



LIFE for Nature and Biodiversity 2014-2020

Position paper on the reform of the EU's financial instrument for the environment

Adopted 28 February 2011

KEY ELEMENTS OF THIS POSITION PAPER

1. The LIFE instrument needs to be significantly strengthened in order to support the EU's environmental policy. Special attention should be given to the implementation of the EU's 2020 biodiversity strategy – especially the Natura 2000 network.
2. The overall budget of LIFE should be increased from currently approx. 0.2% to 1% of the EU budget, of which at least 750 million EUR should be dedicated to financing the Natura 2000 network, so that LIFE can, together with funds leveraged through co-funding, contribute to the costs of Natura 2000 with one billion EUR.
3. To play a significant role in financing Natura 2000 LIFE should also allow funding of recurring site management activities, and should not be limited to best practice or innovative projects. LIFE should cover activities which are required for proper Natura 2000 implementation. Coherence between LIFE activities and activities that can be funded from other EU funds should be guaranteed through a "Prioritised Action Framework" according to Art.8.4 of the EU Habitats Directive.
4. LIFE should fund large scale Action Programmes and Standalone Projects. Both types should be selected and administered by the European Commission in a competitive way.
5. To ensure uptake from local and civil society applicants, an average co-funding rate of 75% should be applied. The specific co-funding rate could be defined by a factor derived from both protected areas coverage and economic wealth of a region (e.g. NUTS 3 level).
6. The co-funding rate should no longer depend on targeted (priority) species/habitats. However, projects and programmes that implement priority conservation actions for threatened bird species or such that benefit priority species and habitats of the EU Habitats Directive should get priority in the selection process.
7. LIFE should provide specific support to project and programmes within the territory of the European Union including Outermost Regions as well as in its closely associated Overseas Countries and Territories. Furthermore, it should also provide the opportunity to access funds for conservation projects outside the EU, including marine areas not officially declared in the Economic Exclusive Zones, if this supports the achievement of EU biodiversity objectives.
8. A number of detailed recommendations are given to improve uptake, application, implementation and follow-up of LIFE projects.

THE IMPORTANCE OF LIFE FOR NATURE AND BIODIVERSITY

- LIFE is the European Union's only financial instrument that is dedicated specifically to the environment.** It contributes to the development and implementation of the EU's environmental policy and legislation, and thus plays a crucial role in securing sustainable development and public wellbeing. The budget allocated to LIFE is very small: during the Multiannual Financial Framework 2007-2012 it represented only about 0.2% of the total EU budget (approx. 300 Million EUR annually).
At the same time, scientific evidence is overwhelming that insufficient action on the environment and biodiversity will result in massive losses for Europe's and the world's economy (e.g. 7% of world GDP if biodiversity loss is not reversed¹).
- LIFE is directly contributing to all three pillars of **the EU's strategic priorities for 2020**, sustainable growth (as it is a key tool to secure long term delivery of vital ecosystem services such as flood protection or soil fertility), smart growth (as it supports innovation and EU wide exchange of best practice) and inclusive growth (as it supports the creation of new jobs, especially in rural and economically disadvantaged areas).²
- With the adoption of the new 2020 biodiversity headline targets at global and EU level³ **halting and reversing the loss of biodiversity and ecosystem services has been reconfirmed as a common priority for the EU and its Member States.** Achieving this headline target and the related sub-targets of the EU's Biodiversity Strategy⁴ will require a significant amount of additional funding from public and private sources - at all levels. The failure of halting the loss of biodiversity by 2010 was partly due to insufficient availability of funds.
- A key condition for success will be the adequate and **effective implementation of the EU's Biodiversity Strategy** – and especially of the **EU's Birds and Habitats Directives, including the Natura 2000 network:**
The European Commission has, very conservatively, estimated 5.7 billion EUR⁵ of annual costs for the entire Natura 2000 network. Currently, only a small fraction of these costs are met. In addition, funds are needed for other measures, e.g. the establishment of a "green infrastructure" outside protected areas, specific action for threatened species across their range (including in areas outside the EU), activities to mainstream biodiversity objectives into all relevant economic sectors, as well as for management, monitoring, research, and communication.
- Most environmental policies have the "polluter pays" principle at their foundation and include instruments to apply it. The notable exception to this is the EU's Natura 2000 network in which, under the Habitats and Birds Directive, explicitly foresees for a structural government funding of its implementation through both EU and national funds.
- While a significant part of these costs will have to be covered by domestic Member State funds, sectoral EU funding lines, and on the long term also through innovative, market-based financial mechanisms, there are compelling reasons why **the EU budget needs a significant dedicated fund for nature and biodiversity** measures during the financial period 2014-2020:

¹ The Economics of Ecosystems and Biodiversity (2010), a study initiated and co-financed by the European Commission (www.teebweb.org)

² Examples for successful LIFE projects can be found at <http://ec.europa.eu/environment/life/bestprojects/index.htm>

³ In March 2010 the European Council endorsed the headline target of "halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss." http://ec.europa.eu/environment/nature/biodiversity/policy/index_en.htm

