/or other best practice approaches developed and taken up following LIFE examples.

Objective	Expected Result	Result Indicator	Expected Impact	Impact indicator
Specific objectives for the priority area Climate Change Adaptation (Article 3(1)(a) and Article 15)				
<p>To facilitate the development and implementation of integrated approaches such as for adaptation strategies and action plans, at local, regional or national level.</p> <p>Article 15(c)</p>	<p>Increased development and implementation of climate change adaptation strategies or action plans.</p>	<p>No. and coverage of climate change adaptation strategies or action plans developed or implemented.</p>	<p>Effective integration of climate resilience concerns into private and public sector performance, and sustainable and continuously improved capacity and performance of the public and private sector.</p>	<p>Geographical volume and/or economic value of climate change adaptation strategies or action plans developed and implemented following LIFE examples.</p>
<p>To contribute to the development and demonstration of innovative adaptation, technologies, systems, methods and instruments that are suitable for being replicated, transferred or mainstreamed.</p> <p>Article 15(d)</p>	<p>Increased innovative policy approaches, technologies, systems and instruments and/or other best practice solutions for more climate resilience.</p>	<p>No. of demonstrated innovative policy approaches, technologies, systems and instruments and/or other best practice solutions for more climate resilience.</p>	<p>A consolidated shift towards a more climate-resilient economy.</p>	<p>Attributable climate resilience, broken down by sector, due to the demonstrated new technologies, systems, instruments and/or other best practice approaches developed and taken up following LIFE examples.</p>

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

Contribute to the implementation, updating and development of EU environmental and climate policy and legislation, including the integration of the environment and climate into other policies, thereby contributing to sustainable development and the achievement of EU2020 objectives and targets.

1.5.2. Added value of EU involvement

The EU added value of the LIFE Programme derives from the specificity of its approach and focus, which makes its interventions especially adapted to the environmental and climate needs as the only instrument with funds dedicated to Environmental protection and Climate Action.

- By being **the EU platform for exchange of practice and knowledge-sharing** for implementing EU legislation and policy, LIFE allows actors across the EU to learn from each other's experience in addressing specific environmental problems **more effectively and efficiently**. LIFE attracts partnerships that would otherwise be difficult to set-up ensuring a more effective intervention than Member States' individual action by an **increased pooling of resources and expertise**.
- By assisting Member States that host the most valuable EU natural capital or are confronted with transboundary or transnational environmental and climate problems, LIFE allows for a **better distribution of responsibility and solidarity** in preserving the EU environmental common good.
- LIFE acts as a **catalyst** to start-up action, providing one-off investment needed in a specific area, **eliminating initial barriers** to the implementation of EU environmental and climate policy and testing new approaches for future scaling-up.
- LIFE addresses gaps and externalities, raises awareness and demonstrates the benefits of environmental protection and climate action ensuring the sustainability and expansion of project results.
- LIFE helps Member States and stakeholders to accelerate and improve the implementation of EU legislation by **creating synergies across EU Funds** and national funds while leveraging additional public and private sector resources.
- **Increased coherence of the EU intervention:** A dedicated Environmental and Climate Action instrument allows the Commission to better shape priorities and ensure that resources are effectively used for environmental protection and climate action, by selecting the best projects across the EU. More homogenous implementation of EU legislation is achieved thanks to the dissemination of best practices (e.g., methodologies that have been developed and now are widely applied, management plans, etc.).

- **Gap filler and more effective central intervention:** A specific instrument is more flexible and finances projects that could not be otherwise financed by other funds (e.g., projects managed by beneficiaries that are not eligible under other funds).
- A specific instrument would provide **high visibility to EU environmental and climate action** bringing the EU closer to its citizens, showing the EU's commitment to environmental and climate objectives and thus making those **objectives more relevant**.
- **Bringing solutions to upcoming environmental challenges** of EU interest: Stakeholders are often confronted with environmental problems for which no solutions have been found yet, and which, if not addressed at an early stage, will lead to higher costs.

1.5.3. *Lessons learned from similar experiences in the past*

LIFE evaluations confirm that the LIFE Programme is a successful EU instrument crucial for the implementation of EU environmental policy, has a significant EU added value, an adequate level of performance, and has made a significant contribution to the implementation of EU environmental policy and legislation.

