



Council of the  
European Union

Brussels, 8 November 2017  
(OR. en)

13993/17

ENV 890  
CLIMA 297  
ENER 425  
CADREFIN 109

#### COVER NOTE

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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 6 November 2017

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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No. Cion doc.: COM(2017) 642 final

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Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT,  
THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS  
accompanying the mid-term evaluation of the LIFE programme

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Delegations will find attached document COM(2017) 642 final.

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Encl.: COM(2017) 642 final



Brussels, 6.11.2017  
COM(2017) 642 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE  
COMMITTEE OF THE REGIONS**

**accompanying the mid-term evaluation of the LIFE programme**

{SWD(2017) 355 final} - {SWD(2017) 356 final}

## 1. Introduction

The LIFE programme 2014-2020 is the EU's funding instrument for the environment and climate action. LIFE's general objective is to help implement and develop EU environmental and climate policy and legislation by co-financing projects with European added value.

Under the general guidance on better regulation guidelines<sup>1</sup>, this mid-term evaluation explores the LIFE programme's relevance and EU added value. It looks at whether the programme continues to be relevant in tackling the issues it seeks to address while adding value in relation to what Member States would have achieved acting alone. The evaluation also assesses whether LIFE is achieving this in an effective and efficient manner and whether its provisions are consistent with other programmes.

This report summarises the main findings of the evaluation, draws conclusions and makes recommendations for follow-up action. It is accompanied by a Staff Working Document showing the evaluation findings in more detail.

## 2. Background

Launched in 1992, the LIFE programme has been evaluated a number of times over its 25 years of existence. The current Programme (2014-2020) is the result of these evaluations and incorporates the lessons learnt from the implementation of previous programmes.

The current LIFE Regulation (EU) No 1293/2013 establishes the EU's financial instrument supporting environmental, nature conservation and climate action projects across the EU.

Its general objectives are to:

1. contribute to the shift towards a resource-efficient, low-carbon and climate-resilient economy, improve the quality of the environment and halt and reverse biodiversity loss;
2. improve the development, implementation and enforcement of EU environmental and climate policy and legislation, and act as a catalyst for, and promote the integration and mainstreaming of, environmental and climate objectives into other policies and practices;
3. support better environmental and climate governance at all levels, including better involvement of civil society, non-governmental organisations (NGOs) and local players;
4. support the implementation of the 7th Environmental Action Programme.

The budget for the current LIFE programme is EUR 3.4 billion.

Given its size, the LIFE programme is not meant to solve environmental and climate problems but act as a catalyst for accelerating changes.

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<sup>1</sup> SWD(2015) 111 final, Commission Staff Working Document, Better Regulation Guidelines.

### 3. Methodology

The mid-term evaluation covers the programme's first two years (2014-2015) and is largely based on the external study by an independent consultant (study required by the LIFE Regulation). The study was conducted between March 2016 and January 2017. It relied on extensive desk research and data and indicators from the project databases specifically designed to manage LIFE proposals and projects.

A consultation of the main stakeholder groups<sup>2</sup> was also carried out with five complementary surveys and more than 120 interviews, and a public consultation was organised.

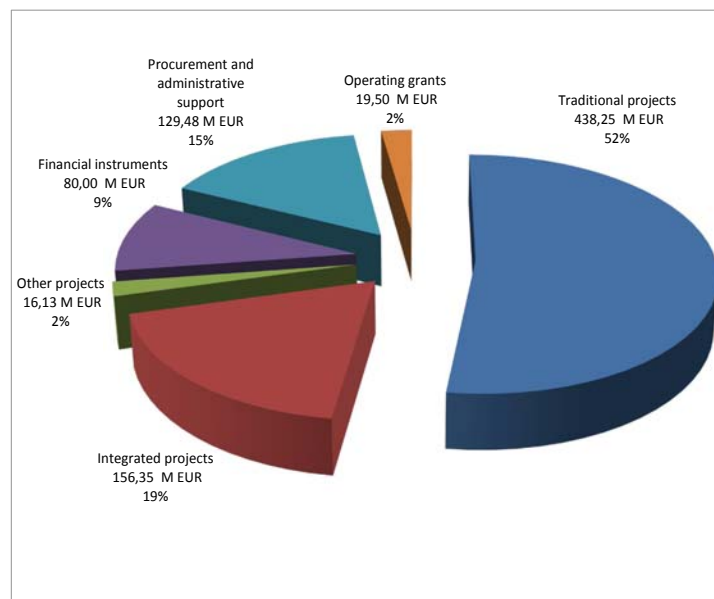
The mid-term evaluation analyses the new features of the LIFE programme, looking at how these are accepted by LIFE stakeholders, and the preliminary results in comparison with initial expectations.

