CORRIGENDUM
Concerns the French, English and German versions.
Deletion of yellow highlightings.
The text shall read as follows:

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

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

This proposal provides for a date of application as of 1 January 2021 and is presented for a Union of 27 Member States, in line with the notification by the United Kingdom of its intention to withdraw from the European Union and Euratom based on Article 50 of the Treaty on European Union received by the European Council on 29 March 2017.

- Reasons and objectives

Environmental and climate problems impact on health and the quality of life of EU citizens, and on the availability and status of natural resources, implying social and economic costs. The transition to a low-carbon and circular economy is a project of economic modernisation for Europe and a priority of the Juncker Commission. The transition to a modern, clean and more circular economy requires major shifts in investments towards new infrastructures, new technologies, new business models, and new modes of production and consumption of all types of goods and services, including food and natural resources. The EU is a global leader for environmental protection and climate action. Over the past 40 years, it has put in place a broad range of environmental policies, funds and tools, amounting to the most modern standards in the world. The EU wants to maintain and enhance this role.

Living well, within the limits of our planet is a necessity and a priority. LIFE plays a catalytic role in helping the transformation of the Union into a clean, circular, energy efficient, low carbon and climate resilient society. Through its targeted support to policy and market uptake actions, the LIFE programme preserves, protects and improves the quality of the environment, protects human health and pursues the prudent and rational utilisation of natural resources.

Furthermore, LIFE also provides a contribution to the EU's commitments under the Paris Agreement on Climate Change, the Energy Union and the 2030 energy and climate policy framework and the long-term decarbonisation objectives. It is also consistent with the EU's ambition to become a global leader in renewable energy.

As advocated in the "Next steps for a sustainable European future", the United Nations 2030 Agenda on Sustainable Development and the 17 Sustainable Development Goals are an essential guiding framework for all EU policies and as such, shall be mainstreamed throughout the future Multi-annual Financial Framework.

While activities under the LIFE Programme for 2014 to 2020 tackle certain problems directly on the ground, the programme's main impact is indirect through its catalytic role: the support for small scale actions intended to initiate, expand or accelerate sustainable production, distribution and consumption practices, and protection of natural capital, by:

- facilitating the development and exchange of best practice and knowledge;
- building up the capacities and speeding up the implementation of environmental and climate legislation and policies and facilitating the clean energy transition;
- helping stakeholders to test small-scale technologies and solutions, and
- mobilising funding from other sources.

This approach should be further pursued under the Multiannual Financial Framework for the period 2021 to 2027.

Climate mainstreaming across all instruments of the next Multiannual Financial Framework will increase the funding available for the needed innovation, social adjustment, and empowerment of business, employees and citizens to develop the capacities and skills to help tackle climate change. The LIFE programme will contribute to small scale innovation, helping citizens to take action on the climate and for their communities.

- **Consistency with other Union policies**

The LIFE programme is the only EU fund dedicated solely to environmental and climate objectives. With its relatively modest budget, it is targeted at a niche between EU programmes supporting research and innovation on the one hand and EU programmes financing large-scale deployment on the other hand. Thus the programme bridges the gap between the development of new knowledge and its implementation.

At EU level, large investments in environmental and climate actions are primarily funded by major funding programmes, integrating environmental and climate aims in their objectives (mainstreaming), including the regional development funds, agriculture and rural development funds, maritime and fisheries funds, the research and innovation programme Horizon Europe, the Connecting Europe Facility, as well as external policy instruments and Union financial instruments, whereas LIFE’s main impact is indirect through its role as a catalyst supporting small-scale actions intended to initiate, expand or accelerate clean and sustainable production, distribution and consumption practices, and improving the quality of the environment and contributing to reaching the Union’s climate objectives.

Synergies shall be sought between the grants financed by LIFE and other EU programmes, (e.g. demonstration projects under Horizon Europe), as the programmes, while having distinct goals and being different in size and nature, have inter-related activities. Horizon Europe will contribute to tackling environmental challenges and EU priorities through research and innovation activities - informed through the strategic planning process - in particular in dedicated “clusters”. As a general rule Horizon Europe shall cover activities that support the development, demonstration and market uptake of innovative solutions that have a transnational dimension, and which are first-of-a-kind for the EU and have a potential for replication in the Union. The catalytic effect of the traditional LIFE projects will be to develop, test or showcase suitable technologies or methodologies for implementation of EU environment and climate policy on the ground within specific contexts, which can subsequently be deployed at large scale, funded by other sources. The potential of InvestEU could be used to finance strategic nature and integrated projects, and to support the uptake of the Programme.

In some areas (i.e. nature and biodiversity, including marine ecosystems) the LIFE Programme plays a unique and essential role. Synergies and complementarities have been observed in particular with rural development programmes, but also, for example, between climate change adaptation projects and the disaster risks management. Those synergies and complementarities should be strengthened under the next LIFE Programme 2021-2027, also by adjusting the scope of the research programme with regard to certain activities supporting the transition to clean energy that contribute to climate change mitigation.
Integrating the Clean Energy Transition sub-programme into the LIFE Programme increases the overall coherence of the EU funding while offering a rich potential for synergies with actions on environment and climate.

A clear complementarity exists to the funding of research and innovation action in the clean energy field under Horizon Europe. The research and innovative solutions developed in Horizon Europe through the support of front-runners will provide the next generation of technologies and good practices that at a later stage can be replicated with the capacity-building support of the Clean Energy Transition sub-programme.

The Clean Energy Transition sub-programme and the Connecting Europe Facility (CEF) are complementary in terms of nature and of underlying intervention logic. In particular, the cross-border dimension is core to the CEF intervention logic.

2. **LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**
   - **Legal basis and Subsidiarity**
     
     Article 192 of the Treaty on the Functioning of the European Union (TFEU) is the basis for EU action on the environment and climate change. The activities supporting the transition to clean energy are also covered by this legal basis as they directly contribute to climate change mitigation. Already under the current LIFE Programme certain activities improving energy efficiency and the use of renewable energy are funded as substantial contributions to climate change mitigation, often also generating environmental co-benefits (e.g. improving air quality).

     Most environmental problems are transboundary or transnational and cannot be adequately solved by Member States alone. EU intervention is required to establish adequate mechanisms for dealing efficiently with such problems and avoiding coordination failures.

     Furthermore, environmental assets are European public goods whose good management is essential to the proper functioning of the single market.

3. **RESULTS OF RETROSPECTIVE EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**
   - **Retrospective evaluations**
     
     Although the recent mid-term evaluation of LIFE 2014 to 2020 (MTE)\(^2\) was undertaken at an early stage of the programme implementation, when only the 2014 and 2015 projects had started, it confirmed that the programme is on track to be effective, efficient and relevant and it is providing a contribution to the Europe 2020 strategy. Furthermore, most stakeholders see LIFE as being a very important instrument for addressing environmental and climate priorities.

   - **Stakeholder consultations**
     
     As part of the LIFE mid-term evaluation a wide range of consultation activities were conducted, including (i) a 12-week public consultation with more than 250 responses, (ii) six specific surveys with more than 200 responses, and (iii) over 150 interviews (and where

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relevant site visits) of the key stakeholder groups, including project beneficiaries, project coordinators, Commission services, EASME officials, external monitoring experts and financial instruments’ stakeholders.

The opinion of the Committee of the Regions and the European Economic and Social Committee on the results of the mid-term evaluation have also been taken into account, as they envisaged possible options for the LIFE Programme post 2020.

For the purposes of this proposal, the broad stakeholder consultation was complemented by opinions received from Non-Governmental Organisations and further consultation activities with stakeholders in Member States.

The consultations confirmed the relevance of the programme for addressing the needs and problems in the area of climate and environment and the importance of its continuation, including all main types of interventions. However, the need for simplification of its administration was highlighted. A strengthening of the catalytic effects and the potential of integrated projects was suggested.

- **Impact assessment**

In order to improve the performance and catalytic role of the programme, two options were explored in view of improving its accessibility for applicants from all EU Member States. The option to provide centralised support to the entire National Contact Point (NCP) Network instead of the present national capacity building projects (accessible for only certain Member States) was assessed positively and should be implemented. The option to increase the level of co-financing may be considered at a later point in time and possibly be adjusted during the programme implementation.

Several complementary options were considered to improve the performance and catalytic role of the Programme. They were positively assessed. The extension of the use of integrated projects, in future strategic integrated projects (SIPs), is considered to be the mechanism that generates the highest impact based on the pilot experience of integrated projects in the present LIFE programme. The increase in the scope and volume for strategic integrated projects is considered a top priority. This would require an increase in the budget compared to the current LIFE budget.

It results from the impact assessment that the support for capacity building for the clean energy transition contributing to climate change mitigation, currently funded under Horizon 2020 for the period 2014-2020, should be moved into LIFE in the next MFF. The reason was the greater suitability of the LIFE programme in terms of intervention logic, objectives and delivery mechanisms as well as targeted group of beneficiaries as compared to the research and innovation framework which is more suited for the development of first-of-a-kind technologies than to support their replication and upscaling. Integrating a Clean Energy Transition sub-programme into LIFE would address these shortcomings and increases the overall coherence of the Union funding while offering potential for synergies with other actions on environment and climate. In the field of Climate Action, the LIFE programme will, in continuation of the 2014 – 2020 LIFE programme, also include a sub-programme on ‘Climate Change Mitigation and Adaptation’.

The impact assessment also considered how the Programme could play a stronger role in the implementation of the Union nature and biodiversity policy. While the option for a large shared management fund under LIFE was considered inefficient, LIFE could play an enhanced role in the mainstreaming of nature and biodiversity policy into other EU policies and financing programmes, based on a more balanced budget complement that would leverage funds from these other financing programmes.
It also concluded that the Programme should continue financing small grants for biodiversity through the voluntary scheme for Biodiversity and Ecosystem Services in Territories of European overseas (BEST).

In order to consolidate the nature and biodiversity elements of the Programme, a specific sub-programme has been created, in the field of Environment, for 'Nature and Biodiversity'. The Environment field also includes a sub-programme for 'Circular Economy and Quality of Life', which aims to support the other aspects of the Union's environment policy, particularly the transition to a circular economy, the sound and efficient management of environment resources such as air, water and land, and the promotion of good environmental governance.

The options to enhance replication and to increase both the flexibility of the programme and the possibility to target key and emerging issues through simplifying the Regulation and the Multiannual Work Programme have no serious negative implications; both should be introduced.

