

LIFE programme for 2021-2027

Financing environmental and climate objectives

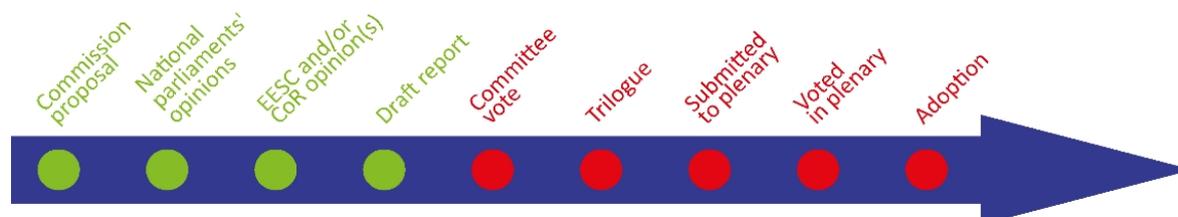
OVERVIEW

Launched in 1992, the LIFE programme is the only EU fund entirely dedicated to environmental and climate objectives. It supports the implementation of relevant EU legislation and the development of key policy priorities, by co-financing projects with European added value. To date, LIFE has co-financed more than 4 500 projects.

In June 2018, the European Commission submitted a proposal on a regulation establishing a new LIFE programme for 2021-2027. The programme would support projects in the areas of nature and biodiversity, circular economy and quality of life, clean energy transition, and climate change mitigation and adaptation. A total of €4.83 billion in 2018 prices (€5.45 billion in current prices) would be earmarked to the new programme.

In the European Parliament, the proposal has been referred to the Committee on Environment, Public Health and Food Safety (ENVI). The Environment Council considered the information provided by the Commission on the proposal in a public session on 25 June 2018.

Proposal for a regulation of the European Parliament and of the Council establishing a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EU) No 1293/2013		
<i>Committee responsible:</i>	Environment, Public Health and Food Safety (ENVI)	COM(2018) 385 1.6.2018
<i>Rapporteur:</i>	Gerben-Jan Gerbrandy (ALDE, the Netherlands)	2018/0209(COD)
<i>Shadow rapporteurs:</i>	Michel Dantin (EPP, France) Nicola Caputo (S&D, Italy) Arne Gericke (ECR, Germany) Younous Omarjee (GUE/NGL, France) Benedek Jávor (Greens/EFA, Hungary) Eleonora Evi (EFDD, Italy)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	Vote in committee	



Introduction

Dating back to 1992, the LIFE programme is the only EU funding instrument fully dedicated to the achievement of environmental and climate objectives. At EU level, environmental concerns are integrated into some of the EU's biggest funding programmes (such as regional development funds and agriculture and rural development funds), which thus finance large investments in environmental and climate action. LIFE's role is mainly to support projects for testing and demonstrating environmental approaches and solutions, in order to improve the implementation of EU environmental and climate legislation and the development of key policy priorities. It also targets projects that bridge the gap between EU programmes supporting research and innovation and those financing large-scale deployment.¹ Over 4 500 LIFE projects have been launched to date. Enterprises, SMEs in particular, public bodies and private non-commercial organisations benefit from LIFE funding.

In June 2018, the European Commission put forward a [legislative proposal](#) for a new LIFE programme as part of the 2021-2027 multiannual financial framework (MFF). Its financial envelope would be €4.83 billion in 2018 prices (€5.45 billion in current prices),² accounting for 0.43 % of the proposed new MFF.

Existing situation

The current EU financial instrument supporting environmental, nature conservation and climate action projects (LIFE) was established by [Regulation \(EU\) No 1293/2013](#) for the 2014-2020 period. It has a financial envelope of €3.5 billion for the EU-28, accounting for about 0.3 % of the current EU multiannual budget.

The current programme has four general objectives: 1) contributing to the shift towards a sustainable, low-carbon and climate-resilient economy, to environmental protection and to halting and reversing biodiversity loss; 2) improving the implementation and enforcement of EU environmental and climate policy and legislation, acting as a catalyst for and promoting the integration of their objectives into other EU policies and public and private sector practice; 3) improving environmental and climate governance at all levels, including through stronger involvement of civil society, NGOs and local players; and 4) supporting the implementation of the Seventh Environment Action Programme.