### 4. Implementation - state of play

As shown in the figure below, the activities that consume the major share of the budget are traditional and integrated projects, followed by procurement/administrative support and financial instruments.

The budget amounts fulfil the ceiling laid down in the Regulation that at least 81% has to be dedicated to action grant projects and, where appropriate, financial instrument operations.

**Figure 1 — LIFE 2014-2015 — distribution of funds**



#### a. Grants

The demand for funding traditional projects appears to be extremely high. The average ratio between proposals submitted and projects awarded is 9 to 1, ranging from 12 to 1 for the priority area environmental governance and information to 5 to 1 for climate change mitigation.

<sup>2</sup> Project beneficiaries, experts from the monitoring team, unsuccessful applicants, national contact points (NCPs) and national focal points (NFPs), Commission, EASME and EIB officials.

Grants are awarded to a wide range of different organisations: from businesses large and small (44 % in total, out of which 33 % are small and medium-sized enterprises) to private non-commercial organisations (24 %) and public bodies (32 %).

Integrated projects<sup>3</sup> have been included for the first time under the current programme. From the very beginning, demand for integrated projects has exceeded the available resources in all steps of the award process. Out of 66 concept notes presented, 15 projects were awarded funding in 2014-2015.

Proposals received for integrated projects for 2014 and 2015 represent a LIFE and non-LIFE co-financing request totalling EUR 283 million. This co-financing should facilitate the coordinated use of about EUR 3.6 billion in total.

Fourteen capacity-building projects were put in place to support activities that help Member States build their capacity to participate more effectively in the LIFE programme. All the eligible Member States submitted a proposal, except one.

Novelties introduced in grant management:

- In 2014 the Executive Agency for Small and Medium-sized Enterprises (EASME) was entrusted with the management of operating and traditional grants, and capacity-building projects under the two sub-programmes, and integrated and technical assistance projects under the sub-programme for climate action.
- To monitor project outcome and impact, a comprehensive set of quantitative and qualitative indicators was included in the LIFE multiannual work programme (MAWP) for 2014-2017. Values for these indicators are collected at a project level and used to estimate the project's expected environmental and climate impact in the award phase and to monitor and assess its ongoing results as it is being implemented. They are also aggregated so that the programme's performance can be evaluated.

#### ***b. Financial instruments***

Two pilot financial instruments – the Natural Capital Financing Facility (NCFF) and the Private Finance for Energy Efficiency (PF4EE) — have been introduced in the current programme to test innovative approaches.

The PF4EE supports investments to implement the Member States' energy efficiency action plans through financial intermediaries.

So far<sup>4</sup>, six agreements have been signed with local intermediary banks under the PF4EE. In the beginning, PF4EE expected investment in energy efficiency projects to total as much as EUR 540 million. But taking into account these results and other agreements in the pipeline under scrutiny, the European Investment Bank (EIB) now estimates investments will amount to EUR 1 billion (EUR 430 million from EIB and EUR 570 million from financial intermediaries). The initial EUR 80 million funding from LIFE is thus expected to result in a leverage effect of 12.5.