Action grants (representing 78% of appropriations, i.e. an amount of €300 million in 2013) have played a major role in the implementation of the Habitats and Birds Directives and in testing new approaches and technologies, and demonstrated a capacity to act as a catalyst for the implementation of some of the most demanding Directives, preparing the ground for continued management through other funds. LIFE+ has also increased awareness of environmental and climate concerns and citizens' access to relevant information, and created collaborative platforms and partnerships to exchange best practices. Operating grants for NGOs have facilitated their involvement in developing and implementing EU environmental and climate policy and legislation, as required by the Aarhus Convention.

The mid-term evaluation of LIFE+ also concluded that the changes introduced in the LIFE+ Regulation (consolidation of three types of interventions into one legal base, enlargement of the nature component to include wider biodiversity issues, enlargement of the environment component to align with the priorities of the 6th Environmental Action Plan and a new component called Information and Communication) have increased the capacity of the Programme to provide EU added value and the link to EU policy objectives.

The evaluations also found areas where LIFE+ should be improved to deploy all its EU added value potential:

- **Better focus and prioritisation:** the bottom up approach and the broad scope of eligible areas of action provide little opportunity for the Commission to stimulate demand in high priority areas, especially in the LIFE Environment and Governance component (this strand also covers climate action);
- **Better utilisation of projects' results and transfer of know-how:** while communication and networking activities are mandatory in LIFE projects, sharing of best practices and capacity building for the implementation of EU acquis should be reinforced;

- Stronger synergies with other EU Funds: while many agri-environmental measures were tested in LIFE+ and afterwards incorporated into the Member States' rural development programmes, there is a room for improvement;
- Lifting constraints regarding funding activities outside the EU: they have reduced the effectiveness of the Programme to achieve some EU environmental objectives.

The European Court of Auditors, in a Special report published in 2009, concluded that LIFE is a well managed programme, with constant improvements made over the years.

1.5.4. *Coherence and possible synergy with other relevant instruments*

The ex-post evaluation, the mid-term evaluation and the ex-ante evaluation concluded that only a very small proportion of projects could have been financed by other Union Funds (mainly by **the CIP and the FP7**) in the absence of LIFE+. For some LIFE+ strands, such as LIFE Information and Communication, alternative sources of funding are almost non-existent.

However, **market-driven private sector innovation** seems to some extent equally well served by other initiatives such as the future Horizon 2020. However, the pursuit of eco-innovation is not just about developing new consumer products and technologies that are intrinsically cleaner and greener. It is also about engendering better practices and approaches across the economy. While market failures are sufficiently addressed by other Union Funds, institutional weaknesses are more insufficiently dealt with. This is particularly relevant for activities related to developing policy driven and public sector oriented solutions to environmental and climate-related challenges with limited or no market replication potential and that simply promote new and more cost-effective ways of implementation.

For this reason, the LIFE Programme will focus more on public sector oriented innovation and on finding solutions that are most often best implemented through public-private partnerships. Similarly, low carbon technology development is hampered by uncertainty and insufficient knowledge spill-over. Newly developed technologies need to be tested at small scale. While market-replication and large scale solutions may be increasingly covered by Horizon 2020, there is still much room to promote the development of local and public sector-oriented solutions as well as small-scale technologies focused on SMEs to help them improve their environmental and climate performance. LIFE has traditionally dealt with these challenges by providing highly replicable smaller-scale solutions also across borders.

Cooperation will be established with the future Horizon 2020 and the Competitiveness and SMEs instrument to ensure synergies in particular in these fields. For example, it could be envisaged that ideas developed under Horizon 2020 could be tested and demonstrated in the context of implementing specific Union legislation through a LIFE project. Similarly, the LIFE Programme could build capacity and raise awareness to promote the implementation of research findings.

The LIFE Programme is also linked to other Union Funds, such as Cohesion policy Funds (**ESF, ERDF, CF**), Rural Development Fund (**EAFRD**) or European Maritime and Fisheries Fund (**EMFF**). LIFE Programme complements these Funds, since it finances specific types of activities and measures that have as their main objective to achieve environmental and climate benefits or are required to implement environmental and

climate legislation. Thus, the LIFE Programme works as a **gap filler**. In this sense, it may become one of the main EU instruments to finance nature conservation (in areas where CAP cannot play a substantial role) and environmental protection in "more developed regions" given that these regions will have limited choice of priorities under the new Cohesion policy instruments.

In addition, the LIFE Programme will strengthen its **catalytic** and **leveraging** role by becoming a driver for mobilising other Union Funds e.g., through Integrated Projects. For this, a more coherent approach with other Funds will be required. The MFF Communication established a structured relation by making a reference to "Integrated Projects" in the Common Strategic Framework (CSF). This structured relation for Integrated Projects will be developed in detail when drafting the CSF and may include creating a steering committee and structured information channels.