The programme contains two sub-programmes jointly covering six priority areas: 1) sub-programme for Environment, including as priorities areas environment and resource efficiency, nature and biodiversity, and governance and information; and 2) sub-programme for Climate action, including as priorities areas adaptation, mitigation, and governance and information.

The LIFE Regulation sets the budgets for the two sub-programmes, while the financial envelopes dedicated to the priority areas are set out in the multiannual work programmes. The amount allocated to the sub-programme for Environment is about 75 % of the total LIFE budget.

LIFE currently provides funding through grants, public procurement contracts and contributions to financial instruments. At least 81 % of the budgetary resources must be allocated to projects supported through action grants. Under the environment sub-programme, at least 55 % of the funding provided through action grants must be dedicated to projects related to the conservation of nature and biodiversity. LIFE also provides financing through operating grants to support the operational and administrative costs of environmental NGOs working in the EU. The current LIFE programme has introduced two pilot financial instruments, the Natural Capital Financing Facility and the Private Finance for Energy Efficiency, which provide funding opportunities in the form of loans, equity and guarantees. These two tools are managed by the European Investment Bank.

The main role of LIFE today is to encourage the sharing of best practices, to build up and improve capacity, to speed up the implementation of EU legislation, and to help businesses to test small-

scale technologies and solutions. It finances relatively small-scale projects adapted to local, regional or national contexts, acting at the same time as a catalyst for broader action at EU level and mobilising further investment by mainstreaming environmental and climate policy into major EU spending instruments.

Standard LIFE projects aim at testing or disseminating environmental techniques and approaches, supporting specific needs in Member States to develop and implement EU policy and legislation, promoting communication and information-sharing, and raising awareness. In addition, the current LIFE programme has introduced a new type of project, known as 'integrated' projects, which aim to implement Member States' environmental and climate strategies or action plans on a wider territorial scale (regional, multi-regional, national or trans-national) and to mobilise other EU, national or private funds.

The current regulation has set up assessment performance indicators with regard to the general objectives.

LIFE is implemented through two multiannual work programmes. The second (and current) [LIFE multiannual work programme for 2018-2020](#) was adopted in February 2018. The European Commission manages the overall programme while delegating the implementation of some components to the Executive Agency for Small and Medium-sized Enterprises.

In 2017, the Commission published a [report](#) on the mid-term evaluation of the 2014-2020 LIFE programme, which assessed the programme's first two years. The report largely builds on an [external study](#) and the outcomes of a public consultation and several interviews and surveys. While confirming the effectiveness, efficiency, coherence, relevance and high EU added value of LIFE, the mid-term evaluation also highlights some opportunities for improvements. It recommends to simplify the grant management procedures, in particular the application and reporting processes; to enhance projects' replication potential and market access; to increase the strategic focus of the demand-driven part of the programme, by targeting topics not funded previously; and to improve the communication strategy. The Commission report also highlights two challenges related to the need to: 1) cope with an increasing number of key and emerging priorities within the limits of the financial resources at hand; and 2) overcome the beneficiaries' lack of financial and human resources or capacity to plan for investments in order to continue their projects after EU funding ends. The external study estimates that the role of LIFE as a catalyst, providing funding for projects that can later be funded by other financing sources, is under-used. The second LIFE multiannual work programme has already taken some of these recommendations into account.³

Parliament's starting position

In a [resolution](#) of 14 March 2018 preparing its position on the post-2020 MFF, the European Parliament stresses the importance of the EU's leading role in protecting and improving the quality of the environment and tackling climate change, the degradation of ecosystems and biodiversity loss. Considering that stable and appropriate funding is essential to achieving the EU's international commitments and the transition to a low-carbon economy by 2050, it calls for relevant programmes, such as LIFE, to be properly funded and their financial resources doubled. It also calls for introducing dedicated envelopes for biodiversity and the management of the Natura 2000 network, and for effective climate mainstreaming in future EU spending.

In its [resolution](#) of 30 May 2018 on the 2021-2027 MFF and own resources, the Parliament reiterates its call to the Commission to double the financing of the LIFE programme.