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<sup>3</sup> These are projects which implement environment or climate strategies required by Union legislation on a large territorial scale

<sup>4</sup> January 2017

The NCFE is designed to demonstrate that natural capital projects can generate revenue or save costs. It intends to establish a pipeline of replicable, bankable operations that will serve as 'proofs of concept' and demonstrate to potential investors the attractiveness of such operations directly addressing biodiversity and climate adaptation objectives.

Since the launch of the instruments in February 2015, the EIB scrutinised a significant number of potential operations. The first operation has been signed in April 2017 and two or three further operations are expected for the remainder of 2017.

Several potential operations that were scrutinised did not materialise in particular due to difficulties to develop the business case. This confirms the challenges identified in the ex-ante assessment.

Greater use of the NCFE technical assistance facility, more targeted promotional and other support activities are being implemented to improve the number of operations financed.

## **5. Evaluation**

This section provides a summary of the evaluation. More details are available in the related Staff Working Document.<sup>5</sup>

### *a. Effectiveness*

Results are not available at this early stage of the programme's implementation. However, there is evidence that the anticipated results of the projects and activities being implemented are addressing all the programme's objectives.

According to the results of the external study, ongoing projects are expected to contribute to "effectiveness" in a number of ways, including by:

- improving the conservation status of habitats, species and Natura 2000 sites;
- reducing the adverse effects of chemicals on health and the environment for about 1.6 million people over 5 years;
- reducing energy consumption (about 600 000 MWh per year) based on best practice solutions; and
- increasing the production of energy from renewable sources (about 500 000 MWh per year from different sources).

From a preliminary analysis of the 2014 and 2015 ongoing projects, it emerges that they already address 70% of the target milestones to be achieved for 2017, as indicated in the first MAWP. These anticipated results provide assurance that the LIFE programme 2014-2020 is on track to contribute significantly to its general outcomes.

First findings from the evaluation and some evidence from the previous LIFE+ programme confirm that the current LIFE programme is playing its role well. It is acting as a catalyst for funding, sharing best practices and supporting actions to improve and accelerate changes.

The programme supports the Europe 2020 strategy by financing projects expected to contribute to resource efficiency and sustainable growth and promote innovation. It is also

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<sup>5</sup> SWD(2017)XXX.

financing projects expected to contribute to employment, which is an important additional benefit to the LIFE programme's primary aims.

Some of the most recent policy developments, whose preparatory works have been financed by LIFE, namely the circular economy package adopted in 2015, the 2030 climate and energy framework adopted in 2014, the implementation of the Paris Agreement ratified in 2016 as well as the EU's adaptation strategy are expected to contribute to shaping the future of the European economy in the coming decades.

The key features of the programme are having a positive influence on the delivery of the objectives can be summed up as follows:

- the programme is flexible and able to rapidly respond to emerging needs and priorities;
- it has a wide range of stakeholders, who appreciate the programme for the relevance and quality of its actions that concretely address local needs; and,
- the mix of actions is particularly effective. It is a combination of activities based on the lessons learnt from 25 years of experience — such as traditional projects — with new actions — such as integrated, capacity-building and technical assistance projects and financial instruments — which are expected to increase its effectiveness.

Two factors that make delivery of the objectives more challenging are the needs to:

- cope with a large number of priorities and new key challenges — such as the circular economy, achievement of the targets for the 2030 climate and energy framework requiring substantial innovation, the implementation of the Paris Agreement, the possible review of the EU Adaptation Strategy, the need to implement the Birds and Habitats Directives,<sup>6</sup> the implementation of the 2030 Agenda and the Sustainable Development Goals<sup>7</sup> – within the limits of the available financial resources, meaning that not all objectives and priority areas might be covered by adequate projects; and
- overcome obstacles — such as beneficiaries' lack of financial resources and/or the lack of capacity/human resources for planning an investment which limit the replicability and transferability of project results — by introducing customised or ad hoc accompanying measures.

### ***b. Efficiency***

The external study has taken into account the anticipated results of some projects selected under the 2014 calls for proposals and estimated that they would contribute to a societal benefit of EUR 1.7 billion. This covers four times the cost of the overall LIFE budget for 2014.