The impact assessment received a positive opinion with reservations from the Regulatory Scrutiny Board on 13 April 2018.

In its opinion on the draft impact assessment, the Regulatory Scrutiny Board requested further clarification on the monitoring regime and proposed indicators of this initiative. The Board also asked to acknowledge the implications for LIFE’s philosophy, structure and delivery mechanism of the proposed extensions of LIFE’s scope on nature. The recommendations contained in the opinion were incorporated in the report. In particular, the impact assessment was expanded to reflect how the identified shortcomings related to the monitoring regime for the current programming period will be addressed. Furthermore, the list of indicators for the assessment of the Programme was revised to better align with the objectives of the programme. A more in depth analysis of the options for the extension of the LIFE’s scope on nature and biodiversity has been inserted in Annex 8 and the description of the option redrafted in the impact assessment.

The summary sheet and the positive opinion of the Regulatory Scrutiny Board are available at:

• **Simplification**

In line with the new Financial Regulation, the programming and detailed decisions on the management of the Programme are deferred to the multiannual work programmes. At this stage appropriate measures for simplifying the management procedures, as identified in the impact assessment, shall be taken.

4. **BUDGETARY IMPLICATIONS**

The budgetary implications and the human and administrative resources required for the implementation of the Programme are set out in the financial statement attached to this proposal.

5. **OTHER ELEMENTS**

• **Implementation plans and monitoring, evaluation and reporting arrangements**

The LIFE programme is directly managed by the European Commission. The implementation of some components has been delegated to the executive agency EASME, as established for the implementation of the 2014 – 2020 LIFE Programme. In view of the overall positive assessment of the implementation of the current programme, also the 2021-2027 LIFE
Programme implementation might be delegated to an executive agency, subject to the outcome of the cost-benefit analysis and related decisions to be taken.

Evaluations will be carried out in line with paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016, where the three institutions confirmed that evaluations of existing legislation and policy should provide the basis for impact assessments of options for further action. The evaluations will assess the Programme's effects on the ground based on the programme indicators/targets and a detailed analysis of the degree to which the programme can be deemed relevant, effective, efficient, provides enough EU added value and is coherent with other EU policies. They will include lessons learnt to identify any lacks/problems or any potential to further improve the actions or their results and to help maximise their exploitation/impact.

The Commission proposal for the 2021-2027 Multiannual Financial Framework set a more ambitious goal for climate mainstreaming across all EU programmes, with an overall target of 25% of EU expenditure contributing to climate objectives. The contribution of this programme to the achievement of this overall target will be tracked through an EU climate marker system at an appropriate level of disaggregation, including the use of more precise methodologies where these are available. The Commission will continue to present the information annually in terms of commitment appropriations in the context of the annual draft budget.

The EU should also track its biodiversity-related expenditure to fulfil its reporting obligations under the Convention on Biological Diversity. Requirements for tracking in other relevant Union legislation should also be met.

To support the full utilisation of the potential of the programme to contribute to climate objectives, the Commission will seek to identify relevant actions throughout the programme preparation, implementation, review and evaluation processes.

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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

(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 Committee 

Having regard to the opinion of the Committee of the Regions

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Union environmental, climate and relevant clean energy 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 negative consequences for the Union and the well-being of its citizens.

(2) The Programme for the Environment and Climate Action (LIFE), established by Regulation (EU) No 1293/2013 of the European Parliament and of the Council\(^6\) for the period 2014 to 2020 is the latest in a series of Union programmes over 25 years which support the implementation of environmental and climate legislation and policy priorities. It was positively assessed in a recent mid-term evaluation\(^7\) as being on track to be effective, efficient and relevant. The 2014-2020 LIFE Programme should therefore be continued with certain modifications identified in the mid-term evaluation and subsequent assessments. Accordingly, a Programme for the Environment and Climate Action (LIFE) (the ‘Programme’) should be established for the period starting 2021.

(3) Pursuing the achievement of the Union’s objectives and targets set by environmental, climate and related clean energy legislation, policy, plans and international

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\(^4\) OJ C , p. \\
\(^5\) OJ C , p. \\

commitments, the Programme should contribute to the shift towards a clean, circular, energy-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, either through direct interventions or by supporting the integration of those objectives in other policies.

(4) The Union is committed to developing a comprehensive response to the sustainable development goals of the United Nations 2030 Agenda for the Sustainable Development, which highlight the intrinsic connection between the management of natural resources to ensure their long-term availability, ecosystem services, their link to human health and sustainable and socially inclusive economic growth. In this spirit, the Programme should make a material contribution to both economic development and social cohesion.

(5) The Programme should contribute to sustainable development and to the achievement of the objectives and targets of the Union environment, climate and relevant clean energy legislation, strategies, plans and international commitments, in particular the United Nations 2030 Agenda for the Sustainable Development\(^8\), the Convention on Biological Diversity\(^9\) and the Paris Agreement adopted under the United Nations Framework Convention on Climate Change\(^10\) ("Paris Agreement on Climate Change").

(6) For achieving the overarching objectives, the implementation of the Circular economy package\(^11\), the 2030 Climate and Energy Policy Framework\(^12,13,14\), Union nature legislation\(^15\), as well as of related policies\(^16,17,18,19,20\), is of particular importance.

(7) Complying with the Union’s commitments under the Paris Agreement on Climate Change requires the transformation of the Union into an energy efficient, low carbon and climate resilient society. This in turn requires actions, with a special focus on sectors that contribute most to the current levels of CO\(_2\) output and pollution, contributing to the implementation of the 2030 energy and climate policy framework and the Member States' Integrated National Energy and Climate Plans and preparations for the Union's mid-century and long-term climate and energy strategy. The Programme should also include measures contributing to the implementation of the Union's climate adaptation policy to decrease vulnerability to the adverse effects of climate change.

(8) The transition to clean energy is an essential contribution to the mitigation of climate change with co-benefits for the environment. Actions for capacity building supporting

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\(^8\) Agenda 2030, Resolution adopted by UN GA on 25/09/2015.
\(^12\) 2030 Climate and Energy Policy Framework, COM(2014)15, 22.01.2014.
\(^16\) Clean Air Programme for Europe, COM(2013)918.
\(^19\) Low Emission Mobility Strategy, COM/2016/0501 final.
the clean energy transition, funded until 2020 under Horizon 2020, should be integrated in the Programme since their objective is not to fund excellence and generate innovation, but to facilitate the uptake of already available technology that will contribute to climate mitigation. The inclusion of these capacity building activities into the Programme offers potential for synergies between the sub-programmes and increases the overall coherence of Union funding. Therefore, data should be collected and disseminated on the uptake of existing research and innovation solutions in the LIFE projects, including from the Horizon Europe programme and its predecessors.

(9) The impact assessments of the Clean Energy legislation estimate that the delivery of the Union's 2030 energy targets will require additional investments of EUR 177 billion annually in the period 2021-2030. The biggest gaps relate to the investments in buildings decarbonisation (energy efficiency and small-scale renewable energy sources), where capital needs to be channelled towards projects of highly distributed nature. One of the objectives of the Clean Energy Transition sub-programme is to build capacity for projects development and aggregation, thereby also helping to absorb funds from the European Structural and Investment Funds and catalyse investments in clean energy also using the financial instruments provided under InvestEU.

(10) Synergies with Horizon Europe should ensure that research and innovation needs to tackle environmental, climate and energy challenges within the EU are identified and established during Horizon Europe's strategic research and innovation planning process. LIFE should continue to act as a catalyst for implementing EU environment, climate and clean energy policy and legislation, including by taking up and applying research and innovation results from Horizon Europe and help deploying them on a larger scale where it can help address environmental, climate or clean energy transition issues. Horizon Europe's European Innovation Council can provide support to scale up and commercialise new breakthrough ideas that may result from the implementation of LIFE projects.

(11) An action that has received a contribution from the Programme can also receive a contribution from any other Union programme, provided that the contributions do not cover the same costs. Actions that receive cumulative funding from different Union programmes shall be audited only once, covering all involved programmes and their respective applicable rules.

(12) The Union's most recent Environmental Implementation Review package indicates that significant progress is required to accelerate implementation of the Union environment acquis and enhance the integration of environmental and climate objectives into other policies. The Programme should therefore act as a catalyst to achieve the required progress through developing, testing and replicating new approaches; supporting policy development, monitoring and review; enhancing stakeholder involvement; mobilising investments across Union investment programmes or other financial sources and supporting actions to overcome the various obstacles to the effective implementation of key plans required by environment legislation.

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21 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The EU Environmental Implementation Review: Common challenges and how to combine efforts to deliver better results (COM/2017/063 final).
Halting and reversing biodiversity loss, including in marine ecosystems, requires support for the development, implementation, enforcement and assessment of relevant Union legislation and policy, including the EU Biodiversity Strategy to 2020\textsuperscript{22}, Council Directive 92/43/EEC\textsuperscript{23} and Directive 2009/147/EC of the European Parliament and of the Council\textsuperscript{24} and Regulation (EU) 1143/2014 of the European Parliament and of the Council\textsuperscript{25}, in particular by developing the knowledge base for policy development and implementation and by developing, testing, demonstrating and applying best practices and solutions on small scale or tailored to specific local, regional or national contexts, including integrated approaches for the implementation of the prioritised action frameworks prepared on the basis of Directive 92/43/EEC. The Union should track its biodiversity-related expenditure to fulfil its reporting obligations under the Convention on Biological Diversity. Requirements for tracking in other relevant Union legislation should also be met.

Recent evaluations and assessments, including the mid-term review of the EU Biodiversity Strategy to 2020 and the Fitness Check of Nature legislation, indicate that one of the main underlying causes for insufficient implementation of Union nature legislation and of the biodiversity strategy is the lack of adequate financing. The main Union funding instruments, including the [European Regional Development Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund], can make a significant contribution towards meeting those needs. The Programme can further improve the efficiency of such mainstreaming through strategic nature projects dedicated to catalysing the implementation of Union nature and biodiversity legislation and policy, including the actions set out in the Priority Action Frameworks developed in accordance with Directive 92/43/EEC. The strategic nature projects should support programmes of actions in Member States for the mainstreaming of relevant nature and biodiversity objectives into other policies and financing programmes, thus ensuring that appropriate funds are mobilised for implementing these policies. Member States could decide within their Strategic Plan for the Common Agricultural Policy to use a certain share of the European Agricultural Fund for Rural Development allocation to leverage support for actions that complement the Strategic Nature Projects as defined under this Regulation.