Preparation of the proposal

The proposal is accompanied by an [impact assessment](#) (IA), which takes into account the conclusions of the mid-term evaluation. The IA considers different options in relation to the programme's coverage and scope, delivery mechanisms and management. No new public

consultation was organised but the main stakeholder groups were consulted on the challenges and opportunities associated with LIFE. Some of them called for the creation of a large Nature fund within LIFE and highlighted the need to increase co-financing rates in order to broaden Member State participation. At present, the maximum co-financing rates for most projects range between 55 % and 60 % of their total eligible costs.

The IA considers that creating a large, jointly managed fund for nature would change the programme's structure and vocation too drastically. Increasing co-financing rates would encourage participation, but probably at the expense of the number of projects supported. Therefore, the impact assessment concludes that this option should be examined later and on the basis of demand over time. To make LIFE more accessible to applicants from all Member States, the IA recommends replacing the existing national capacity-building projects with centralised support for the network of National Contact Points. The Commission's regulatory scrutiny board issued a 'positive opinion with reservations' on the impact assessment.

The European Parliamentary Research Service is preparing an initial appraisal of the impact assessment.

The changes the proposal would bring

The general objective of the proposed [new LIFE programme](#) for 2021-2027 is to contribute to the shift towards a clean, circular, energy-efficient, low-carbon and climate-resilient economy, including through the transition to clean energy; to protect and improve the quality of the environment; and to halt and reverse biodiversity loss, thereby contributing to sustainable development. LIFE 2021-2027 would also contribute to the EU's commitments under the Paris Agreement on Climate Change, the UN Sustainable Development Goals, and the Convention on Biological Diversity. The proposal underlines that the programme's objectives can be achieved through direct interventions or by facilitating their integration into other EU policies.

The new programme would have two main fields of action covering four sub-programmes, each with its own financial envelope. The Environment field would include 1) the Nature and Biodiversity sub-programme; and 2) the Circular Economy and Quality of Life sub-programme. The Climate Action field would include 3) the Climate Change Mitigation and Adaptation sub-programme; and 4) the Clean Energy Transition sub-programme.

The proposed programme would have a budget of €5.45 billion in current prices. Calculated in constant (2018) prices, this would amount to €4.83 billion. According to an [EPRS analysis](#) on the proposal for a 2021-2027 multiannual financial framework, the new LIFE programme would see a 50 % increase in resources for the EU-27 in 2018 prices, compared to the 2014-2020 period.⁴ These estimates take into account the expected withdrawal of the UK from the EU.

LIFE would continue to support standard 'action' projects that develop, demonstrate and promote innovative techniques and approaches, while also sharing best practices. The new programme would also be focused on replication of results and projects triggering large-scale deployment of relevant technical and policy-related solutions. The Commission seeks to design a flexible enough LIFE programme capable of addressing the latest policy developments, and to implement it in such a way as to make it more consistent with other EU programmes, in order to create more synergies.

The Commission proposes a simplified regulation that would introduce a number of changes in the following areas:

- Nature and biodiversity

To enhance LIFE's role in the implementation of the EU nature and biodiversity policy and the mainstreaming of its objectives into other EU policies and financing programmes, the Commission proposes to create a specific sub-programme for nature and biodiversity with a financial envelope taking up almost 40 % of the proposed LIFE budget. This sub-programme would cover the terrestrial

and the marine environment. The Commission would monitor and report on the mainstreaming of biodiversity objectives and track EU biodiversity-related expenditure.

➤ Clean energy transition

Considering that the transition to clean energy contributes to mitigating climate change, the Commission proposes to create a sub-programme dedicated to the clean energy transition, with a financial envelope of about 18 % of the proposed LIFE budget. The aim is to improve the coherence of EU funding in this area, creating further synergies with other relevant funds and programmes, such as Horizon Europe. This new sub-programme would incorporate the capacity-building measures aimed at implementing the clean energy transition, which are currently funded under Horizon 2020, as the Commission considers LIFE to be better suited to replicate and improve innovative technologies developed in the context of the research and innovation framework programme. LIFE would also encourage investment and activities related to energy efficiency and small-scale renewables, focusing in particular on actions in regions lagging behind and having difficulty in absorbing funding from the European structural and investment funds.

➤ Circular economy and quality of life

In this area, the new LIFE programme would continue to support projects related to the shift towards a resource-efficient economy, the management of natural resources, such as air, water and land, and the promotion of good environmental governance. The funding allocated to this sub-programme constitutes about 25 % of the proposed LIFE budget.

