



European Economic and Social Committee

NAT/ 268
Financial Instrument for the
Environment (LIFE+)

Brussels, 7 April 2005

OPINION

of the European Economic and Social Committee
on the

Proposal for a Directive of the European Parliament and of the Council
concerning the Financial Instrument for the Environment (LIFE +)

COM(2004) 621 final – 2004/0218 COD

On 16 November 2004, the Council decided to consult the European Economic and Social Committee, under Article 175 of the Treaty establishing the European Community, on the:

Proposal for a Directive of the European Parliament and of the Council concerning the Financial Instrument for the Environment (LIFE +)
COM(2004) 621 final - 2004/0218 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 17 March 2005. The rapporteur was **Mr Ribbe**.

At its 416th plenary session on 6 and 7 April 2005 (meeting of 7 April), the European Economic and Social Committee adopted the following opinion by 128 votes to one with two abstentions:

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1. **Preliminary observations**

- 1.1 The EU financial perspective 2007-2013 currently being drawn up also provides for changes in the support for the environment.
- 1.2 The EU's key environmental finance instrument to date has clearly been the LIFE programme, established in May 1992 by Regulation (EEC) No. 1973/92 - the *Financial Instrument for the Environment (LIFE)*. It was, and is, LIFE's aim to contribute to the implementation and development of Community environmental policy and legislation.
- 1.3 LIFE I ran from 1992 to 1995 and had a budget of EUR 400 million (EUR 100 million per year). In the wake of its success, Regulation (EC) No. 1404/96 launched a second phase (LIFE II) which ran from 1996 to 1999 with a total budget of EUR 450 million (EUR 112.5 million per year). The present LIFE III was established by Regulation (EC) No. 1655/2000 to run from 2000 to 2004 (EUR 128 million per year). This was extended to the end of 2006 by Regulation (EC) No. 1682/2004.
- 1.4 LIFE has hitherto been made up of three components: LIFE-Environment, LIFE-Nature and LIFE-Third Countries. It has supported innovative investment projects as well as the development and implementation of EU environmental policy and legislation. LIFE-Nature was instrumental in establishing the Natura 2000 network.
- 1.5 However, the Commission's environment budget (budget heading B 4-3; title 07 since 2004) was also used in the past to finance other environmental programmes, such as a sustainable urban development programme, an NGO programme, Forest Focus, a general policy

development and implementation facility (which has an internal and external dimension) and a budgetary transfer to the European Environment Agency.

- 1.6 Current aid is to be completely restructured under the proposed new environmental finance instrument LIFE+. The idea is, on the one hand, to merge some parts of existing support programmes included under title 07 (Forest Focus, support for NGOs, URBAN, the development of new policy initiatives, aspects relating to environmental policy implementation, and elements of LIFE-Environment and LIFE-Nature). On the other hand traditional, tangible environmental investment projects are no longer to be promoted. These are to be covered for LIFE-Environment through heading 1a, and for LIFE-Nature through heading 1b and parts of heading 2. Existing support for international activities is to be funded in future from heading 4, civil protection from headings 3 and 4, and the marine environment from heading 3.
- 1.7 Thus, LIFE+ will focus on promoting measures that support environmental policy (having a uniquely European dimension) such as exchange of best practice, capacity building of local and regional authorities and support for NGOs having a Europe-wide vocation.
- 1.8 The Commission therefore envisages that future investment projects will be mainly covered by the new headings 1a, 1b, 2 and 4. It argues that it was decided to incorporate environmental protection into all policy areas, and that accordingly, it is essential to support investment aid from these financially strong headings that is attuned to or consistent with the needs of environmental protection as part of the implementation of the sustainability strategy and the Lisbon strategy, which is designed to relate closely to the environment.
- 1.9 In future, LIFE + will focus on two key areas:
- a) LIFE+ Implementation and Governance will:**
- contribute to the development and demonstration of innovative policy approaches and instruments including promotion of successful research results;
 - contribute to consolidating the knowledge base for the development, assessment, monitoring and evaluation, including ex-post evaluation of environmental policy and legislation (for example, through studies, modelling and scenario building);
 - support the design and implementation of approaches to monitoring and assessment of the state of the environment and the drivers, pressures and responses that impact on it;
 - facilitate the implementation of Community environment policy, with a particular emphasis on implementation at local and regional levels, for example

through capacity building, exchange of best practice and networking, development of training modules and/or programmes;

- provide support for better environmental governance, broadening stakeholder involvement, including that of environmental non-governmental organisations, in policy consultation and implementation;

and

b) LIFE Information and Communication will:

- disseminate information and raise awareness on environmental issues;
- support accompanying measures (such as publications, events, campaigns, conferences, etc).