The voluntary scheme for Biodiversity and Ecosystem Services in Territories of European Overseas (BEST) promotes the conservation of biodiversity, including marine biodiversity, and sustainable use of ecosystem services, including ecosystem-based approaches to climate change adaptation and mitigation, in the Union's Outermost Regions and Overseas Countries and Territories. BEST has helped to raise awareness for the ecological importance of the Outermost Regions and Overseas Countries and Territories for conserving global biodiversity. In their Ministerial Declarations in 2017 and 2018, Overseas Countries and Territories have expressed their appreciation for this small grant scheme for biodiversity. It is appropriate to

\textsuperscript{22} COM(2011) 244 final.
allow the Programme to continue financing small grants for biodiversity in both the Outermost Regions and the Overseas Countries and Territories.

(16) Promoting the circular economy requires a mentality shift in the way of designing, producing, consuming and disposing of materials and products, including plastics. The Programme should contribute to the transition to a circular economy model through financial support targeting a variety of actors (businesses, public authorities and consumers), in particular by applying, developing, and replicating best technology, practices and solutions tailored to specific local, regional or national contexts, including through integrated approaches for the implementation of waste management and prevention plans. Through supporting the implementation of the plastics strategy, action can be taken to address the problem of marine litter in particular.

(17) The Union's long-term objective for air policy is to achieve levels of air quality that do not cause significant negative impacts on and risks to human health. Public awareness about air pollution is high and citizens expect authorities to act. Directive (EU) 2016/2284 of the European Parliament and of the Council\(^\text{26}\) stresses the role Union funding can play in achieving clean air objectives. Therefore, the Programme should support projects, including strategic integrated projects, which have the potential to leverage public and private funds, to be showcases of good practice and catalysts for the implementation of air quality plans and legislation at local, regional, multi-regional, national and trans-national level.

(18) Directive 2000/60/EC established a framework for the protection of the Union’s surface waters, coastal waters, transitional waters and groundwater. The objectives of the Directive are supported by the Blueprint to Safeguard Europe's Water Resources\(^\text{27}\) which calls for better implementation and increased integration of water policy objectives into other policy areas. The Programme should therefore support projects which contribute to the effective implementation of Directive 2000/60/EC and of other Union water legislation that contributes to achieving a good status of the Union’s water bodies through applying, developing and replicating best practices, as well as through mobilising complementary actions under other Union programmes or financial sources.

(19) The protection and restoration of the marine environment is one of the overall aims of the Union's environment policy. The Programme should support the following: the management, conservation, restoration and monitoring of biodiversity and marine ecosystems in particular in Natura 2000 marine sites and the protection of species in accordance with the prioritised action frameworks developed pursuant to Directive 92/43/EEC; the achievement of Good Environmental Status in line with the Directive 2008/56/EC of the European Parliament and of the Council\(^\text{28}\); the promotion of clean and healthy seas; the implementation of the European strategy for plastic in a circular economy, to address the problem of lost fishing gear and marine litter in particular; and the promotion of the Union's involvement in international ocean governance which is essential for achieving the goals of the United Nations 2030 Agenda for


\(^{27}\) COM(2012) 673 final.

Sustainable Development and to guarantee healthy oceans for future generations. The Programme's strategic integrated projects and strategic nature projects should include relevant actions aiming at the protection of the marine environment.

(20) The improvement of governance on environmental, climate change and related clean energy transition matters requires involvement of civil society by raising public awareness, consumer engagement, and broadening of stakeholder involvement, including non-governmental organisations, in consultation on and implementation of related policies.

(21) Whilst improving governance at all levels should be a cross-cutting objective for all sub-programmes of the Programme, the Programme should support the development and implementation of the horizontal legislation on the environmental governance, including the legislation implementing the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters.

(22) The Programme should prepare and support market players for the shift towards a clean, circular, energy-efficient, low-carbon and climate-resilient economy by testing new business opportunities, upgrading professional skills, facilitating consumers' access to sustainable products and services, engaging and empowering influencers and testing novel methods to adapt the existing processes and business landscape. To support a broader market uptake of sustainable solutions, general public acceptance and consumer engagement should be promoted.

(23) At Union level, large investments in environmental and climate actions are primarily funded by major Union funding programmes (mainstreaming). In the context of their catalytic role, strategic integrated projects and strategic nature projects to be developed under the Programme should leverage financing opportunities under those funding programmes and other sources of funding such as national funds, and create synergies.

(24) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, this Programme will contribute to mainstream climate actions and to the achievement of an overall target of 25% of the EU budget expenditures supporting climate objectives. Actions under this Programme are expected to contribute 61% of the overall financial envelope of the Programme to climate objectives. Relevant actions will be identified during the Programme's preparation and implementation, and reassessed in the context of the relevant evaluations and review processes.

(25) In the implementation of the Programme due consideration should be given to the strategy for outermost regions in view of Article 349 TFEU and the specific needs and vulnerabilities of these regions. Union policies other than environmental, climate and relevant clean energy transition policies should also be taken into account.

(26) In support of the implementation of the Programme, the Commission should collaborate with the Programme’s national contact points, organise seminars and workshops, publish lists of projects funded under the Programme or undertake other activities to disseminate project results and to facilitate exchanges of experience, knowledge and best practices and the replication of project results across the Union.

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30 COM(2017) 623 final
Such activities should in particular target Member States with a low uptake of funds and should facilitate the communication and cooperation between project beneficiaries, applicants or stakeholders of completed and ongoing projects in the same field.

(27) The European Union Network for the Implementation and Enforcement of Environmental Law (IMPEL), the European Network of Prosecutors for the Environment (ENPE) and the European Union Forum of judges for the environment (EUFJE) have been created to facilitate the collaboration between Member States and play a unique role in the enforcement of the Union environmental legislation. They provide a substantial contribution to reinforce consistency in the implementation and enforcement of Union environmental legislation across the Union, avoiding distortions of competition, contribute to improving the quality of the environmental inspection and the law enforcement mechanisms through a networking system at both, Union and Member State level, and provide exchange of information and experience at different administrative levels, as well as through training and in-depth discussions on environmental issues and enforcement aspects, including monitoring and permitting processes. In view of their contribution to the objectives of the Programme, it is appropriate to authorise the award of grants to IMPEL, ENPE and EUFJE without a call for proposals so as to continue to provide support to the activities of these associations. In addition, in other cases a call may not be required pursuant to the general requirements of the Financial Regulation, e.g. for bodies designated by the Member States and operating under their responsibility, where those Member States are identified as beneficiaries of a grant by a legislative act of the Union.

(28) It is appropriate to lay down a financial envelope for the Programme which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, for the European Parliament and the Council during the annual budgetary procedure.

(29) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union’s budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.


interests of the Union are to be protected through proportionate measures, including
the prevention, detection, correction and investigation of irregularities and fraud, the
recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the
imposition of administrative sanctions. In particular, in accordance with Regulations
(EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud
Office (OLAF) may carry out investigations, including on-the-spot checks and
inspections, with a view to establishing whether there has been fraud, corruption or
any other illegal activity affecting the financial interests of the Union. In accordance
with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO)
may investigate and prosecute fraud and other illegal activities affecting the financial
interests of the Union as provided for in Directive (EU) 2017/1371 of the European
Parliament and of the Council. In accordance with the Financial Regulation, any
person or entity receiving Union funds is to fully cooperate in the protection of the
Union’s financial interests and grant the necessary rights and access to the
Commission, OLAF, the European Public Prosecutor's Office (EPPO) and the
European Court of Auditors (ECA) and to ensure that any third parties involved in the
implementation of Union funds grant equivalent rights.

(31) The types of financing and the methods of implementation should be chosen on the
basis of their ability to achieve the specific objectives of the actions and to deliver
results, taking into account, in particular, the costs of controls, the administrative
burden, and the expected risk of non-compliance. As regards grants, this should
include consideration of the use of lump sums, flat rates and scales of unit costs.

(32) The policy objectives of the Programme should be also addressed through financial
instruments and budgetary guarantee under the policy window(s) […] of the InvestEU.

(33) Pursuant to Article 94 of Council Decision 2013/755/EU, entities established in
overseas countries and territories are eligible for funding subject to the rules and
objectives of the Programme and possible arrangements applicable to the Member
State to which the relevant overseas country or territory is linked. The participation of
these entities to this Programme should focus primarily on projects under sub-
programme Nature and Biodiversity.

(34) The Programme should be open to third countries in accordance with the agreements
between the Union and those countries establishing the specific conditions for their
participation;

(35) Third countries which are members of the European Economic Area (EEA) may
participate in Union programmes in the framework of the cooperation established
under the EEA agreement, which provides for the implementation of the programmes
by a decision under that agreement. Third countries may also participate on the basis
of other legal instruments. A specific provision should be introduced in this
Regulation to grant the necessary rights for and access to the authorizing officer

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34 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).
35 [Full title + OJ L info].
responsible, the European Anti-Fraud Office (OLAF) as well as the European Court of Auditors to comprehensively exert their respective competences.

(36) Pursuant to points 22 and 23 of the Inter-institutional agreement of 13 April 2016 on Better Law-Making, there is a need to evaluate this Programme on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, may include measurable indicators, as a basis for evaluating the effects of the Programme on the ground. The full impact of the Programme accrues through indirect, long-term and difficult-to-measure contributions towards achieving the full range of Union environment and climate objectives. For monitoring of the Programme, direct output indicators and tracking requirements set out in this Regulation should be complemented by aggregation of specific project level indicators to be described in work programmes or calls for proposals, inter alia regarding Natura 2000 and emissions of certain atmospheric pollutants.

(37) In order to allow for a review of the indicators, 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 to amend the indicators to be used for the purposes of reporting on progress of the Programme towards the achievement of its general and specific objectives in particular in view of their alignment with indicators set out for other Union programmes. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(38) Since the objectives of this Regulation, namely contributing to sustainable development and to the achievement of the objectives and targets of the Union environment, climate and relevant clean energy legislation, strategies, plans or international commitments cannot be sufficiently achieved by the Member States but can rather, by reason of scale and effects of this Regulation, 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.

(39) Regulation (EU) No 1293/2013 should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

CHAPTER I
GENERAL PROVISIONS

Article 1
Subject matter

This Regulation establishes the Programme for the Environment and Climate Action (LIFE) (the ‘Programme’).
It lays down the objectives of the Programme, the budget for the period 2021-2027, the forms of Union funding and the rules for providing such funding.