On the management of the LIFE programme, the external study has concluded that LIFE appears to cost less to manage than the other EU funded programmes. This takes into account the financial resources allocated to EASME as a percentage of the funds externalised by the different programmes.

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<sup>6</sup> The evidence gathered in the recently finalised evaluation of the Birds and Habitats Directives (fitness-check) confirmed the Directives' high relevance and the strategic role that the LIFE programme plays in supporting their implementation as well as the need to substantially improve their implementation.

<sup>7</sup> See COM(2016)739 final.

It was initially estimated that the transfer of management from the Commission to EASME ('externalisation') should have resulted in a EUR 8.2 million efficiency gain over the period 2014-2020 in comparison with a scenario where the grant management would have remained within the Commission. The most recent figures based on the actual costs of EASME in the first three years of the programme's implementation, show that the expected efficiency gain should increase slightly.

All LIFE stakeholders perceive EASME's work as valuable.

The external study identified the need to simplify LIFE procedures for grants. It envisaged some measures to reduce the burden for proposal submissions, reporting requirements and indicators. This will be explored in the next MAWP. The study also identified areas where the national contact points could improve their performance, ensuring minimum standards for assistance in all Member States and adopting a more proactive approach. The LIFE communication strategy would also need to better target audiences and deliver key messages that were objective-specific and target-specific, ensuring more structured coordination between players.

### *c. Coherence*

Based on preliminary results, the internal structure of the LIFE programme is consistent with EU policies and priorities and has allowed addressing ongoing and new challenges.

The external study found that the ongoing projects often contribute to more than one priority area and therefore have a combined effect, producing synergies. For example, climate mitigation projects often contribute to climate change adaptation, nature and biodiversity, air quality and resource efficiency.

LIFE is designed to be complementary to other EU funding programmes.

Compared to other EU funding programmes, LIFE is the only programme with environment and climate action upfront: where other programmes address environment and/or climate issues, their action responds to other overarching objectives (such as research or rural development). This limits potential overlaps.

The results of the evaluation confirmed that LIFE and Horizon 2020 contribute to common objectives in different and in some cases complementary ways. During these first years of implementation, they have operated in a mutually reinforcing manner.

LIFE has a mechanism that encourages LIFE projects to use the results of environmental and climate-related research and innovation that have come out of Horizon 2020 and preceding framework programmes. By doing this, knowledge and solutions developed, tested and deployed through EU-funded research activities can be implemented and scaled up.

In the case of the European Structural and Investment Funds (ESIF), complementarity with LIFE is acknowledged in the Common Provisions Regulation and systematically checked in all the programming documents (such as the partnership agreements and the operational programmes).

Although it is difficult to assess whether, and to what extent, this works at this early stage of implementation of all the programmes:



- integrated projects are expected to attract funding of some EUR 1.98 billion from other EU programmes (EAFRD, ERDF, INTERREG, ESF, EMFF, H2020) following a LIFE investment of EUR 153 million. This means that LIFE has successfully linked a variety of EU funding streams in ten Member States which have opted for integrated projects on the environmental aspects of nature, air, water, waste and for climate action projects concerning land-use and adaptation issues.
- some evidence suggests that this type of mechanism worked in the past for rural development and INTERREG projects that were at first piloted under previous LIFE programmes.

#### *d. Relevance*

Evidence indicates that the LIFE programme is effective and efficient in tackling the key priorities and in contributing to the definition of the way forward for new emerging challenges such as the EU biodiversity strategy, the 2030 climate and energy framework requiring substantial innovation, the implementation of the Paris Agreement, the possible review of the EU adaptation strategy and the circular economy.

As has emerged from the results of the external study, the LIFE programme responds to the needs of a wide range of beneficiaries, who submit a proposal to be financed by the LIFE Programme, even if it offers a lower co-financing than other programmes. LIFE in fact allows the tackling of issues and problems which are not covered by other programmes.