1.10 Between 75 and 80% of planned funding is to be used for the **Implementation and governance** strand, and between 20 and 25% for the **Information and communication** strand.

2. General comments

2.1 Funding for existing LIFE programmes has certainly not been lavish. The importance of the programme for the environmental situation and the development of environmental policy must be considered in the context of its relatively modest funding; it should not therefore be overstated, but nor should it be underestimated. It has been possible to finance at least some major, high-profile European projects, which have enhanced environmental protection and nature conservation in the EU, from around EUR 150 million per year even though the number of Member States has increased to 25 during the interim period (in 2005, slightly over EUR 71 million each for LIFE-Environment and LIFE-Nature and around EUR 7.5 million for LIFE-Third Countries). In particular, LIFE-Nature has concentrated on establishing the Natura 2000 network, which would have fallen even further behind the schedule set in 1992 but for support from the LIFE programme; hence it is important that partial co-financing for the operation of the Natura 2000 network should still be possible under the LIFE+ programme. Capacity building measures in the fields of both environmental protection and nature conservation should also be mentioned.

2.2 Existing LIFE programmes can clearly be deemed to be very effective steering instruments on the part of the Commission. Such significant success was achieved using such limited resources because Member States were to some extent "competing" for LIFE funds: Member States (or rather, public and private project promoters from Member States) needed to design and develop innovative projects which fitted in with the objectives of the LIFE programme. A selection procedure was put in place in which projects were subjected to critical analysis before being either approved, or rejected because of poor quality or insufficient funding. This

meant that, as far as allocation of funding was concerned, there was a certain degree of European transparency.

- 2.3 In its draft regulation, the Commission envisages largely moving away from this proven procedure. The Commission is to be directly responsible for the allocation of only a small part of funding (relating, for instance, to forests, the URBAN programme and support for NGOs). With regard to issues arising out of the sixth environmental action plan in particular (climate, biodiversity, environment and health, and waste), it is envisaged that funding will be divided among Member States, which will then bear most of the responsibility for selecting projects and running the LIFE+ programme. No clear criteria for allocating funds to countries and strands are as yet discernible.

3. **Specific comments**

- 3.1 The proposal seems in the first instance to be, in principle, logical and coherent: the integration of environmental policy into all other policy areas would, for instance, mean also making investment in the environment available in the general financing arrangements, in the research budget or under the heading of the *EU as a global partner*. The EESC endorses this approach, as the limited funds available for the LIFE programme would not of themselves be enough to further environmental protection in the EU.

- 3.2 However, in the EESC's view, both the Commission's proposal and the overall context of current discussions on the financial perspective for 2007-2013 pose a potentially very serious threat to the future success of the LIFE programme.

- 3.2.1 On the one hand, there is no guarantee whatsoever that, for example, funding will actually be available under heading 1a for measures that have up to now been resourced under LIFE-Environment. The responsibility for decisions on the nature and extent of support will now be in different hands, and it is quite possible that, from a political point of view, the decisions could be prompted by quite different concerns. For example, there have been intermittent claims by very influential people and organisations that action has to be taken to get the economy growing again before we can devote more attention to protecting the environment; these views have been reflected even as far as in discussions about the modest results achieved so far by the Lisbon strategy. None of the well-meaning appeals to other Commission departments to take environmental considerations sufficiently on board has so far made much of an impact. DG Environment, which up to now has been able to bring its technical expertise and a separate budget line to bear in selecting model projects across Europe, will no longer have any say on whether innovative, exemplary environmental projects are chosen.

- 3.2.2 The same also applies to LIFE-Nature, although the EESC is of course aware that a large part of the funding which is needed for implementation of all relevant EU nature conservation directives have to come from the Member States themselves and from other sources of EU

funding, such as the second pillar of the CAP and the Structural Funds. However, the EESC is very concerned about the absence even in the draft outlines of the new Structural Funds of the requisite references to the possibility of supporting Natura 2000. Apparently certain measures which used to be funded through LIFE-Nature, such as measures implemented by non-farmers, will in future no longer be eligible. In the EESC's view, this is unacceptable.