Article 2
Definitions
For the purposes of this Regulation, the following definitions apply:

(1) 'strategic nature projects' means projects that support the achievement of Union nature and biodiversity objectives by implementing coherent programmes of action in the Member States to mainstream these objectives and priorities into other policies and financing instruments, including through coordinated implementation of the priority action frameworks established pursuant to Directive 92/43/EEC;

(2) 'strategic integrated projects' means projects that implement on a regional, multi-regional, national or transnational scale, environmental or climate strategies or action plans developed by Member States' authorities and required by specific environmental, climate or relevant clean energy Union legislation or policy, while ensuring involvement of stakeholders and promoting the coordination with and mobilisation of at least one other Union, national or private funding source;

(3) 'technical assistance projects' means projects that support the development of capacity to participate in standard action projects, the preparation of strategic integrated projects, the preparation for accessing other Union financial instruments or other measures necessary for preparing the upscaling or replication of results from other projects funded by the Programme, its predecessor programmes or other Union programmes, in view of pursuing the objectives set out in Article 3;

(4) 'standard action projects' means projects, other than strategic integrated projects, strategic nature projects or technical assistance projects, that pursue the specific objectives of the Programme set out in Article 3(2);

(5) 'blending operations' means actions supported by the Union budget, including within blending facilities pursuant to Article 2(6) of Regulation (EU, Euratom) 2018/… ("the Financial Regulation"), combining non-repayable forms of support and/or financial instruments from the Union budget with repayable forms of support from development or other public finance institutions, as well as from commercial finance institutions and investors;

(6) 'legal entity' means any natural or legal person created and recognised as such under national law, Union law or international law, which has legal personality and which may, acting in its own name, exercise rights and be subject to obligations, or an entity without a legal personality in accordance with Article 190(2)(c) of the Financial Regulation.

Article 3
Programme objectives
1. The general objective of the Programme 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 the protection and improvement of the quality of the environment and to halting and reversing biodiversity loss, thereby contributing to sustainable development.

2. The Programme has the following specific objectives:
(a) to develop, demonstrate and promote innovative techniques and approaches for reaching the objectives of the Union legislation and policy on environment and climate action, including the transition to clean energy, and to contribute to the application of best practice in relation to nature and biodiversity;

(b) to support the development, implementation, monitoring and enforcement of the relevant Union legislation and policy, including by improving governance through enhancing capacities of public and private actors and the involvement of civil society;

(c) to catalyse the large-scale deployment of successful technical and policy-related solutions for implementing the relevant Union legislation and policy by replicating results, integrating related objectives into other policies and into public and private sector practices, mobilising investment and improving access to finance.

**Article 4**

**Programme structure**

The Programme is structured as follows:

(1) the field Environment, which includes:
   (a) the sub-programme Nature and Biodiversity;
   (b) the sub-programme Circular Economy and Quality of Life;

(2) the field Climate Action, which includes:
   (a) the sub-programme Climate Change Mitigation and Adaptation;
   (b) the sub-programme Clean Energy Transition.

**Article 5**

**Budget**

1. The financial envelope for the implementation of the Programme for the period 2021-2027 shall be EUR 5 450 000 000 in current prices.

2. The indicative distribution of the amount referred to in paragraph 1 shall be:
   (a) EUR 3 500 000 000 for the field Environment, of which
      (1) EUR 2 150 000 000 for the sub-programme Nature and Biodiversity and
      (2) EUR 1 350 000 000 for the sub-programme Circular Economy and Quality of Life;
   (b) EUR 1 950 000 000 for the field Climate Action, of which
      (1) EUR 950 000 000 for the sub-programme Climate Change Mitigation and Adaptation and
      (2) EUR 1 000 000 000 for the sub-programme Clean Energy Transition.

3. The amounts referred to in paragraphs 1 and 2 shall be without prejudice to provisions on flexibility set out in Regulation (EU) … of the European Parliament.
and of the Council[^18] [the new Multiannual Financial Framework Regulation] and the Financial Regulation.

4. The amount referred to in paragraph 1 may be used for technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.

5. The Programme may finance activities implemented by the Commission in support of the preparation, implementation and mainstreaming of Union environmental, climate or relevant clean energy transition legislation and policies for the purpose of achieving the objectives set out in Article 3. Such activities 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 regarding the political priorities of the Union, as well as regarding the implementation and transposition status of Union environmental, climate or relevant clean energy legislation;

(b) studies, surveys, modelling and scenario building;

(c) preparation, implementation, monitoring, checking and evaluation of projects not funded by the Programme, policies, programmes and legislation;

(d) workshops, conferences and meetings;

(e) networking and best-practice platforms;

(f) other activities.

**Article 6**

*Third countries associated to the Programme*

1. The Programme shall be open to the following third countries:

(a) European Free Trade Association (EFTA) members which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA agreement;

(b) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and Association Council decisions, or similar agreements and in accordance with the specific conditions laid down in agreements between the Union and those countries;

(c) countries covered by the European Neighbourhood Policy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and association council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries;

[^18]: Please insert full title and OJ info
(d) other third countries, in accordance with the conditions laid down in a specific agreement covering the participation of the third country to any Union programme, provided that the agreement

- ensures a fair balance as regards the contributions and benefits of the third country participating in the Union programmes;
- lays down the conditions of participation in the programmes, including the calculation of financial contributions to individual programmes and their administrative costs. These contributions shall constitute assigned revenues in accordance with Article [21(5)] of the Financial Regulation;
- does not confer to the third country a decisional power on the programme;
- guarantees the rights of the Union to ensure sound financial management and to protect its financial interests.

2. Where a third country participates in the programme by a decision under an international agreement or by virtue of any other legal instrument, the third country shall grant the necessary rights and access required for the authorizing officer responsible, the European Anti-Fraud Office (OLAF), the European Court of Auditors to comprehensively exert their respective competences. In the case of OLAF, such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, provided for in Regulation (EU, Euratom) No883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF).

Article 7
Synergies with other Union programmes

The Programme shall be implemented in a way which ensures its consistency with 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, Horizon Europe, the Connecting Europe Facility and InvestEU, in order to create synergies, particularly as regards strategic nature projects and strategic integrated projects, and to support the uptake and replication of solutions developed under the Programme.

Article 8
Implementation and forms of Union funding

1. The Programme shall be implemented in direct management in accordance with the Financial Regulation or in indirect management with bodies referred to in Article [61(1)(c)] of the Financial Regulation.

2. The Programme may provide funding in any of the forms laid down in the Financial Regulation, in particular grants, prizes and procurement. It may also provide financing in the form of financial instruments within blending operations.
CHAPTER II
ELIGIBILITY

Article 9
Grants

Grants under the Programme shall be awarded and managed in accordance with Title VIII of the Financial Regulation.

Article 10
Eligible actions

1. Only actions implementing the objectives referred to in Article 3 shall be eligible for funding.

2. Grants may finance the following types of action:
   (a) strategic nature projects under the sub-programme referred to in point (1)(a) of Article 4;
   (b) strategic integrated projects under the sub-programmes referred to in points (1)(b), (2)(a) and 2(b) of Article 4;
   (c) technical assistance projects;
   (d) standard action projects;
   (e) other actions needed for the purpose of achieving the general objective set out in Article 3(1).

3. Projects under the sub-programme Nature and Biodiversity concerning the management, restoration and monitoring of Natura 2000 sites in accordance with Directives 92/43/EEC and 2009/147/EC shall be supported in accordance with prioritised action frameworks established pursuant to Directive 92/43/EEC.

4. Grants may finance activities outside the Union, provided that the project pursues Union environmental and climate objectives and the activities outside the Union are necessary to ensure the effectiveness of interventions carried out in Member State territories.

5. Operating grants shall support the functioning of non-profit making entities which are involved in the development, implementation and enforcement of Union legislation and policy and which are primarily active in the field of environment or climate action, including clean energy transition.

Article 11
Eligible entities

1. The eligibility criteria set out in paragraph 2 to 3 shall apply in addition to the criteria set out in Article [197] of the Financial Regulation.

2. The following entities are eligible:
   (a) legal entities established in any of the following countries or territories:
      (1) a Member State or an overseas country or territory linked to it;
      (2) a third country associated to the Programme;
(3) other third countries listed in the work programme under the conditions specified in paragraphs 4 to 6;

(b) any legal entity created under Union law or any international organisation.

3. Natural persons are not eligible.

4. Legal entities established in a third country which is not associated to the Programme are exceptionally eligible to participate where this is necessary for the achievement of the objectives of a given action to ensure the effectiveness of interventions carried out in the Union.

5. Legal entities participating in consortia of at least three independent entities, established in different Member States or overseas countries or territories linked to those states or third countries associated to the Programme or other third countries, are eligible.

6. Legal entities established in a third country which is not associated to the Programme should in principle bear the cost of their participation.

**Article 12**

**Calls for proposals**

Without prejudice to Article [188] of the Financial Regulation, grants may be awarded without a call for proposals to the bodies listed in Annex I.

**Article 13**

**Award criteria**

Award criteria shall be set out in the calls for proposals taking into account the following:

(a) projects financed by the Programme shall avoid undermining environmental, climate or relevant clean energy objectives of the Programme and, where possible, shall promote the use of green public procurement;

(b) projects that provide co-benefits and promote synergies between the sub-programmes referred to in Article 4 shall be given priority;

(c) projects with the highest potential of being replicated and taken-up by the public or private sector or of mobilising the largest investments or financial resources (catalytic potential) shall be given priority;

(d) the replicability of standard action project results shall be ensured;

(e) projects that build on or upscale the results of other projects funded by the Programme, its predecessor programmes or with other Union funds shall benefit from a bonus in their evaluation;

(f) where appropriate, special regard shall be given to projects in geographical areas with specific needs or vulnerabilities, such as areas with specific environmental challenges or natural constraints, trans-border areas or outermost regions.

**Article 14**

**Eligible costs related to purchase of land**

In addition to the criteria set out in Article [186] of the Financial Regulation, costs relating to the purchase of land shall be considered eligible provided that the following conditions are fulfilled:
(a) the purchase will contribute to improving, maintaining and restoring the integrity of the Natura 2000 network set up pursuant to Article 3 of Directive 92/43/EEC, including through improving connectivity by the creation of corridors, stepping stones, or other elements of green infrastructure;

(b) land purchase is the only or most cost-effective way of achieving the desired conservation outcome;

(c) the land purchased is reserved in the long term for uses consistent with the specific objectives of the Programme;

(d) the Member State concerned ensures, by way of transfer or otherwise, the long-term assignment of such land to nature conservation purposes.