The Commission has proposed in the MFF Communication that it intends to increase the proportion of climate related expenditure across the EU budget to at least 20%, with contribution from different policies, subject to impact assessment. The Programme for the Environment and Climate Action (LIFE Programme) will contribute to this goal. A sub-programme for Climate Action has been included in the LIFE Programme with dedicated resources and specific objectives related to climate, accompanied by result indicators.

1.6. Duration and financial impact

Proposal/initiative of **limited duration**

– Proposal/initiative in effect from 01/01/2014 to 31/12/2020

– Financial impact from 2014 to 2023

Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Management mode(s) envisaged⁵²

Centralised direct management by the Commission

Centralised indirect management with the delegation of implementation tasks to:

– executive agencies

– bodies set up by the Communities⁵³

– national public-sector bodies/bodies with public-service mission

– persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

Shared management with the Member States

Decentralised management with third countries

Joint management with international organisations: further tasks may be entrusted to the EIB, the EIF, or other financial institutions, international organisations, bodies with public-service mission, or bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002.

If more than one management mode is indicated, please provide details in the "Comments" section.

⁵² Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

⁵³ As referred to in Article 185 of the Financial Regulation.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The mid-term evaluation considered current monitoring and evaluation largely effective and efficient. However, more focus on results was desirable. In view of this, the monitoring framework builds on the framework proposed for the current instrument.⁵⁴ The framework is organised around two levels:

1. Monitoring of outputs, results and impacts, at project and programme level

The monitoring of the Programme performance will be carried out at project and programme level.

At project level, as is the case now, it will include a requirement for projects to accompany their proposals with tables of expected outputs. These tables will serve as basis for monitoring project progress. The output indicators will be adapted according to the indicators included in section 1.4.4 to reflect the new features of the Programme. It will be compulsory to update output tables and re-submit them with the mid-term and final reports.

The monitoring framework includes visits to all projects at least once a year and visits of the Commission staff at least once in the lifetime of the projects. A monitoring file will be created at the start of each project in the form of a short report including the project description, and summarising actions and expected outputs and results. The yearly visits by the monitoring team facilitate gaining an overview of the project implementation in situ allowing for an early identification of problems. Feedback will be provided to the beneficiary in order to improve performance. In addition, projects will have to submit reports for more detailed assessment of progress to justify payments.

As it is the case now, the project will be required to submit together with the Final Report an after-LIFE plan including *inter alia* a list of expected impacts that will serve as a basis to assess the sustainability of the project results. Current practice of ex-post monitoring visits for selected projects will continue.

At programme level, the multiannual work programmes will set out specific thematic priorities for their duration and specific targets for each priority within each area, including expected outputs (i.e., expected number of Integrated Projects, coverage of Natura 2000 by LIFE projects, coverage of River Basin District by LIFE projects, and so on). At the end of each year's call for proposals, the Commission will analyse whether sufficient number of projects for a given area of action have been funded and will make adjustments as required to achieve the work programme and mid-term targets. Thematic reports summarising the main achievements for particular priorities will be developed after the end of the multiannual work programme. This will also serve as a basis for disseminating results and feed them into policy development and implementation. The practice of organising a yearly conference for each sub-programme will continue.

A mid-term evaluation and an ex-post evaluation of the Programme will also be carried

⁵⁴

Proposed monitoring and evaluation framework for the LIFE+ Regulation, DG Environment, 2007

out.

2. Tracking of expenditure at project and programme level

In order to provide evidence of the co-benefits that both sub-programmes can bring to specific priorities such as climate action and biodiversity, and better illustrate the level of spending available throughout the programme for these priorities, the monitoring framework will also include the methodology for tracking of climate and biodiversity-related expenditures as defined in the MFF Communication and derived from the OECD "Rio markers".

In relation to climate action, the MFF Communication stated that mainstreaming of climate action must be visible, robust and accompanied by a clear cross-cutting obligation to identify where the Budget promotes climate action or energy efficiency so that the EU is able to set out clearly how much of its spending relates to climate action, by using a common tracking procedure for climate-related expenditure.

Tracking of climate-related expenditure will be performed according to three categories, based on an established OECD methodology ("Rio markers"): expenditure where climate is the principal (primary) objective (counted as 100% - climate related only); expenditure where climate is significant, but not predominant objective (counted as 40% - significantly climate-related); and expenditure not targeted to climate objectives (counted as 0% - not climate related).