- 3.2.3 Admittedly, the draft regulation on rural development explicitly refers to Natura 2000, a fact which the EESC notes with approval. However, there is a risk that, against the backdrop of discussions on the financial ceiling of 1.24%, this policy instrument, which is of such central importance for nature conservation, could be targeted for cuts; without financial backing, even the grandest political references are no use at all¹.
- 3.2.4 Measures which are to be financed in future via the Member States from rural development funding are expected mainly to involve running costs (such as compensation measures). The EESC feels that such payments are vital not only to rural development in general and farmers' incomes, but also to the success of the NATURA 2000 network². In addition, LIFE-Nature has supported measures which are highly innovative in terms of nature conservation, for instance specific projects that have brought together farmers and conservationists. There is a risk that these aspects of LIFE-Nature could now be lost.
- 3.2.5 Another potential issue that may arise in connection with the transfer of project planning and decision-making responsibilities is the interest – or lack of interest – in environmental policy on the part of the Member States concerned. For example, The EU might want to focus EU funding in a particular Member State on specific nature protection projects (e.g. Natura 2000), because of the need to conserve the rich natural resources found there. However, the Member State in question may have quite different (environmental) priorities, and may prefer to focus on other policy areas, or, within the field of environmental protection, to address climate-related or waste-management issues, using LIFE+ funding.
- 3.2.6 In view of the tight budgetary situation in many Member States, there is a by no means negligible risk that Member States will use the LIFE+ funding over which they have control to replace previously self-financed environmental expenditure.
- 3.3 Right now, the EU is at a particularly difficult stage from the point of view of environment policy (completed and upcoming enlargement, difficulties in economic policy and with the implementation of the Lisbon strategy, definitive establishment of the NATURA-2000 network): on the one hand, all the environmental standards need to be implemented, especially in the new Member States, while, on the other, economic growth needs to be decoupled from resource use and damage to the environment; in this context, the Commission

¹ Cf. EESC opinion on the *Communication from the Commission to the Council and the European Parliament: Financing Natura 2000*, CESE 136/2005, not yet published in the Official Journal.

² Cf. EESC opinion on *Rural Development/EAFRD*, CESE 251/2005, not yet published in the Official Journal.

needs to retain control of a sufficient number of policy-shaping funding instruments of its own.

- 3.4 However, by transferring responsibility to the national level as planned the EU is surrendering a modest, but nonetheless highly effective means of control, and a policy instrument is being downgraded to a budget line for use by the Member States. To the EESC, it is not immediately apparent how the Commission can thereby safeguard the European interests that are a *sine que non* of EU funding. In other words, and European added value and the innovative character that has so far been so clearly recognisable in the LIFE programme must be preserved. Having read the document under review, the EESC is not at all clear about how the Commission intends to go about this. It therefore urges that the innovative aspects of LIFE-Environment and LIFE-Nature should be retained in a fund managed by the Commission itself; in doing so, it lends its support to a corresponding demand which has now been made to the Council by several Member States.
- 3.5 The support for the coordination, implementation and further development of European environmental and sustainable development policy that is to be promoted by LIFE+ - as an integral part of the EU-wide growth-based, socially sensitive and environmentally oriented cohesion strategy, is extremely important and is welcomed by the EESC. That clearly also includes support for environmental NGOs which have a Europe-wide vocation or which – and this is a point that needs greater emphasis in the Commission document – tackle issues of European relevance. As far as possible, support needs to be related to specific projects.

4. **Conclusions**

- 4.1 In principle the EESC welcomes the approach of integrating environmental policy into all other policy areas, as the limited funds available for the LIFE programme would not of themselves be enough to further environmental protection in the EU.

- 4.2 However, in the EESC's view, both the Commission's proposal and in general the current discussions on the financial perspective for 2007-2013 pose a potentially very serious threat to the future success of the LIFE programme. Firstly, there is no guarantee whatsoever that funding will actually be available for environmental interests under other headings, and secondly, by transferring responsibility to the national level as planned the EU is surrendering a modest, but nonetheless highly effective means of control. The EESC therefore urges that the innovative aspects of LIFE-Environment and LIFE-Nature should be retained in a fund managed by the Commission itself.

Brussels, 7 April 2005.

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Anne Marie Sigmund

Patrick Venturini