Article 15
Cumulative, complementary and combined funding

1. An action that has received a contribution from another Union programme may also receive a contribution under the Programme, provided that the contributions do not cover the same costs. The rules of each contributing Union programme shall apply to its respective contribution to the action. The cumulative funding shall not exceed the total eligible costs of the action and the support from the different Union programmes may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

2. Actions awarded a Seal of Excellence certification, or which comply with the following cumulative, comparative conditions:
   
   (a) they have been assessed in a call for proposals under the Programme;
   
   (b) they comply with the minimum quality requirements of that call for proposals;
   
   (c) they may not be financed under that call for proposals due to budgetary constraints.

may receive support from the European Regional Development Fund, the Cohesion Fund, the European Social Fund+ or the European Agricultural Fund for Rural Development, in accordance with paragraph 5 of Article [67] of Regulation (EU) XX [Common Provisions Regulation] and Article [8] or Regulation (EU) XX [Financing, management and monitoring of the Common Agricultural Policy], provided that such actions are consistent with the objectives of the programme concerned. The rules of the Fund providing support shall apply.

CHAPTER III
BLENDING OPERATIONS

Article 16
Blending operations

Blending operations under this Programme shall be implemented in accordance with the [InvestEU Regulation] and Title X of the Financial Regulation.
CHAPTER IV
PROGRAMMING, MONITORING, REPORTING AND EVALUATION

Article 17
Work programme

1. The Programme shall be implemented by at least two multiannual work programmes referred to in Article 110 of the Financial Regulation. Work programmes shall set out, where applicable, the overall amount reserved for blending operations.

2. Each multiannual work programme shall specify, in line with the objectives set out in Article 3, the following:

   (a) the allocation of funds within each sub-programme between needs thereunder and between different types of funding;

   (b) the project topics or specific needs for which there is pre-allocation of funding for the projects referred to in points (c) and (d) of Article 10(2);

   (c) the target plans for which funding may be requested for projects as referred to in point (b) of Article 10(2);

   (d) the maximum eligibility period for the implementation of the project.

Article 18
Monitoring and reporting

1. Indicators to report on progress of the Programme towards the achievement of the objectives set out in Article 3 are set in Annex II.

2. To ensure effective assessment of progress of the Programme towards the achievement of its objectives, the Commission is empowered to adopt delegated acts in accordance with Article 21 to amend Annex II to review or complement the indicators where considered necessary and to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework.

3. The performance reporting system shall ensure that data for monitoring programme implementation and results are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funds to enable the collection of aggregable project-level output and impact indicators, for all relevant specific environment and climate policy objectives, including in relation to Natura 2000 and the emissions of certain atmospheric air pollutants, including CO₂.

4. The Commission shall regularly monitor and report on mainstreaming of climate and biodiversity objectives, including the amount of expenditure. The contribution of this Regulation to the budget-wide target of 25% of expenditure contributing to climate objectives shall be tracked through the Union climate marker system. Biodiversity-related spending shall be tracked using a specific set of markers. Those tracking methods shall be used to quantify the commitment appropriations expected to contribute respectively to climate and to biodiversity objectives over the Multiannual Financial Framework for 2021-2027 at the appropriate level of disaggregation. The spending shall be presented annually in the budget Programme Statement. The contribution of the Programme to Union climate and biodiversity objectives shall be reported regularly in the context of evaluations and the annual report.
5. The Commission shall assess synergies between the Programme and other complementary Union programmes and between its sub-programmes.

**Article 19**
*Evaluation*

1. Evaluations shall be carried out in a timely manner to feed into the decision-making process.

2. The interim evaluation of the Programme shall be performed once there is sufficient information available about the implementation of the Programme, but no later than four years after the start of the Programme implementation.

3. At the end of the implementation of the Programme, but no later than four years after the end of the period specified in the second paragraph of Article 1, a final evaluation of the Programme shall be carried out by the Commission.

4. The Commission shall communicate the conclusions of the evaluations accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

**CHAPTER V**
*TRANSITIONAL AND FINAL PROVISIONS*

**Article 20**
*Information, communication and publicity*

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding (in particular when promoting the projects and their results), by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

2. The Commission shall implement information and communication actions relating to the Programme, and its actions and results. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 3.

**Article 21**
*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 Article 18(2) shall be conferred on the Commission until 31 December 2028.

3. The delegation of power referred to in Article 18(2) 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. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 18(2) 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 22
Repeal

Regulation (EU) No 1293/2013 is repealed with effect from 1 January 2021.

Article 23
Transitional provisions

1. This Regulation shall not affect the continuation or modification of the actions concerned, until their closure, under Regulation (EC) No 614/2007 of the European Parliament and of the Council and under Regulation (EU) No 1293/2013, which shall continue to apply to the projects concerned until their closure.

2. The financial envelope for the Programme may also cover technical and administrative assistance expenses necessary to ensure the transition between the Programme and the measures adopted under Regulations (EC) No 614/2007 and (EU) No 1293/2013.

3. If necessary, appropriations may be entered in the budget beyond 31 December 2027 to cover the expenses provided for in Article 5(4), to enable the management of projects not completed by that date.

4. Reflows from financial instruments established under Regulation (EU) No 1293/2013 may be invested in the financial instruments established under [InvestEU Fund].


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Article 24
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  For the Council
The President  The President
LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative


1.2. Policy area(s) concerned (Programme cluster)

III. Natural resources and the Environment

1.3. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project/preparatory action

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.4. Grounds for the proposal/initiative

1.4.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The Regulation is expected to enter into force on 1 January 2021.

Its implementation will be preceded by

- some preparatory activities undertaken in the framework of the current programme, particularly needed for the early start of the implementation of the Nature and Biodiversity subprogramme;

- the adoption of the Multiannual Work Programme which will define the allocation of funds within each sub-programme between different types of funding, the project topics or specific needs for which a pre-allocation of funding is required, the types of target plans for which funding may be requested for strategic integrated projects, as well the maximum eligibility period for the projects implementation.

1.4.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at European level (ex-ante)

The programme's value added stems from its catalytic role in supporting the Union's environmental and climate policy development, as well as to activities enhancing the realisation of Union's environmental and climate objectives, including the relevant clean energy transition across the Union.

41 As referred to in Article 58(2)(a) or (b) of the Financial Regulation.
By their very nature, environmental problems, including climate change, transcend political, legal and man-made boundaries and cannot be adequately solved by Member States alone. Union intervention in the form of a dedicated instrument for environment and climate, including energy efficiency and renewable energy, is required to efficiently address such problems, avoid coordination failures, and facilitate coordinated environment and climate mainstreaming across the Union budget with targeted actions.

More effective implementation is achieved because LIFE contributes to the development, implementation and enforcement of Union's environmental and climate action policies and legislation, ensuring Union level coordination, and providing a Union-level platform for sharing best practice and for the demonstration of more efficient solutions, including for clean energy transition, to be replicated at a wider scale in the Union.

LIFE allows improved sharing of responsibility while also promoting solidarity for the management/conservation of Union's environmental assets, which are usually public goods and which are not distributed evenly across the Union. Their associated costs and benefits are not normally reflected in the market and, as a consequence, there is the need to ensure a sharing of associated burden for the correct functioning of the single market.

LIFE focusses on relatively small-scale projects providing one-off investment needed in a specific area, eliminating initial barriers and testing new approaches which in turn catalyse broader actions and mainstreaming of environmental and climate policy into the major Union spending instruments.

Through strategic integrated projects and strategic nature projects, the Programme creates synergies across Union and national funds facilitating implementation of the Union's legislation.

Furthermore, LIFE finances those actions and measures that would otherwise be inadequately financed by Member States alone. Certain pieces of Union environmental legislation, such as the Habitats Directive and the National Emission Ceilings (NEC) Directive, specifically acknowledge the need for Union finance to meet their objectives.

The expected generated Union added value (ex-post) is linked to its catalytic effect and therefore, to the impact of

- new/modified legislation and policies agreed and implemented at international (e.g. the Paris Agreement) and Union level,
- implementation of new innovative techniques, approaches and best practice, and
- application of successful technical and policy-related solutions for integrating environmental, climate action and clean energy objectives into other policies and into public and private sector practices.

1.4.3. Lessons learned from similar experiences in the past

The final evaluation of the LIFE+ Programme (2007-2013) concludes that the programme was successful in promoting the implementation of the Union's environmental policy and legislation with significant Union added value. However, it also identified a number of shortcomings. The vast majority of these were addressed by introducing changes to the design of the current LIFE Programme (2014-2020).

The effectiveness of these changes was explored in the recent mid-term evaluation of LIFE (MTE). While the evaluation was undertaken at an early stage of the programme implementation, when only the 2014 and 2015 projects had started, it confirmed that the programme is on track to be effective, efficient and relevant and it is providing a contribution
to the Europe 2020 strategy. Furthermore, the vast majority of stakeholders who participated in the public consultation see LIFE as being a very important instrument for addressing environmental and climate priorities.

The lessons learned from the MTE and, where relevant, recommendations from other reviews of the LIFE programme, are summarised below. They concern three aspects: programme relevance, coherence and coverage; effectiveness and catalytic effect; and efficiency and simplification. Some of the conclusions have already been taken into account in the programme implementation of the current programme.

1. Relevance, coherence and coverage

• The LIFE programme and its general objectives are relevant and are targeting the Union's existing environmental and climate policy priorities. Also, the six Priority Areas defined in the existing LIFE Regulation are responding to the needs.

• Around 13% of the LIFE projects impact more than one thematic area. These 'overlaps' are synergetic: taking into account the interdependence of natural resources, multipurpose projects are more effective. Their combined impact is rewarded with bonus points during the evaluation.

• The small budget, the breadth of policy objectives targeted and the new challenges imply that not all areas could be addressed adequately by the end of the programming period. A critical mass to trigger a change on all environmental and climate issues would require a substantial increase of the budget.

• Reducing the thematic scope of the programme would, however, have critical consequences in addressing one or more of the programme’s priorities (e.g. resources efficiency, the quality of water and air, greenhouse gas emissions reduction, nature and biodiversity including marine conservation, etc.).