According to the results of the stakeholder consultation, very little of LIFE projects' achievements would have been launched or realised without the programme's support. This is particularly true for nature protection and biodiversity conservation, apart from the Natura 2000 direct payments to farmers,<sup>8</sup> which have a different scope and financing structure, there are no other dedicated funding sources than LIFE, as underlined by project beneficiaries during the interviews.

According to stakeholders, discontinuation of LIFE would:

- reduce Member States' capacity, and in some cases commitment, to pursue the EU's objectives for environmental protection and climate action, which would also negatively affect employment and economic growth.
- lead to less support for innovative environmental solutions.<sup>9</sup>

#### *e. EU added value*

Based on the external study findings, the LIFE programme is expected to have a strong EU added value, because it:

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<sup>8</sup> Financed under the EAFRD, these payments are directed 'to compensate the farmers for the disadvantages and restrictions imposed in the designated Natura 2000 areas'. See Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

<sup>9</sup> According to LIFE project beneficiaries, there will be 'less innovative pilot or demonstration technical projects, less environmentally relevant innovation activities by SMEs in particular' and 'what would disappear is the support to provide solutions for pre-testing/pre-commercialisation (risk-sharing) of innovative environmental solutions'.

- ensures the coherence between EU environmental and climate legislation and policies which contributes to their implementation and enforcement;
- promotes more effective knowledge-sharing: by being a platform for the exchange of best practices and knowledge on implementing EU legislation and policies. LIFE allows players from across the EU to learn from each other's experience thus addressing specific environmental and climate problems more effectively and efficiently;
- allows a good degree of solidarity and responsibility sharing as environmental assets, which are public goods, are unevenly distributed across the EU;
- provides a better response to trans boundary challenges which are unlikely to be addressed by a Member State alone; and
- has a catalytic and leverage effect by eliminating initial barriers to the implementation of EU environmental and climate policy and testing new approaches for future scaling-up.

Although final results are not available yet:

- tools are in place to select the projects with the most relevant EU added value and to check them in all phases of the project life cycle;
- the EU added value of the programme is confirmed by the results of previous evaluations and acclaimed by the overwhelming majority of respondents to the public consultation.

***f. Project sustainability, impact and or replicability to date***

The programme's implementation procedures closely address the potential for the sustainability/replication of projects throughout their lives.

A recent report<sup>10</sup> shows that on average 83 % of projects are financially sustainable<sup>11</sup> after the end of LIFE funding. This analysis is based on LIFE+ projects and does not take into account improvements in the current LIFE programme. Likewise, responses collected during the survey reveal that the demonstration and transferability potential of the results of LIFE projects are for the majority (78%) either good or very good.

Respondents to the public consultation were also asked whether projects under LIFE have led to long-term positive effects. Over 80 % of respondents felt that projects had medium or high positive long-term effects.

However, the consultations revealed that obstacles to a project continuing after EU funding ends have to do with the beneficiaries lacking financial resources and a lack of capacity/human resources to plan an investment (including e.g. possible loans). There is also a

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<sup>10</sup> Report on LIFE's past, present and future contribution to employment and economic growth: LIFE effectiveness and replicability NEEMO 2016.

<sup>11</sup> Sustainability is perceived as the ability to continue or to follow up on the activities performed during the project's life; i.e. the viability of the project after the end of LIFE financing - the continuation or follow-up is ensured by the beneficiary itself, its partner or successor.

lack of initiative by parties involved and a lack of information and communication within the programme.

Although requiring ‘After-LIFE’ plans at the end of the project is seen as a positive improvement, a systematic follow-up of all projects to identify best practices and cost-saving measures and a comprehensive customised support for most promising projects could allow the replication/sustainability potential to further materialise.

## **6. Conclusions**

This evaluation comes at an early stage of the programme’s implementation: most projects have yet to start and few projects have finished, given that the average duration of a LIFE project is between 4 and 5 years. The first actual results are expected in 2019-2020.

This is why the evaluation has focused mainly on: the processes put in place to reach its objectives, the ongoing activities (such as contracts/projects already financed) and, where relevant, their anticipated results.