As regards biodiversity, the 'Rio markers' established by the OECD and already used by the Commission for external instruments will be integrated in the existing methodology for measuring performance used for EU programmes. They will also help to demonstrate the co-benefits of climate and biodiversity expenditures, and to highlight the biodiversity co-benefits of climate spending on REDD+ (Reducing Emissions from Deforestation and Forest Degradation) actions.

At project level, tracking of climate-related expenditure and biodiversity-related expenditure will be done by expanding the current practice of including in the proposals an option to indicate whether the project could be considered climate-related to also cover biodiversity-related in order to be counted according to the "Rio markers". This would allow identifying each year the expenditure related to these two priorities.

At programme level, estimates of climate-related expenditure and biodiversity-related expenditure performed according to the "Rio markers" methodology will be calculated on the basis of the multiannual work programmes that will set out thematic priorities for their duration. This could allow identifying each year the indicative level of expenditure related to these two priorities across the LIFE Programme.

2.2. Management and control system

The management mode for the LIFE Programme is central direct management by the Commission which will be partially delegated to an existing Executive Agency. 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, in particular, different chairs and different composition depending on whether the issues dealt with are related to the sub-programme for Environment or the sub-programme for Climate Action.

The main elements of the internal control system are:

- the financial circuits and, in particular, the ex-ante control of transactions;
- the financial controls carried out during the award process;
- the financial, accounting and other types of management reporting; and
- the ex-post audits performed on the spot to the beneficiaries of grants. The grants to be audited are selected either on a risk basis (to detect and correct the errors) or on the basis of a representative sampling (to provide the Authorising Officer with a reasonable assurance of the legality and regularity of transactions).

The control strategy takes account of the recommendations from the evaluations of the programme, the reports issued by the internal auditor and the Special Report of the Court of Auditors aiming to increase the effectiveness and European added value of the programme.

2.2.1. *Risk(s) identified*

The risks identified in the implementation of the Programme fall mainly into the following categories:

- Coordination failures (with the Executive Agency, with other donors or financial institutions);
- Inefficient use of administrative resources (limited proportionality of requirements);
- Risk of the absence of a clear definition of the limits of the responsibilities in the management and the control of tasks delegated to the agency;
- Risk of insufficiently/ ineffectively targeted use of funds as well as the risk of too much division of funds due to larger territorial or thematic scope;
- Errors and inefficiencies derived from complexity of rules (e.g., eligibility of costs), unstable thematic area framework, priorities and rules;
- Weaknesses in management and control systems at the level of the DG and the Executive Agency;
- A risk analysis by nature of transactions would result in the following ranking from perceived high risks to low risk: Integrated Projects (new concept, complex management), action grants for smaller traditional projects, operating grants, and procurement;
- A new type of project (Integrated Project) entails new challenges: in coordination and collaboration, pooling of resources and sharing best practices and expertise.

2.2.2. *Control method(s) envisaged*

Governance structure: simplification and streamlining

It is envisaged to delegate part of the managing tasks of the programme to an existing Executive Agency. This agency will adjust its own financial control framework to the new programme including the setting up of an ex-post audit cell, supervised by the Authorising Officer. This cell will be under the scrutiny of the internal audit of the Executive Agency.

In order to ensure homogenous management and control systems, the DGs and Executive Agency should exchange best practices and knowledge. Guidance and training meetings will be held in this respect.

The DGs will supervise the Executive Agency and have the authority to delegate the responsibilities as well as to control implementation. The monitoring and supervision framework will consist of three levels: political and strategic, administrative, and management and operational. An audit could be envisaged on the level of the Agency or on the level of the beneficiaries.

Intensity and nature of controls proportional to the risk

Procurement: ex ante control and monitoring of all files.

Projects:

- Project selection/evaluation/negotiation: preventive controls of all files if appropriate with assistance of external experts;
- Project implementation by way of grants: preventive and detective monitoring, on-the-spot visits for each project at least once in their life time;
- Before final payment: detective and corrective controls, desk review of all files including widespread use of external audit certificates.

Every year, ex-post controls of grants will be conducted on the spot. In addition, a new type of audits, "desk audits", will be introduced to perform management checks without going on the spot.

Review of strategy:

This strategy will be revised by improving the representativeness of the sampled population subject to audits and controls.

Costs and benefits of controls

Historical data: The estimated costs of controls related to grants managed under LIFE+ in 2010 amounted to EUR 7.6 million corresponding to:

- selection: €0.6 million;
- project management: €4.5 million;
- on the spot ex-ante control: €1.8 million;
- external audit certificates: €0.1 million;
- ex-post audits: €0.6 million.