➤ Climate objectives

The Commission proposes to spend about 17 % of the LIFE budget on the specific climate change mitigation and adaptation sub-programme. In addition, all of the new programme's sub-programmes are expected to contribute to achieving the EU climate targets. Expanding investment in climate action through LIFE funding follows the EU approach of mainstreaming climate objectives into all of the next MFF's instruments. According to the Commission, 25 % of the EU budget expenditure and 61 % of the new LIFE financial envelope are expected to be climate-related. The Commission would monitor and report on the mainstreaming of climate objectives and track EU climate-related spending.

➤ Types of projects

Under the Nature and Biodiversity sub-programme, a new type of project, called 'strategic nature projects', would implement action programmes in the Member States to integrate biodiversity and nature (including marine ecosystems) conservation priorities into other policies and programmes, while also ensuring that appropriate funds are mobilised for the implementation of these priorities. The Commission expects synergies with the European Agricultural Fund for Rural Development.

Based on the positive experience with integrated projects under the current LIFE programme, the proposal extends their use and upgrades them to 'strategic integrated projects'. These projects would address problems related to implementing environmental and climate strategies or action plans developed by the Member States in the areas of climate change, clean energy transition, and the circular economy and quality of life (e.g. river basin management plans and clean air plans, as well as waste management and prevention plans), on a large territorial scale. Such projects would have a high potential to leverage financing opportunities from other European, national or regional sources and private investors.

The Commission also expects these two types of project to address the lack of adequate financing highlighted by recent assessments and evaluations of the EU's nature legislation.

➤ Funding

LIFE would provide financing in the form of grants, including NGO operating grants, prizes and public procurement contracts. Financing could also be provided in the form of financial instruments

within blending operations. The overall amount reserved for these operations would be set in the multiannual work programmes. The Commission seeks to simplify the new regulation in order to improve the programme's flexibility and strategic focus. Therefore, the proposal does not set co-financing rates and ceilings related to delivery mechanisms and project types.

➤ Project award criteria

Projects providing co-benefits and promoting synergies between LIFE sub-programmes and those with highest catalytic potential⁵ would be prioritised. Projects that build on or scale up the results of other projects would benefit from a bonus in their evaluation. Projects related to regions with specific needs or vulnerabilities would get particular attention. The award criteria would be set out in the calls for proposals.

➤ Programme management, monitoring and evaluation

The new programme would be implemented through at least two multiannual work programmes. To simplify the application procedure for certain beneficiaries (listed in Annex I), grants would be allocated to them without the need for a call for proposals.

To assess LIFE's progress and achievements, new indicators aligned with the objectives of the programme would be established. In Annex II, the Commission proposes two types of indicators – output indicators and result indicators – which would be revised through delegated acts. The Commission would also assess the synergies between the sub-programmes and between LIFE and other complementary programmes.

The implementation of the programme would be the subject of interim and final evaluations.

Advisory committees

In its [opinion](#) of 9 October 2018, the European Committee of the Regions welcomes the proposal and the increased LIFE budget. However, pointing out that this is due in part to the integration of new areas, the Committee calls for consideration of a further increase. It underlines that the levels of co-financing for the local and regional authorities should not be decreased, in particular with regard to capacity-building measures for clean energy transition, for which Horizon 2020 grants these authorities a co-financing rate of 100 %. The opinion also proposes specific measures regarding the eligibility of project costs related to VAT and staff. It calls for ensuring the proper involvement of local and regional authorities in the new programme and for maintaining the committee for the LIFE programme.

In its [opinion](#) of 18 October 2018, the European Economic and Social Committee welcomes the continuation of the programme while also highlighting its insufficient level of funding. In terms of biodiversity protection, the Committee proposes LIFE become a real financing facility for Natura 2000, supplemented with appropriately earmarked funds instead of funding from other budget headings, especially in the context of cuts in resources for the European Agricultural Fund for Rural Development and regional development. The need for more consistency between all EU sectoral programmes is also pointed out. The opinion supports the LIFE approach of promoting bottom-up initiatives, and welcomes the fact that the new regulation is more flexible to allow, among other things, projects to be funded in full.

National parliaments

The deadline for the submission of comments by the [national parliaments](#) was 17 September 2018. No parliament submitted a reasoned opinion on the grounds of subsidiarity. However, on 3 October 2018, the Romanian Chamber of Deputies adopted an opinion that welcomed the proposal while also issuing a number of recommendations.