Despite these limitations, the external independent evaluation provides reasonable assurance that the programme’s implementation is progressing in the right direction.

The evidence collected so far shows that LIFE programme is:

- the only programme with environment and climate action upfront: other programmes address environment and/or climate issues while responding to other overarching objectives;
- a flexible instrument, which finances projects of different sizes and attracts small, medium and large enterprises, universities, research centres, national and local authorities, civil society as well as various NGOs. As demonstrated recently with the European Solidarity Corps<sup>12</sup>, which foresees a specific environmental and climate action strand financed through LIFE, LIFE can react very quickly to changing political and societal needs;
- responding to existing needs and improving its effectiveness. The new features introduced by the current LIFE Regulation and especially the sub-programme devoted to climate action (which in its annual call for proposals permits newly emerging priorities to be financed), and integrated and capacity-building projects have attracted a strong interest from the stakeholders, as shown by the high demand of applications presented. Furthermore, the complementary financial resources mobilised by the integrated projects are extremely high, giving evidence that the programme is playing well its catalytic role.
- known for the relevance and quality of its activities, which answer local needs and are visible and appreciated across the EU by stakeholders and the general public;
- expected to provide value for money and so far can demonstrate a direct and measurable impact, e.g. on reducing emissions and energy consumption or on protecting biodiversity by improving species conservation status;

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<sup>12</sup> See [COM\(2016\)942 final. LIFE is contributing to](#) provide opportunities for young people to engage in volunteering activities in the environment and climate action field such as biodiversity protection in Nature 2000 sites, prevention of deforestation and forest fires, etc.

- extremely appreciated for its EU added value because it ensures that EU environmental and climate legislation and policies are applied in a consistent manner across the EU. It is also seen to respond to trans-boundary and transnational challenges which a Member State is unlikely to address alone. It has allowed a better sharing of responsibility and promoted solidarity for the management/conservation of EU environmental assets. It represents an EU level platform for sharing best practice and demonstration activities;
- well positioned to provide a contribution to the economy by:
  - incentivising EU industry to further develop green technology capabilities, which form one of EU's competitive advantages;
  - delivering closer to market than other funds; demonstrating solutions for nature that can be up-scaled in the market or through other funds, thereby boosting green jobs; and
  - supporting long-term economic viability and stability by promoting sustainable development.

Some of the recent policy developments initiated in parallel with the programme: such as the circular economy package, the 2030 climate and energy framework, implementation of the Paris Agreement and possible review of the EU adaptation strategy, will shape the EU economy in the coming decades;

- well managed as demonstrated by its very low error rate. This means that funds are used according to the financial rules while delivering measurable results with a substantial impact on the ground. This is ensured by the monitoring system, which allows timely management decisions.

## **7. Recommendations**

The evaluation also highlights some recommendations for improvement:

- the need to focus on existing and new priorities: the circular economy, delivery of the 2030 climate and energy framework especially by encouraging innovation, the implementation of the Paris Agreement, the possible review of the EU adaptation strategy, the achievement of the objectives of the Nature Directives, the implementation of the 2030 Agenda and SDGs, within available financial resources. These priorities will be addressed through fine-tuning the financing per priority area.
- given that not all the originally envisaged simplification measures proposed have been introduced in current Regulation, the scope and demand for simplification of LIFE procedures for grants remain, in particular for the submission of proposals and reporting.
- the communication strategy needs a more active and responsive approach to better target audiences and deliver key messages that are objective-specific and target-specific. It would have to ensure more structured coordination between players.
- there should be the possibility to increase project replicability and transferability by targeting obstacles preventing activities continuing after the project ends (such as lack of financial resources and capacity/human resources for investment planning) thereby developing a pipeline of projects for investment from other Union and private sector sources;
- the national contact points need a stronger role to ensure a minimum level of service across Member States and a more proactive approach.

These LIFE mid-term evaluation findings will guide the preparation of the next MAWP 2018-2020 and the post-2020 MFF.