



Guidelines for applicants 2016

LIFE Environment and Resource Efficiency

2.3.1 Does LIFE finance "close-to-market" projects?

YES, those projects are indeed welcome.

LIFE finance Eco-Innovation and Circular Economy related projects since its start in 1992. Many of those projects were carried out by SMEs and large industries and were aimed at testing and demonstrating a new product, a technology or a production process that could potentially end up on the market. Many of those are today best available technologies or normal products available for producers and consumers.

In view of contributing to sustainable development and quality of environment, today's key priorities of the LIFE Programme and many of the project topics confirm its special attention to promoting close-to-market projects delivering improved environmental solutions capable of being widely taken up by the society in general and the economy in particular.

There is a lot of appetite among investors and the financing community to support innovative environmental projects. These projects have very special features that do not necessarily apply to other LIFE projects. Applicants for this type of projects are invited to include in their proposal a thorough description of the following key features:

- a) **Technical readiness:** the previous technical preparatory work should be clearly described and results of previous research and development activities and tests should credibly show the technical feasibility of the solution. The scale at which such results have been obtained shall be clearly specified. If prototypes have been already developed and tested, their scale/dimension and relevant results and conclusions have to be clearly presented in the proposal specifying if and how such prototype will be used. Such information will have to be included under Form B.2;
- b) **Technical process and state of the art:** the technical description of the solution proposed (process, material, product etc.) must be clear and concise, must elaborate on the description of the processes or methods proposed, on the new elements and on improvements and must follow the logical scheme of a flowchart including, where possible, the general mass and energy balance. Applicants must show knowledge of the available best practices in the relevant sector and must clearly and concisely explain the environmental, technical and economical improved performances/advantages introduced by the proposed solution. Such information will have to be included under Form B.2;
- c) **Scale and output of the project:** the scale (e.g.: production capacity) and output of the project (e.g.: quantity produced/sold during the project) should be always clearly specified. **The chosen technical scale should be one that allows the evaluation of the technical and economic viability of the proposed solution in close-to-market conditions (i.e.: industrial, commercial scale) already during the project.** The chosen scale and output should also enable the project to deliver clear, substantial, ambitious and credible environmental benefits already during the implementation of the project and further 3/5 years after it. Such information will have to be included under Form B2;
- d) **Quantification of environmental benefits:** the improved performances/advantages introduced by the proposed solution must be quantified in terms of the expected environmental benefits. This must be done by clearly indicating what the chosen baseline is. Environmental benefits must be

presented in a life-cycle approach where relevant and shall be clear, substantial, ambitious, as well as credible. In this regard, consistency shall be ensured between environmental benefits described in the relevant forms of the proposal and values reported in the table on Performance Indicators. Where relevant, applicants may implement a full Life Cycle Analysis (LCA) and include it as a project deliverable. Such information will have to be included under Form B3;

- e) **Market positioning, supply chain, competitors and economic feasibility:** applicants must show knowledge of the reference market (i.e.: actual and potential market size, features of prospective customers and of their demand, market and regulatory barriers, etc.), of the requirements related to the establishment of a supply chain for the proposed solution and of their competitors (i.e.: who they are, their market shares, their competitive advantages etc.). Applicants should clearly position themselves with respect to these elements explaining the economic feasibility of the proposed solution, and its positioning in terms of cost, price or other economic investment variables (e.g.: payback period, net present value etc.) when more appropriate. Such information will have to be included under Form B3;
- f) **Sustainability and project continuation:** in the context of this type of projects, a clear strategy for maintaining project results through commercialization and industrialization of the proposed solutions after the end of the project shall be included. Project activities should show such commitment and already prepare for project continuation during the project timeframe. Contrary to what foreseen in previous LIFE programmes the possible generation of revenues and the inclusion of close to market activities are welcome and considered as a strong indicator of project sustainability. **Please note that commercialization and industrialization can start already during the project duration.** Such information will have to be included under Form B6. Examples of typical activities that would have to be included in light of such continuation during the project are:
 - i) Full definition of the proposed business model as well as of the organizational, ownership and partnership structure for market launch of the proposed solution
 - ii) Investment analysis/studies/activities related to full industrial/commercial scale up of the proposed solution and of its economic feasibility
 - iii) Market/competitor analysis in light of market launch
 - iv) Marketing plan, distribution channels, commercial and business development activities/studies
 - v) Studies/activities regarding the access to financing sources as well as the physical identification of sites for full commercialization/industrialization
 - vi) Verification carried out through the Environmental Technology Verification (ETV)¹
 - vii) Development of a credible business plan (**compulsory**)

¹ The Environmental Technology Verification (ETV) is a tool to help innovative environmental technologies reach the market. See the relevant website for more details: <http://iet.jrc.ec.europa.eu/etv/>

Such type of activities will have to be translated into actions or sub-actions in C Forms.

g) **Replicability and transferability:** in the context of this type of projects, a strategy to ensure replication and transferability of project results to other contexts shall be included. This means going further than simply committing to project continuation through commercialization and industrialization, but entails a clear and sound plan supported by project activities that would allow market replication to other sectors, entities, regions or countries such as, for example, the launch of the proposed solution in a geographical market different than the one being the main focus of the project, its extension to a different industrial/commercial application or its transfer to other companies through licensing or other types of agreements. Such information will have to be included under Form B.3. Examples of typical activities that would have to be included to support a credible replicability and transferability strategy are:

- i) Analysis aimed at identifying strategic partners required for replicability and transferability of the proposed solution to another context and activities linked to negotiating with them;
- ii) Market/competitor analysis in light of market launch in a different context (i.e.: sectors, entities, regions or countries);
- iii) Marketing, commercial and business development activities/studies linked to the replication elsewhere (i.e.: sectors, entities, regions or countries);
- iv) Technical and business activities aimed at validating the possible extension of the proposed solution to other industrial/commercial applications;
- v) Preparing business cases so that the proposed techniques or methods can be easily taken up in sectors different from the one addressed in the project;
- vi) Studies/activities regarding the access to financing sources as well as the physical identification of sites for replicability and transferability ;
- vii) Negotiating licensing agreements for transfer of the proposed solution into other contexts;
- viii) Development of a credible replicability and transferability plan (**compulsory**).

Such type of activities will have to be translated into actions or sub-actions in C Forms.