Stakeholders' views⁶

Environmental NGOs argue that the proposed budget for the new LIFE programme would not be sufficient to address the problems related to climate change and environmental degradation. They consider that LIFE should receive at least 1 % of the total EU post-2020 budget. In a [joint declaration](#), they also advocate increasing the general co-financing rate to 75 %. The [WWF](#) points to the need to dedicate 50 % of the future Life programme's budget to nature and biodiversity, while also securing money for standard 'bottom-up' projects and ensuring greater accessibility to the grants for smaller applicants.

Legislative process

In the European Parliament, the Committee on Environment, Public Health and Food Safety (ENVI) is in charge of the legislative dossier. The rapporteur, Gerben-Jan Gerbrandy (ALDE, the Netherlands) tabled his [draft report](#) in September 2018. The ENVI committee is expected to vote on the proposal on 20 November 2018.

In his draft report, the rapporteur proposes to increase the financial envelope for the new LIFE programme and the share of the Environment portfolio within the envelope. Therefore, the financing of the Nature and Biodiversity sub-programme would constitute about 44 % of the LIFE budget. Reflows from current LIFE financial instruments could be reallocated between the actions under the new programme instead of being invested in the financial instruments established under the [InvestEU fund](#). The rapporteur considers that biodiversity spending needs to be balanced between the EU's and the national budgets. He points to the responsibility of the Member States for tracking their biodiversity-related expenditure and welcomes the removal of the national allocations,⁷ considering that LIFE has to be quality-driven and not the object of geographical considerations.

The rapporteur proposes to modify the general objective by including the degradation of ecosystems and removing the expression 'clean energy transition'. Under the specific objectives, this expression is replaced by renewable energy and energy efficiency. He also introduces minimum and maximum co-financing rates that vary according to the sub-programmes and actions and would be set in the multiannual work programmes. Several amendments are related to the mid-term evaluation of the programme, setting criteria to guarantee its quality and performance. The draft report also specifies the key elements to be included in the multiannual working programmes, which would be adopted by means of delegated acts and developed in consultation with stakeholders. The rapporteur emphasises that the Commission has to ensure consistent implementation of LIFE, and its greater coherence and coordination with other EU funds, in order to mainstream environmental and climate issues into the EU's major spending programmes. Furthermore, actions that benefit from synergetic financing must not undermine LIFE's objectives. In terms of award criteria for funding, priority is given to projects with the highest potential policy impact to reach LIFE's objectives, while those with a high catalytic potential only benefit from a bonus. The rapporteur restores the condition of a cost-effective approach and technical and financial coherence. Project award criteria would have to be set out in both the multiannual working programmes and the calls for proposals.

In the Council, the Working Party on the Environment is considering the issue. The Commission presented the proposal to the Environment Council in a [public session](#) on 25 June 2018. A revised Presidency compromise text was considered at the working party's meeting of 27 September.

EP SUPPORTING ANALYSIS

[2021-2027 multiannual financial framework and new own resources](#), In-depth analysis, EPRS, July 2018

[First results of the LIFE Programme 2014-2020](#), workshop proceedings, EP, October 2017

[How the EU budget is spent: LIFE programme](#), Briefing, EPRS, February 2015

OTHER SOURCES

[Programme for the environment and climate action \(LIFE\) 2021–2027](#), European Parliament, Legislative Observatory (OEIL)

[Support for an external and independent LIFE mid-term evaluation report](#), ECORYS, March 2017

[LIFE: Contributing to employment and economic growth](#), Neemo and Ernst & Young, October 2016

ENDNOTES

- ¹ Under the current programme, an extra point is awarded to projects planning to take up the results of research projects under Horizon 2020.
- ² Constant (2018) prices differ from current prices in that they apply a 2 % annual deflator to counter the effect of inflation.
- ³ As an example, a two-stage application procedure for traditional projects is currently being tested. This procedure has already been introduced for integrated projects.
- ⁴ According to data from the Secretariat of the Parliament's Committee on Budgets, LIFE allocations for EU-27 amount to €3.22 billion (2018 prices) over the 2014-2020 period.
- ⁵ This means projects with a potential to be replicated and taken up, or to mobilise additional financing.
- ⁶ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.
- ⁷ They have been removed under the current multiannual working programme.

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