• Overlaps between the grants financed by LIFE and other Union programmes (e.g. demonstration projects under Horizon 2020) are synergistic, as the programmes have distinct goals and activities that are inter-related, while being different in size and nature. In some areas (i.e. nature and biodiversity including marine ecosystems) the programme plays a unique and essential role. Synergies and complementarities were observed in particular with research, cohesion and rural development programmes. Still, the systematic development of synergy mechanisms could offer space for improvement.

2. Effectiveness and catalytic effect

• In general, the various types of grants (standard action projects, integrated projects, technical assistance for integrated projects, preparatory projects and NGO support) appear to be effective delivery mechanisms.

• The integrated projects, which coordinate the implementation of actions on a large territorial scale, have shown a significant potential to enhance the catalytic effect of LIFE. LIFE financing of EUR 251.7 million to integrated projects under the present programme in the period 2014-2016 is expected to trigger investments on environmental and climate action of about EUR 5.7 billion in total. Thus for each LIFE euro spent, a further 22 euros from other sources is projected to be used in a coordinated way for environment and climate objectives.

• The pilot financial instrument, Private Finance for Energy Efficiency instrument (PF4EE) is aimed at building up the capacity of financial institutions to develop and test specific loan products targeting private sector’s investments in energy efficiency measures. It has shown a good uptake and possibility, after the pilot phase, to enable up-scaling and
mainstreaming of the piloted energy efficiency loans via relevant financial instruments mobilised by Union programmes, in particular under the future InvestEU Fund.

- The Committee of the Regions has called on the LIFE programme to achieve greater complementarity between PF4EE and other relevant financial instruments.

- The pilot financial instrument Natural Capital Financing Facility (NCFF) provides loans, equity and guarantees to nature and climate adaptation measures that can generate revenues or save costs. It is intended to establish a pipeline of replicable, bankable operations that will serve as a "proof of concept" to demonstrate to potential investors the attractiveness of operations directly addressing biodiversity and climate adaptation objectives. It has registered a slow uptake because of the need to adapt banking practices for assessing the returns of such investments combined with the need to improve the quality of the project applications. Several adjustments have been made as a follow up of the LIFE mid-term evaluation to increase the visibility of the instrument and to operationalise the technical assistance facility. The project pipeline has improved as a result. One of the recommendations still to be addressed is to complement this financial support with targeted grants (blending).

- Public procurement contracts are considered a valuable delivery mechanism for providing targeted support for the preparation of environmental and climate legislation and policies and their implementation/enforcement. They have an important catalytic effect.

3. Efficiency and simplification

- The delegation of management from the Commission to the Executive Agency for Small and Medium-sized Enterprises (EASME) delivered cost savings and improved the efficiency of the programme, because it introduced economies of scale for implementing the large number of homogenous and standardised operations needed to manage grants.

- LIFE is relatively efficient compared to other Union programmes. It costs, in relative terms, significantly less to manage LIFE than other similar programmes (e.g. COSME and Horizon 2020). The management practices characterised by the use of external support for project monitoring resulted in an extremely high project success rate and a very low error rate (0.25% in 2017 - the lowest across all the Union programmes).

What more could be done:

- More targeted steering of projects towards key priorities could enhance the focus and performance, in particular for the Environment sub-programme, where thematic priorities are presently defined in the Regulation for a period of seven years. New priorities emerging during the seven year programming period (such as the Circular Economy and the related sectors, for example plastics), or other priorities which are not adequately targeted by projects (selected following a calls for proposals on the basis of a bottom-up approach) may not be addressed by a sufficient number of interventions.

- Beneficiaries find administrative burden too high. Thus there is a need to simplify the Regulation and the application and reporting process. Some simplification measures have already been introduced and others are being tested.

- There is a low participation of beneficiaries from some Member States which risks weakening the catalytic effect of the programme. The use of national allocations has proven not to be effective in targeting this problem: it resulted in a reduced participation from the countries which participated more without improving the participation of the others. It has been discontinued since 2018. Although the capacity building grants introduced in 2014 are on-going and it is too early to reach any conclusion, the results seem mixed. New ways of mitigating an uneven participation should be sought.
The greater the replication of project results, the greater the catalytic effect of LIFE. A 2016 report states that, although about three quarters of projects have good potential for replication, there is space for improvement in actual replication. The beneficiaries mention that the main barriers are a lack of: financial means, decision makers’ interest and sense of urgency, specific information and communication of transferable solutions, and investment-planning capacity.

1.4.4. Compatibility and possible synergy with other appropriate instruments

The LIFE programme is the only Union fund entirely dedicated to environmental and climate objectives, including the transition to clean energy. It targets a niche between Union programmes supporting research and innovation on the one hand and Union programmes financing large-scale deployment of measures on the other hand (see Figure 1 below).

As Figure 1 illustrates, the first stage, "research/innovation", involves primary research that enhances scientific knowledge and technical demonstration to prove the viability of innovations. LIFE does not cover this area apart from small-scale research activities that support other objectives in projects. The second stage, "demonstration/best practice" including testing, demonstrating and piloting the effectiveness of new technologies, approaches or policies as methods for policy implementation. LIFE mainly finances actions that come under this stage, particularly under the standard 'traditional' action projects. LIFE also finances actions in the third stage, entitled "facilitating exploitation/upscaling/awareness", for instance through strategic integrated projects and activities supporting transition to clean energy. Under this stage, projects prepare the ground for the large-scale deployment of appropriate technologies and approaches. The fourth stage, "large-scale funding of green solutions", covers where a technology, approach or policy is credible, but access to funding constitutes the main barrier. LIFE is not providing finance for large-scale implementation.

While LIFE activities tackle certain problems directly on the ground, the programme's main impact is indirect through its catalytic role: the support for small scale actions intended to initiate, expand or accelerate sustainable production, distribution and consumption practices by:
- Facilitating the development and exchange of best practice and knowledge;
- Building up the capacities and speeding up the implementation of environmental and climate legislation and policies;
- Helping stakeholders to test small-scale technologies and solutions; and
- Mobilising funding from other sources.

Figure 1. The coverage of LIFE and other major EC programmes and funds
The impact assessment confirms the conclusions from the LIFE mid-term evaluation that the overlaps related to the financing stages related to implementation and development of environment and climate policy (see the figure 1 above) are synergetic.

Synergies will be developed in particular with the [InvestEU Fund], notably its sustainable infrastructure window, [Horizon Europe, the European Regional Development Fund, the Cohesion Fund, the European Social Fund+, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund].

LIFE is designed to support demonstrating techniques, approaches and best practice that can be replicated and upscaled in larger programmes. LIFE strategic integrated projects mobilise other European, national, regional and private funds for the implementation of key environmental and climate plans (e.g. river basin management plans, clean air plans, etc.). For Nature and Biodiversity in particular, strategic nature projects will implement coherent programmes of action to mainstream Union’s nature and biodiversity objectives and priorities into other policies and financing instruments, including through coordinated implementation of the priority action frameworks established pursuant to Directive 92/43/EEC. These projects will aim to coordinate the available resources for supporting nature and biodiversity objectives, thus improving mainstreaming.

The impact assessment also explored two specific options related to the Programme’s scope with the intention to better develop potential synergies, addressing gaps and overlaps:

On one hand considering the similar objective and stage targeted by the LIFE Climate sub-programme, the integration of clean energy transition support actions will strengthen the overall programme coherence and synergies in the implementation of the Union's environmental, climate and clean energy policies.
On the other hand, the continuation of the financing of the BEST scheme under the Nature and Biodiversity sub-programme for LIFE will address a gap related to the financing for biodiversity in the Outermost Regions (ORs) and in the Overseas Countries and Territories (OCTs) and will allow the further development of the synergies already started under BEST.

1.5. **Duration and financial impact**

- **limited duration**
  - in effect from 01/01/2021 to 31/12/2027
  - Financial impact from 2021 to 2027 for commitment appropriations and from 2021 to 2036 for payment appropriations.

- **unlimited duration**
  - Implementation with a start-up period from YYYY to YYYY, followed by full-scale operation.

1.6. **Management mode(s) planned**

- **Direct management** by the Commission
- by its departments, including by its staff in the Union delegations;
- by the executive agencies

- **Shared management** with the Member States

- **Indirect management** by entrusting budget implementation tasks to:
  - third countries or the bodies they have designated;
  - international organisations and their agencies (to be specified);
  - the EIB and the European Investment Fund;
  - bodies referred to in Articles 70 and 71 of the Financial Regulation;
  - public law bodies;
  - bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
  - bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

- persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TFEU, and identified in the relevant basic act.

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

Comments:

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42. In the absence of a specific legal basis, the financing of this scheme is decided each year by the Budgetary Authority: in 2018 a preparatory action has been financed. According to the Financial Regulation, a preparatory action is designed to prepare a proposal for the adoption of future actions and cannot be renewed for more than 3 consecutive years. There is therefore the need to provide a financing framework for the continuation of BEST after 2020.

43. Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [https://myintrancomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx](https://myintrancomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx)
The implementation of the Programme might be delegated to an executive agency, subject to the outcome of a cost-benefit analysis and related decisions to be taken.

Indirect management could be used on an ad hoc basis and for a limited portion of the financial envelope of the programme, by entrusting budget implementation tasks to international organisations, the European Investment Bank or the European Investment Fund or other organisations. This will depend from the nature of the tasks in question.
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.

In terms of utilisation of funds in the projects, the results of ex-post controls on LIFE+ and on-site monitoring of LIFE projects show that an extremely high percentage of projects produce good results and the ‘error rate’ of the programme—namely the amount that is considered at risk—is well below the materiality benchmark threshold of 2% and is declining: it was EUR 2.27 for every EUR 100 spent in 2012, falling to EUR 1.24 in 2015 and even further to 0.44 EUR in 2016 and 0.25 in 2017 - the lowest across all the Union programmes.

The monitoring of the programme is based on the lessons learned from previous programmes and is carried out:

1. at project level and
2. at programme level.

1. All proposals need to indicate their expected results expressed in terms of outcome at project level. These outcomes are defined according to a set of predefined key performance indicators. For the projects, these indicators are validated by the monitoring team and by the project officer and represent the basis for monitoring project progress. They shall be regularly updated and expected values are compared with real values in the mid-term and final reports.

