

EUROPEAN COMMISSION Impact Assessment Board

> Brussels, D(2011)

# <u>Opinion</u>

**Title** 

DG ENV / DG CLIMA - Impact assessment on proposal for the LIFE programme

(draft version of 29 July 2011)

### (A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) on 29 June 2011, fixing high-level budget allocations and some key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. This Impact Assessment report will accompany one such proposal relating to the LIFE programme for environment and climate action.

The IAB has focused on the policy choices not yet fixed in the MFF June package.

#### (B) Overall assessment

The report requires further work on several aspects. Firstly, it should provide greater clarity on the problems with the implementation of the current LIFE programme, including absorption capacity. On that basis it should explain how these problems will be addressed under the respective options. Secondly, the report should analyse in greater depth the potential risks of overlapping with other funds, and the opportunities to reinforce synergies. Thirdly, the report should develop alternative options related to the sectoral allocation of Integrated Projects and to the allocation of resources between different sub-components and better assess the impacts of the policy options. Fourthly, the report should analyse in more depth the reasons for relatively high overhead costs and explain how the proposed changes would contribute to reducing them. Finally, concerning presentation, the report should acknowledge in a more transparent manner the limitations of the applied methodology.

#### (C) Main recommendations for improvements

(1) Develop the lessons from the implementation of the current programme. The report should provide fuller information about the types of LIFE funding that have been most successful in terms of environmental (and, if relevant, social) benefits as well as in terms of mobilising other available funding, in particular private. In this context, the report should also discuss issues related to the co-financing rate. The report should also

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provide clearer information about the demand for projects and the major beneficiaries of funding. On that basis the report should better demonstrate the effectiveness of the LIFE programme in delivering the targeted environmental benefits, particularly when compared to the alternative of regulatory measures.

(2) Be more explicit on the policy areas that would require intervention at the EU level and better situate the LIFE programme among other funding programmes. The report should better explain the role the LIFE programme should play in the new programming period, and should provide illustrative examples of the types of projects that it could finance and that would be impossible to finance under other programmes (e.g. green component of Common Agricultural Policy, Cohesion and structural funds, or funds available under Horizon 2020). Additionally, the report should be clearer about the role of the LIFE instrument in mobilising and co-ordinating environmental expenditure from these programmes, and how it would contribute to maximising synergies/avoiding overlaps. In a similar vein, the role of the LIFE programme in addressing challenges, stemming either from market conditions (e.g. promotion of eco-innovation) or from the regulatory framework (e.g. supporting the implementation of new legislation) should be outlined more clearly.

(3) Better justify the proposed changes and assess their impact. The IA report should clarify which new elements are proposed under each option and how they address the recommendations of evaluations. When doing so, the report should analyse alternative options related to the sectoral allocation of Integrated Projects, as well as to the allocation of resources between different sub-components in the environment and climate specific programmes. Policy options should be then compared against the fully developed baseline (i.e. business as usual) scenario, including all the improvements already done or planned. Particularly, the report should discuss in more depth how the proposed change options would affect the current distribution of projects – both geographical and per action area (e.g. water, air, etc). The report should also discuss the impact of the LIFE programme on the implementation of the environmental legislation in the Member States.

(4) Better analyse administrative cost impacts. The report should include a more detailed analysis of the administrative costs (currently estimated at 6%), including an overview of the programme strands/types of project where these tend to be particularly high, and of how these compare with similar programmes. On that basis it should consider a more rigorous assessment of simplification options. This should include issues such as the externalisation of management of the programme, multiannual programming/prioritisation, and administrative costs for the beneficiaries.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

## (D) Procedure and presentation

The different opinions of stakeholders on the specific measures, where relevant, should be added. The IA report should also be clearer whether the opinions belong to the beneficiaries of the funding or to the implementing bodies. Limitations of the applied methodology, in particular for the assessment of environmental benefits, need to be acknowledged upfront and in a more transparent manner.

(E) IAB scrutiny process	
Reference number	2011/ENV+/005 ENV and CLIMA
External expertise used	No
Date of IAB meeting	Written procedure