This amount corresponds to 3.5% of the total amount paid on grants in 2010.

The risk of non compliance indicated in the 2010 Annual Activity Report was estimated at 2.5% of the total amount paid on grants and less than 2% of the total budget for the activity.

The amount of costs of control is estimated to slightly decrease to €7.5 million for the whole period with the following breakdown in 2020:

- selection: €0.5 million;
- project management: €4 million;
- on the spot ex-ante control: €1.5 million;
- external audit certificates: €0.5 million;
- ex-post audits: €1 million.

The expected level of risk of non compliance should decrease due to two main elements:

- the shift towards an extensive use of external audit certificates that is expected to reduce by 10% the error rate;
- the limitation of eligibility of staff costs to the staff specifically recruited for the project.

Staff costs represent 30% of the costs and nearly 50% of the errors. If this measure cuts in two the staff costs to be co-financed, the likely errors should also be halved. It should be noticed that it is easier to identify the time spent by additional staff on a project than by permanent staff who is working, generally, on several actions at the same time. A decrease of at least 5% of the rate of non compliance could be expected then.

While nominal costs of controls will be decreasing from 7.6 to 7.5 million, the error rate is expected to diminish by 40% which means a reduction from 2.6% to 1.6% of the total amount paid for grants.

The internal control objective for the LIFE Programme would be to limit the residual error rate (after corrections) to a range between the expected 1.6% and the 2% "materiality" threshold set by the Court of Auditors.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

The beneficiaries of the grants are: local, regional and national authorities to a main extent, NGOs, large enterprises, SMEs, universities, research institutions, etc.

Proposals are selected according to the beneficiaries professional credentials and financial stability and other criteria imposed by the legal basis.

During the selection process the early warning system is used to identify possible risks related to potential beneficiaries of centrally managed grants.

In order to avoid double funding an inter-service consultation is launched on the list of projects and the risk of double funding is part of the criteria to select the projects to be ex-post audited on the spot.

Training sessions, on the different phases of the project management cycle, are organised on the premises, for the project managers, to address specific management and financials

needs. Direct contact will be possible with project and financial officers at the Commission to resolve particular queries.

The grant agreement main requirements will be duly explained to the beneficiaries in on-the-spot visits and coordination meetings.

Information sessions will be organised for the ex-post auditors on the characteristics of fraud that could be detected during an audit on-the-spot of financial statements.

Ex-post auditors identify and assess the risks of fraud financial statements and responds adequately to fraud or suspected fraud identified during the audit by communicating cases to OLAF. They use in particular all relevant IT tools. The results of ex-post controls are taken in account when assessing and designing the control system.

Rules governing the eligibility of costs will be simplified in particular for those categories particularly problematic, such as staff costs and VAT.

Audit certificates will be required for interim and final payments.

Cooperation (training or information) between the management and OLAF is foreseen.

The audit module in ABAC will be kept up-to-date and fully exploited to prevent/detect/correct double funding.

Monitoring teams might be foreseen for supervising, on the spot, the different stages of the implementation of the project.

The legal base indicates specifically the right of OLAF to have access to all relevant information.

In addition to the application of all regulatory control mechanisms, DG Environment and DG Climate Action will devise an anti-fraud strategy in line with the Commission's new anti-fraud strategy (CAFS) adopted on 24 June 2011 in order to ensure inter alia that its internal anti-fraud related controls are fully aligned with the CAFS and that their fraud risk management approach is geared to identify fraud risk areas and adequate responses. Where necessary, networking groups and adequate IT tools dedicated to analysing fraud cases related to the LIFE programme will be set up. The risk of fraud will be integrated in the risk-management process.

The DGs have nominated an anti-fraud correspondent to the Fraud Prevention and Detection Network who will participate in relevant networks/working groups by group of DGs. The DGs will raise awareness of potential fraud among staff and disseminate information on responsible authorities and procedures for reporting fraud.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description.....]	Diff./non-diff (55)	from EFTA ⁵⁶ countries	from candidate countries ⁵⁷	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
Heading 2: sustainable growth & natural resources	Environment and Climate Action	Differentiated.	YES	YES	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number Heading 2	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
2	07 03 80 01 – Environment new LIFE Programme (operational expenditures)	Differentiated.	YES	YES	YES	NO
2	07 03 80 02 – Climate Action new LIFE Programme (operational expenditures) (or new nomenclature to be created under specific budget Title)	Differentiated.	YES	YES	YES	NO
2	07 01 04 02 - Environment new LIFE Programme (Expenditures on administrative management)	Non differentiated.	YES	YES	YES	NO
2	07 01 04 06 – Climate Action new LIFE Programme (Expenditures on administrative management) (or new nomenclature to be created under specific budget Title)	Non differentiated.	YES	YES	YES	NO

⁵⁵ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations

⁵⁶ EFTA: European Free Trade Association.