For environment, nature and biodiversity and climate action projects, monitoring visits are foreseen at least once a year and each project is visited by staff from the Commission at least once. Feedback is provided to the beneficiary in order to improve performance. A monitoring file is 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 provide an overview of the project implementation and an early detection of problems, which are promptly addressed. This contributes to the high success rate of the projects and to the low error rate of the programme.

Together with the Final Report, each project is required to submit an after-LIFE plan including inter alia a list of expected impacts that serve as a basis to assess the sustainability of the project results. Current practice of ex-post monitoring visits for selected projects will continue. This will provide information on the replicability of the projects after one year and will contribute to assessing the catalytic effect of the programme.

2. At programme level, the multiannual work programmes set out specific thematic priorities for their duration and specific targets, including expected outputs (i.e., expected number of Strategic Integrated Projects, coverage of Natura 2000 by LIFE projects, coverage of River Basin District by LIFE projects). At the end of each year's call for proposals, the Commission analyses whether a sufficient number of projects for a given area of action have been funded and will make adjustments as required to achieve the mid-term targets.
The main achievements for particular priorities are presented during cluster meetings and summarised in thematic reports. They are one of the tools used to disseminate results and feed policy development and implementation.

It is particularly difficult to assess the catalytic impact of the Programme, taking into account the wide range of initiatives financed and the fact that the projects' catalytic effect is expected mainly to occur in the long term, after the projects have ended. Thus it is necessary to strike a balance between the need to get detailed and relevant data on the one hand and the associated costs and the administrative burden pending for the beneficiary, on the other hand.

To this end, the following sources of information will be used in combination with the data collected at project level:

1. a sample of the results of projects will be assessed on the basis of sources and tools independent from the project itself (e.g. regional data on the quality of the air or data from the register of enterprises). These projects will be systematically identified;
2. the data provided by the beneficiaries of already ended projects on a voluntary basis checked on sample basis and through ex-post missions;
3. data will be systematically collected on the overall amount of financial resources mobilised and/or coordinated by the projects.
4. enquiries of main actors at national and Union level.

In this way the burden related to the collection of the data will be further shifted from the beneficiaries to the monitors (monitoring team, external monitors, EASME and the Commission).

A mid-term evaluation and an ex-post evaluation of the Programme will be implemented in 2024 and 2027 respectively. As defined in the impact assessment, taking into account the average project duration, they will provide an overview of the on-going programme, complemented by an analysis of the performance of the LIFE programme 2014-2020 and the impact of the LIFE+ Programme.

In order to provide evidence of the co-benefits that the programme 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 includes the methodology for tracking of climate and biodiversity-related expenditures as defined in the MFF Communication.

This will allow identification each year of the expenditures related to these two priorities across the LIFE Programme.

2.2. Management and control system(s)

2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

The management mode for the LIFE Programme is central direct management by the Commission which may be partially delegate to an existing Executive Agency. Occassionally, for specific ad hoc actions, indirect management may be envisaged.

The Commission will be assisted by an Expert Group with Member States representatives.
The internal control system is based on the lessons learned from the experience. Its main elements, which apply to all financial transactions – grants, procurement and prizes - are:

- the financial circuits based, in particular, on an ex-ante control of each transaction and on specific controls on some of them;
- the controls carried out before the award on the financial and technical capacity of the applicants/tenderers;
- the annual management and performance reports and other reports focused on accounting, financial and operational management.

For a predefined number of projects - 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) – ex-post audits are performed on the spot.

The control strategy takes into account the recommendations deriving from the evaluations of the programme, the reports issued by the internal auditor and the Special Reports of the Court of Auditors aiming at increasing the effectiveness and the European added value of the programme.

### 2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The internal control system is largely based on the experience acquired during the 25 years of the management of the LIFE programme.

Beneficiaries of the projects are a wide range of different organisations: from small to large enterprises (enterprises receive 44% of the total, out of which 33% are SMEs), to private non-commercial organisations (24%), to public bodies (32%).

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. The risk of double funding is analysed during the selection of projects and systematic exchanges of information are carried out with other services.

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 contacts with project and financial officers at the Commission and the Agency are promoted to solve particular queries.

The grant agreement main requirements are duly explained to the beneficiaries in on-the-spot visits and coordination meetings. In particular, the organisation of monitoring missions at the start up of the projects, directed to detect potential problems at a very early stage, particularly at the level of the control systems put in place by the beneficiaries, and correct them has demonstrated to be a valuable tool to reduce the cases of non compliance.

Information sessions are organised for the ex-post auditors on the characteristics of fraud that could be detected during an audit on-the-spot of financial statements. For additional information on the anti-fraud strategy see point 2.3 below.
The risks identified for the programme's implementation mainly fall into the following categories:

- 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 for the beneficiaries and the Commission (e.g., eligibility of costs, multiple budget lines).

If the Programme will be delegated to an Executive Agency, the following risks exist:

- Loss of input from projects for policy-making and vice versa;
- Coordination failures if the programme is partly delegated (with the Executive Agency, with other donors or financial institutions);
- 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, if the programme is partly delegated.

Concerning the first two risks, they have been partially addressed through specific options analysed in the impact assessment, namely

1. Improving the strategic focus of the programme by simplifying the Regulation and the Multiannual Work Programme
2. Reducing the administrative burden for the applicants/beneficiaries
3. Streamlining the procedures for the implementation of the Union budget

The risks of possible negative side effects of transferring management to EASME, such as the lack of continuity and the loss of input from projects for policy-making and vice versa, have been prevented in the past by transferring key human resources from the Commission to EASME and by working on a policy-integration strategy which includes recurrent and one-off activities to ensure that:

- policy needs are reflected in the programme and project implementation;
- relevant outputs and findings from projects reach and can be used by policy-makers.

The strategy includes activities such as training for Agency staff on specific policies, joint thematic cluster meetings with projects, shared reflection on policy needs in the calls for proposals, provision of feedback on project outcomes relevant for policy-making, etc.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)

At present the LIFE programme 2014-2020 is mainly delegated to an Executive agency. The financial statement is based on the assumption that the programme 2020-2027 will be implemented in-house by the Commission services. The cost efficiency linked to the externalisation to an Executive Agency will be assessed on the basis of a cost benefits analysis.

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.

The controls under LIFE cannot be separated from the Programme's management: in 2017 the overall management amounted to EUR 20 million, including all on the spot controls. This corresponds to 4% of the total amount managed for 2017.

The amount of costs of control is estimated to slightly decrease due to the simplifications envisaged for the management of the Programme and the rules of eligibility of costs:

- Taking into account the experience of the ongoing pilot, consideration should be given to further waiving the requirement to submit a complete proposal at the start of the application process by expanding the use of a two-step award procedure for standard projects. This has already been applied for integrated projects and is being piloted for some traditional projects. It would reduce administrative burden for applicants.
- Adapting reporting requirements in proportion to the length and complexity of projects and the value of the grant.
- Simplifying the indicators database, based on project focus.
- Use of Simplified Cost Options, payments based on output, limitation of eligible costs for grants.
- Use of cascading grants with limited reporting, with the involvement of the monitoring team.
- Simplification of the application process, including rationalised forms and supporting documents.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

Fraud includes internal and external misconduct. It covers notably any infringement of the financial interests of the Union as defined by the Convention on the protection of the European Communities' financial interests. Intention is the key element which distinguishes fraud from irregularity. Fraud can involve reputational risk in addition to financial impact.

In line with OLAF's Methodology and guidance a specific Anti-Fraud strategy is elaborated at DG level based on fraud risk assessments on the main financial Management, and non-financial management activities.

The fraud assessments were performed in June – August 2015 and will be updated in 2018. The fraud assessment took also in consideration the follow up audit of IAS on the audit of the anti fraud strategy made by SIAC and Court of auditors reports. The
The overall conclusion of the conducted fraud risk assessments is that the residual risk of material undetected fraud is low (probability and impact).

The areas where the residual risk has been assessed as low-to-medium were specifically reviewed:

(1) Procurement: Based on the risk assessment, it is reasonable to conclude that the controls in place effectively reduce the main fraud risks in the preparation, evaluation, award, and implementation phases of the procurement process (i.e. biased tender specifications, undisclosed conflict of interests, unfair evaluation procedure, collusion between contractors, collusion with a contractor and insider trading, phantom contractors, plagiarism, double funding). The following areas have been identified with low-to-medium estimated residual risk: a) Collusion with contractor to accept sub-standard performance; b) Plagiarism / Product substitutions; and with estimated medium residual risk c) Double funding.

To face these low-to-medium and medium residual fraud risks, the regular use of red flags checklists (part of the revised AFS) and the use of external databases (e.g. the ones listed on OLAF's AF website), together with additional training sessions coordinated with OLAF are being organised.

(2) Grants: Based on the risk assessment, it is possible to conclude that the controls in place effectively reduce the main fraud risks in the evaluation, contracting, and ex-post phases of the grants process (i.e. undisclosed conflict of interests, unfair evaluation procedure, actions not carried out according to technical description, excessive amounts paid, double funding, and attempted fraud). The following areas have been identified with medium estimated residual risk: 1) Double funding; and with low-to-medium estimated residual risk 2) Potential fraud cases not detected.

These risks are being further reduced by organizing additional training sessions coordinated with OLAF and the regular use of red flags checklists (part of the revised AFS).

(3) Administrative expenditure: Based on the risk assessment, the controls in place effectively reduce the main fraud risks in the areas of training, publications, internal meetings, and the entertainment/representation cost elements of administrative expenditure (i.e. potential fraudulent payment of ineligible costs).
3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

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

<table>
<thead>
<tr>
<th>Heading of multiannual financial framework</th>
<th>Budget line</th>
<th>Type of expenditure</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>09 02 Programme for Environment and Climate Action (LIFE)</td>
<td>Diff./Non-diff.</td>
<td>from EFTA countries 44</td>
<td>from candidate countries</td>
</tr>
<tr>
<td>09 02 XX Environment</td>
<td>Diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 02 XX XX Nature and biodiversity</td>
<td>Diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 02 XX XX Circular economy and quality of life</td>
<td>Diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 02 XX Climate mitigation and adaptation</td>
<td>Diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 02 XX Clean energy transition</td>
<td>Diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 01 XX XX Environment - expenditures on administrative management</td>
<td>Non diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 01 XX XX Climate mitigation and adaptation - expenditures on administrative management</td>
<td>Non diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>09 01 XX XX Clean energy transition - expenditures on administrative management</td>
<td>Non diff.</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

The proposed budget lines reflect the fields of actions indicated in the Commission proposals for a new Multiannual Financial Framework (MFF) for 2021-2027 (COM(2018)321 final) adopted on the 2nd of May 2018 and correspond to the structure of the Programme, as included in the Draft Regulation.

The budget nomenclature as presented in the Legislative Financial Statement may be changed and is still subject to further decisions to be taken.

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44 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
45 EFTA: European Free Trade Association.
### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

<table>
<thead>
<tr>
<th>Heading of multiannual financial framework</th>
<th>3</th>
<th>Natural Resources and the Environment</th>
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<tbody>
<tr>
<td>09 02 XX XX Nature and biodiversity</td>
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<tr>
<td>Commitments (1)</td>
<td>261,992</td>
<td>268,057</td>
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<td>Payments (2)</td>
<td>9,268</td>
<td>102,459</td>
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<tr>
<td>09 02 XX XX Circular economy and quality of life</td>
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<td>168,315</td>
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<tr>
<td>Commitments (1)</td>
<td>5,820</td>
<td>64,335</td>
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<tr>
<td>Payments (2)</td>
<td>2,625</td>
<td>46,522</td>
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<tr>
<td>09 02 XX Climate mitigation and adaptation</td>
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<td>124,671</td>
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<tr>
<td>Commitments (1)</td>
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<td>46,522</td>
</tr>
<tr>
<td>Payments (2)</td>
<td>6,247</td>
<td>52,548</td>
</tr>
<tr>
<td>09 02 XX Clean energy transition</td>
<td>132,117</td>
<td>134,810</td>
</tr>
<tr>
<td>Commitments (1)</td>
<td>6,247</td>
<td>52,548</td>
</tr>
<tr>
<td>Payments (2)</td>
<td>13,500</td>
<td>13,600</td>
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</table>

**Totals do not tally due to rounding.**

**Appropriations of an administrative nature financed from the envelope of the programme. It includes the amounts necessary for the management of the outstanding commitments ("legacy") of 2014-2020 programmes currently managed by an executive agency.**
<table>
<thead>
<tr>
<th>Heading of multiannual financial framework</th>
<th>7</th>
<th>‘Administrative expenditure’</th>
</tr>
</thead>
</table>

| EUR million (to three decimal places) |
|---------------------------------------|---|---|---|---|---|---|---|---|---|---|
| 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Post 2027 | TOTAL |
|---------------------------------------|---|---|---|---|---|---|---|---|---|

<table>
<thead>
<tr>
<th>09 01 XX XX Climate mitigation and adaptation - expenditures on administrative management</th>
<th>Commitments = Payments</th>
<th>(3)</th>
<th>5,684</th>
<th>5,773</th>
<th>5,925</th>
<th>5,777</th>
<th>5,864</th>
<th>5,864</th>
<th>6,086</th>
<th>0,000</th>
<th>40,973</th>
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</thead>
<tbody>
<tr>
<td>09 01 XX XX Clean energy transition - expenditures on administrative management</td>
<td>Commitments = Payments</td>
<td>(3)</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
<td>0,000</td>
<td>0,000</td>
<td>17,500</td>
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<td>Environment</td>
<td>Commitments</td>
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<td>449,972</td>
<td>465,356</td>
<td>486,690</td>
<td>514,738</td>
<td>550,537</td>
<td>592,708</td>
<td>0,000</td>
<td>3 500,000</td>
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</tr>
<tr>
<td></td>
<td>Payments</td>
<td>28,588</td>
<td>180,394</td>
<td>220,668</td>
<td>268,516</td>
<td>326,153</td>
<td>385,927</td>
<td>434,707</td>
<td>1 655,048</td>
<td>3 500,000</td>
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<td>Climate Action</td>
<td>Commitments</td>
<td>262,504</td>
<td>267,754</td>
<td>273,109</td>
<td>278,571</td>
<td>284,143</td>
<td>289,826</td>
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<tr>
<td></td>
<td>Payments</td>
<td>17,056</td>
<td>107,343</td>
<td>129,506</td>
<td>153,693</td>
<td>180,041</td>
<td>203,168</td>
<td>215,695</td>
<td>943,499</td>
<td>1 950,000</td>
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<tr>
<td>TOTAL appropriations for the envelope of the programme</td>
<td>Commitments</td>
<td>702,503</td>
<td>717,726</td>
<td>738,465</td>
<td>765,261</td>
<td>798,881</td>
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<td>886,801</td>
<td>5,450,000</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Payments</td>
<td>45,643</td>
<td>287,736</td>
<td>350,174</td>
<td>422,208</td>
<td>506,194</td>
<td>589,095</td>
<td>650,402</td>
<td>2,598,547</td>
<td>5,450,000</td>
<td></td>
</tr>
</tbody>
</table>

---

48 Appropriations of an administrative nature financed from the envelope of the programme. It does not include the amount necessary for the management of the outstanding commitments (“legacy”) of 2014-2020 programmes because they were financed under Horizon 2020.
| Human resources | 17,017 | 21,879 | 28,314 | 30,602 | 35,464 | 38,038 | 40,755 | 212,069 |
| Other administrative expenditure | 1,061 | 1,312 | 1,920 | 1,620 | 1,646 | 1,746 | 2,396 | 11,702 |
| **TOTAL appropriations under HEADING 7 of the multiannual financial framework** | 18,078 | 18,078 | 23,191 | 30,234 | 32,222 | 37,110 | 39,784 | 43,151 | 223,771 |

EUR million (to three decimal places)

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>Post 2027</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL appropriations across HEADINGS of the multiannual financial framework</strong></td>
<td>Commitments</td>
<td>720,580</td>
<td>740,917</td>
<td>768,699</td>
<td>797,483</td>
<td>835,991</td>
<td>880,148</td>
<td>929,952</td>
</tr>
<tr>
<td></td>
<td>Payments</td>
<td>63,721</td>
<td>310,927</td>
<td>380,408</td>
<td>454,431</td>
<td>543,304</td>
<td>628,879</td>
<td>693,553</td>
</tr>
</tbody>
</table>

---

49 The programme is expected to be partially delegated to an executive agency, subject to the outcome of the cost-benefit analysis and related decisions to be taken. The related administrative appropriations for programme implementation in the Commission and the executive agency will be adapted accordingly.
3.2.2. **Summary of estimated impact on appropriations of an administrative nature**

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

EUR million (to three decimal places)

<table>
<thead>
<tr>
<th>Years</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HEADING 7 of the multiannual financial framework</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources&lt;sup&gt;50&lt;/sup&gt;</td>
<td>17,017</td>
<td>21,879</td>
<td>28,314</td>
<td>30,602</td>
<td>35,464</td>
<td>38,038</td>
<td>40,755</td>
<td>212,069</td>
</tr>
<tr>
<td>Other administrative expenditure</td>
<td>1,061</td>
<td>1,312</td>
<td>1,920</td>
<td>1,620</td>
<td>1,646</td>
<td>1,746</td>
<td>2,396</td>
<td>11,702</td>
</tr>
<tr>
<td><strong>Subtotal HEADING 7 of the multiannual financial framework</strong></td>
<td>18,078</td>
<td>23,191</td>
<td>30,234</td>
<td>32,222</td>
<td>37,110</td>
<td>39,784</td>
<td>43,151</td>
<td>223,771</td>
</tr>
<tr>
<td><strong>Outside HEADING 7 of the multiannual financial framework</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
</tr>
<tr>
<td>Other expenditure of an administrative nature</td>
<td>21,684</td>
<td>21,873</td>
<td>22,125</td>
<td>22,077</td>
<td>22,264</td>
<td>22,364</td>
<td>22,686</td>
<td>155,073</td>
</tr>
<tr>
<td><strong>Subtotal outside HEADING 7 of the multiannual financial framework</strong></td>
<td>21,684</td>
<td>21,873</td>
<td>22,125</td>
<td>22,077</td>
<td>22,264</td>
<td>22,364</td>
<td>22,686</td>
<td>155,073</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>39,761</td>
<td>856</td>
<td>54,064</td>
<td>144</td>
<td>52,358</td>
<td>484</td>
<td>54,298</td>
<td>484</td>
</tr>
</tbody>
</table>

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

---

<sup>50</sup> The three DGs do not dispose of an installed human resources capacity to manage the action foreseen because none of them is managing the bulk of the action in the framework of the 2014-2020 Programme, which is externalised to an executive Agency, and a consistent increase is foreseen in the framework of the sub-programmes managed by DG Environment (Nature and Biodiversity and Circular Economy and Quality of life).

<sup>51</sup> 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.
3.2.2.1. 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 time equivalent units**

<table>
<thead>
<tr>
<th>Years</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>• Establishment plan posts (officials and temporary staff)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headquarters and Commission’s Representation Offices</td>
<td>119</td>
<td>153</td>
<td>198</td>
<td>214</td>
<td>248</td>
<td>266</td>
<td>285</td>
</tr>
<tr>
<td>Delegations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END and JED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heading 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financed from HEADING 7 of the multiannual financial framework</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- at Headquarters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- in Delegations</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financed from HEADING 7 of the multiannual financial framework</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- at Headquarters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- in Delegations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>119</td>
<td>153</td>
<td>198</td>
<td>214</td>
<td>248</td>
<td>266</td>
<td>285</td>
</tr>
</tbody>
</table>

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 additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

<table>
<thead>
<tr>
<th>Officials and temporary staff</th>
<th>Operational and financial management of all the programme activities (grants, procurement contracts, prizes, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Development of synergies and coordination with other programmes</td>
</tr>
<tr>
<td></td>
<td>Monitoring and evaluation</td>
</tr>
</tbody>
</table>

52 It includes the HR necessary to manage the new Programme plus the human resources in DG ENV needed to manage the remaining legacy of the LIFE+ programme, estimated at 5 FTE in 2021, 4 FTE in 2022 and, finally, 2 FTE in 2023.

53 AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.
3.2.3. **Third-party contributions**

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

```
Appropriations in EUR million (to three decimal places)
```

<table>
<thead>
<tr>
<th>Years</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specify the co-financing body</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL appropriations co-financed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3. **Estimated impact on revenue**

- ☑ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
  - ☐ on own resources
  - ☐ on other revenue

Please indicate, if the revenue is assigned to expenditure lines ☐

```
EUR million (to three decimal places)
```

<table>
<thead>
<tr>
<th>Budget revenue line:</th>
<th>Impact of the proposal/initiative</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article .............</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

---

54 As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.