⁵⁷ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	2	Sustainable Growth: Natural Resources
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DG: CLIMA + ENV			2014	2015	2016	2017	2018	2019	2020	2021&su bs.	TOTAL
• Operational appropriations											
07 03 80 01 (new budget item to be created) ENV part	Commitments	(1)	291.500	314.250	341.250	371.000	404.250	437.750	420.500		2,580.500
	Payments	(2)	22.238	155.963	151.764	249.364	265.615	296.415	361.226	1.077.916	2,580.500
XX 03 80 02 (new budget item to be created) (or new nomenclature to be created under specific budget Title) CLIMA part	Commitments	(1a)	98.700	106.800	115.400	124.500	133.200	142.800	136.700		858.100
	Payments	(2a)	13.845	60.140	59.596	94.411	101.872	105.185	138.201	284.850	858.100
Appropriations of an administrative nature financed from the envelope for sub-programmes⁵⁸											
07 01 04 02 (new budget item to be created)		(3)	19.000	22.500	23.250	22.000	18.000	14.500	13.750		133.000

⁵⁸ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

DG: CLIMA + ENV			2014	2015	2016	2017	2018	2019	2020	2021&su bs.	TOTAL
ENV part-											
XX 01 04 06 (new budget item to be created) (or new nomenclature to be created under specific budget Title)			4.800	5.450	6.100	6.500	7.550	7.950	8.050		46.400
CLIMA part											
TOTAL appropriations for DG ENV	Commitments		310.500	336.750	364.500	393.000	422.250	452.250	434.250		2,713.500
	Payments		41.238	178.463	175.014	271.364	283.615	310.915	374.976	1,077.916	2,713.500
TOTAL appropriations for DG CLIMA	Commitments		103.500	112.250	121.500	131.000	140.750	150.750	144.750		904.500
	Payments		18.645	65.590	65.696	100.911	109.422	113.135	146.251	284.850	904.500

• TOTAL operational appropriations	Commitments	(4)	390.200	421.050	456.650	495.500	537.450	580.550	557.200		3,438.600
	Payments	(5)	36.083	216.103	211.360	343.775	367.487	401.600	499.427	1,362.766	3,438.600
• TOTAL appropriations of an administrative nature financed from the envelope for sub-programmes		(6)	23.800	27.950	29.350	28.500	25.550	22.450	21.800		179.400
TOTAL appropriations under HEADING 2 of the multiannual financial framework	Commitments	=4+ 6	414.000	449.000	486.000	524.000	563.000	603.000	579.000		3,618.000
	Payments	=5+ 6	59.883	244.053	240.710	372.275	393.037	424.050	521.227	1,362.766	3,618.000

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)									
	Payments	(5)									
• TOTAL appropriations of an administrative nature financed from the envelope for sub-programmes		(6)									
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6									
	Payments	=5+ 6									

Heading of multiannual financial framework:	5⁵⁹	"Heading 5" Administration
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EUR million (to 3 decimal places)

DG ENV & CLIM		2014	2015	2016	2017	2018	2019	2020		TOTAL
• ENV human resources (Million €)		9.184	9.320	9.528	9.871	10.082	10.285	10.564		68.834
• CLIMA human resources (Million €)		3.175	3.222	3.575	3.792	4.020	4.100	4.180		26.064
TOTAL Human resources (Million €)		12.359	12.542	13.103	13.663	14.102	14.385	14.744		94.898
• ENV other administrative expenditure		0.392	0.400	0.409	0.417	0.425	0.434	0.442		2.919
• CLIMA other administrative expenditure		0.173	0.177	0.194	0.199	0.202	0.220	0.224		1.389
TOTAL Other administrative expenditure (Million €)		0.565	0.577	0.603	0.616	0.627	0.654	0.666		4.308
TOTAL DG ENV & CLIM	Appropriations	12.924	13.119	13.706	14.279	14.729	15.039	15.410		99.206

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	12.924	13.119	13.706	14.279	14.729	15.039	15.410	99.206
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EUR million (to 3 decimal places)

		Year 2014⁶⁰	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021 & subs	TOTAL

⁵⁹ Montants et imputation seront ajustés le cas échéant en fonction des résultats du processus d'externalisation envisagé vers l'agence exécutive

⁶⁰ Year N is the year in which implementation of the proposal/initiative starts.

TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	426.924	462.119	499.706	538.279	577.729	618.039	594.410	-	3,717.206
	Payments	72.807	257.172	254.416	386.554	407.766	439.089	536.637	1,362.766	3,717.206

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to 3 decimal places)

Indicate objectives and outputs	OUTPUTS																TOTAL					
	2014	2015	2016	2017	2018	2019	2020	2014		2015		2016		2017		2018		2019		2020		Total number of outputs
↓	Type of output ⁶¹	Average cost of the output	Number of outputs	Cost	Number of outputs	Cost	Number of outputs															
SPECIFIC OBJECTIVE No 1- Environment and Resource Efficiency																						
- Output	IP ⁶²	€0.481	5	€2.5	7	€2.5	10	€2.5	12	€12.5	13	€27.5	15	€150	15	€42.5	77	€730				
- Output	Trad ⁶³	€1.5	44	€66.25	39	€8.75	28	€1.75	34	€5.25	24	€6.50	22	€3.25	21	€0.75	202	€302.50				
- Output	Proc. ⁶⁴	€0.282	68	€19.25	72	€0.35	74	€0.90	78	€2	82	€3.10	84	€3.65	88	€4.75	546	€154				
Sub-total for specific objective N°1			117	128	118	141.60	112	155.15	114	169.75	119	187.10	121	206.90	123	198.00	825	1,186.50				
SPECIFIC OBJECTIVE No 2⁶⁵- Biodiversity																						
- Output	IP	€0	3	€0	4	€0	6	€0	8	€0	10	€00	10	€00	10	€00	51	€510				

⁶¹ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

⁶² Integrated Projects.

⁶³ Traditional projects.

⁶⁴ Public Procurement.

⁶⁵ As described in Section 1.4.2. "Specific objective(s)..."

			2014	2015	2016	2017	2018	2019	2020	TOTAL								
			OUTPUTS															
- Output	Trad	€1.5	60	€9.50	58	€7.00	52	€8.00	46	€9.50	43	€5.00	51	€6.25	44	€6.50	355	€31.75
-Output	Proc.	€0.282	15	€4.20	16	€4.44	18	€4.56	17	€4.80	18	€5.04	18	€5.16	19	€5.40	119	€3.60
Sub-total for specific objective N°2			78	123.70	78	131.44	74	142.56	71	154.30	71	170.04	79	181.41	73	171.90	525	1,075.35
SPECIFIC OBJECTIVE No 3- Environmental Governance																		
- Output	Nat	€1.25	3	€3.25	5	€6	6	€8	8	€10	8	€10	12	€15	12	€15	54	€67.25
-Output	Env	€1.28	11	€4	9	€1.75	9	€1.75	9	€1.75	9	€1	6	€7.75	6	€7.5	59	€75.50
- Output	NGOs	€0.300	36	€1	37	€1.25	38	€1.25	40	€2	41	€2.25	42	€2.5	44	€3.25	278	€83.5
- Output	Proc.	€0.282	41	€1.55	43	€2.21	44	€2.54	47	€3.20	49	€3.86	50	€4.19	53	€4.85	328	€92.40
Sub-total for specific objective N°3			91	39.80	94	41.21	98	43.54	104	46.95	107	47.11	111	49.44	115	50.60	720	€18.65
SPECIFIC OBJECTIVE No 4- Clima Mitigation																		
- Output	Projects	€2.271	13	€8.50	14	€1.80	11	€4.00	12	€6.50	13	€9.50	14	€2.00	13	€9.50	90	€201.80
- Output	IP	€5.746	0	€0	0	€0	2	€1.00	2	€1.30	2	€1.50	2	€1.80	2	€2.00	10	€57.60
- Output	Proc	€0.282	57	€6.00	57	€6.20	60	€7.00	64	€8.20	67	€9.00	73	€20.50	71	€20.00	449	€126.90
Sub-total for specific objective N°4			70	€44.50	71	€8.00	73	€2.00	78	€6.00	82	€60.00	89	€64.30	86	€61.50	549	€386.30
SPECIFIC OBJECTIVE No 5- Clima Adaptation																		
- Output	Projects	€2.254	16	€6.50	18	€0.00	14	€2.50	16	€5.60	17	€9.20	19	€43.20	17	€9.00	117	€266.00
- Output	IP	€5.746	0	€0	0	€0	2	€1.00	2	€1.30	2	€1.50	2	€1.80	2	€2.00	10	€57.600
- Output	Proc.	€0.282	28	€8.000	28	€8.000	30	€8.500	32	€9.100	33	€9.300	33	€9.300	37	€10.50	221	€62.700
Sub-total for specific objective N°5			44	€44.50	46	€8.00	46	€2.00	50	€6.00	52	€60.00	54	€64.30	56	€61.50	348	€386.30

			2014	2015	2016	2017	2018	2019	2020	TOTAL								
		OUTPUTS																
SPECIFIC OBJECTIVE No 6- Climate Governance																		
- Output	Projects	€1.132	4	€4.000	4	€4.700	5	€5.300	5	€5.500	5	€6.000	6	€6.500	6	€6.500	35	€38.500
- Output	Proc.	€0.282	9	€2.500	10	€2.800	10	€2.800	11	€3.000	11	€3.200	12	€3.400	10	€2.900	73	€20.600
- Output	NGOs	€0.565	6	€3.200	6	€3.300	6	€3.300	7	€4.000	7	€4.000	8	€4.300	8	€4.300	48	€26.400
Sub-total for specific objective N°6			19	€9.700	20	€10.80	21	€11.40	23	€12.50	23	€13.20	26	€14.20	24	€13.70	156	€85.500
TOTAL COST			419	390.20	428	421.05	424	456.65	440	495.50	454	537.45	480	580.55	477	557.20	3.122	€3,438.6

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

HEADING 5 of the multiannual financial framework	2014	2015	2016	2017	2018	2019	2020	TOTAL
ENV human resources	9.184	9.320	9.528	9.871	10.082	10.285	10.564	68.834
CLIMA human resources	3.175	3.222	3.575	3.792	4.020	4.100	4.180	26.064
ENV other administrative expenditure	0.392	0.400	0.409	0.417	0.425	0.434	0.442	2.919
CLIMA other administrative expenditure	0.173	0.177	0.194	0.199	0.202	0.220	0.224	1.389
Subtotal HEADING 5 of the multiannual financial framework	12.924	13.119	13.706	14.279	14.729	15.039	15.410	99.206

Outside HEADING 5⁶⁶ of the multiannual financial framework								
ENV other expenditure of an administrative nature	19.000	22.500	23.250	22.000	18.000	14.500	13.750	133.000
CLIMA other expenditure of an administrative nature	4.800	5.450	6.100	6.500	7.550	7.950	8.050	46.400
Subtotal outside HEADING 5 of the multiannual financial framework	23.800	27.950	29.350	28.500	25.550	22.450	21.800	179.400

TOTAL	36.724	41.069	43.056	42.779	40.279	37.489	37.210	278.606
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⁶⁶ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	2014	2015	2016	2017	2018	2019	2020
• Establishment plan posts (officials and temporary agents)							
07 01 01 01 01 ENV (Headquarters and Commission's Representation Offices)	64.0	64.0	64.0	65.0	65.0	65.0	65.0
XX 01 01 01 02 CLIMA (Headquarters and Commission's Representation Offices) (or new nomenclature to be created under specific budget Title)	21.0	21.0	23.0	24.0	25.0	25.0	25.0
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)⁶⁷							
07 01 02 01 ENV (CA, INT, SNE from the "global envelope")	8.0	8.0	8.0	8.0	8.0	8.0	9.0
XX 01 02 02 CLIMA (CA, INT, SNE from the "global envelope") (or new nomenclature to be created under specific budget Title)	5.0	5.0	5.0	5.0	5.0	5.0	5.0
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy⁶⁸							
- at Headquarters ⁶⁹							
- in delegations							
XX 01 05 02 (CA, INT, SNE - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
TOTAL	98.0	98.0	100.0	102.0	103.0	103.0	104.0

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any

⁶⁷ CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délégation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

⁶⁸ Under the ceiling for external personnel from operational appropriations (former "BA" lines)

⁶⁹ Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints. Amounts and imputations will be adjusted depending on the results of the envisaged externalisation process.

Description of tasks to be carried out:

Officials and temporary agents	
External personnel	

3.2.4. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.
n/a.

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework⁷⁰.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.
n/a.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations cofinanced								

⁷⁰ See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget year	Impact of the proposal/initiative ⁷¹						
		Year N	Year N+1	Year N+2	Year N+3	... insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)		
Article								

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

n/a

Specify the method for calculating the impact on revenue.

n/a

⁷¹ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.