⁴ Currently under development by the European Commission

⁵ http://ec.europa.eu/environment/nature/natura2000/financing/index_en.htm

- a. The EU has identified the protection of the environment, ecosystems and biodiversity as an essential priority for common policy action, with the aim of ensuring long-term well-being and prosperity of Europeans. The EU must reflect this policy priority in its budget.
 - b. Nature and the underlying ecosystems are a common European heritage; they ignore political boundaries and are not distributed evenly across Member States. Therefore, in particular Member States with income level below EU average and a high rate of biodiversity, as well the overseas entities of the EU and third countries with a responsibility for European species and ecosystems, have to be supported through the Community's budget
 - c. Adhering to Article 8 of the EU Habitats Directive, the EU and Member States have committed themselves to estimate costs and adopt corresponding funding frameworks for the financing of measures and the implementation of Natura 2000.
 - d. The implementation of EU legislation requires a great amount of sharing of experience and best-practice across Member States, among local and regional authorities and stakeholders which requires support from an EU fund.
 - e. Despite its very small budget the LIFE instrument has proven to be a very effective financial mechanism of the EU supporting the implementation of the EU's Birds and Habitats Directives, including Natura 2000.⁶
 - f. The European Parliament has, in its report on the implementation of EU legislation aiming at the conservation of biodiversity in August 2010 (2009/2108(INI)) highlighted the need for further improvement of the financing of Natura 2000 through the EU budget.
7. **The “integration approach” for financing Natura 2000** that had been introduced with the 2007-2013 financial framework of the EU, **is failing to generate the necessary funds** from other EU budget lines.⁷ It lacks a clear mechanism for proper implementation and does not guarantee that Natura 2000 is integrated in relevant national operational programmes of EU funds. While the integration approach will have to be significantly improved through the establishment of obligatory national Natura 2000 financing plans, a dedicated LIFE fund will have to play a strong role also in the upcoming financial period 2014-2020 - with a significantly increased budget.

A STRONGER LIFE

8. Based on the justification above, the **total budget of LIFE** should be increased to 1% of the EU budget, of which at least 1000 Million EUR annually should be dedicated to measures in the field of **nature and biodiversity**.
9. Out of the **LIFE budget for nature and biodiversity** 75% should be ring-fenced for the financing of the **EU Natura 2000 network**, amounting to 750 million EUR annually. Together with other (national and private) funds that would be leveraged through co-funding (proposed average co-funding rate of 75% see paragraph 25c) this would generate one billion EUR annually for Natura 2000. The remaining funding needs of Natura 2000 will have to be met through other EU funds as well as national budgets and other sources.

⁶ European Commission. Habitats Directive Article 17 report. LIFE improving the conservation status of species. <http://ec.europa.eu/environment/life/publications/lifepublications/lifefocus/documents/art17.pdf>

⁷ BirdLife International, 2009. Financing Natura 2000: assessment of funding needs and availability of funding from EU funds (http://www.birdlife.org/eu/pdfs/N2000_Final_composite_report_09.pdf)

WWF, IEEP 2009. Biodiversity and the EU Budget. Making the case for conserving biodiversity in the context of the EU budget review. (http://assets.panda.org/downloads/wwf_biodiversity_and_eu_budget.pdf)

IEEP, GHK, and Ecologic, 2010. Financing Natura 2000 - Financing needs and socio-economic benefits resulting from investment in the network. (www.ecologic-events.de/natura2000/documents/FinancingNatura2000ConferenceBackgroundPaper_FINAL.pdf)

10. A defined percentage of the LIFE budget should be used directly by the European Commission for financing **environmental activities at EU level** (such as studies, campaigns, events and support to environmental NGOs).
11. The great majority of the fund should be used for implementing “**LIFE Action Programmes**” (two thirds) and “**LIFE Standalone Projects**” (one third) in the Member States (see below). Both Action Programmes and Standalone Projects should be selected and administered directly by the European Commission.

STRENGTHENING THE IMPACT OF LIFE THROUGH A COMBINED PROGRAMMING AND PROJECT APPROACH

12. In order to increase the effectiveness of LIFE in supporting the implementation of EU nature and biodiversity policy in a strategic way, and to reduce administrative costs, it is suggested to allocate two thirds of the available funds to the development and implementation of large-scale “**LIFE Action Programmes**”. Such an approach will increase the coordination and synergies across projects, increase the focus and direction of the whole programme, and therefore allow for an increase in the budget without increasing the administrative burden. The remaining third should be distributed to “**Standalone LIFE Projects**”.
13. **LIFE Action Programmes** should support the implementation of relevant EU legislation and policies around a specific theme, at a larger geographical and temporal scale; they should provide a framework and guidance for the development of individual projects that contribute to the objectives of the programme; LIFE should fund the development, administration and coordination of these programmes, as well as the implementation of a number of projects operating under the programmes; at the same time programmes should be designed to help attract also other public or private funds.
 - a. Possible themes for such programmes could be wetland restoration projects in a river basin, a range of activities for a threatened species along its migration route or globally endangered species on islands, development of conservation objectives for similar Natura 2000 sites in a bio-geographic region, projects in overseas entities etc.
 - b. The programmes could also be trans-boundary (including activities outside the EU), and should follow ecological rather than administrative units.
 - c. Beneficiaries for LIFE Action Programmes would typically be NGOs, stakeholders or authorities working at a higher geographical level, and partnerships of those;
 - d. The programmes should run over a certain time (e.g. 5-10 years) during which individual programme-related projects can be developed and implemented to fulfil the respective programme’s objectives.;
14. **Standalone LIFE Projects** should serve the implementation of activities similar to the current approach of LIFE+ Nature and Biodiversity. Beneficiaries should preferably be local NGOs, stakeholders and authorities. For these, it will be especially important to ease administrative and other requirements (see below).
15. LIFE Action Programmes, programme related projects, and Standalone LIFE Projects should be selected and administered **directly by the European Commission**.
16. The absolute amount of funds available for Standalone LIFE Projects must not be lower than the amount available for nature and biodiversity projects in the current financing period. Therefore, a significant increase of the total LIFE budget is a precondition for the introduction of the additional type of LIFE Action Programmes (*The suggested 2:1 ratio between LIFE Action Programmes and Standalone LIFE Projects would therefore require at least a three-fold increase of the current total LIFE budget*).

WIDENING THE SCOPE OF LIFE TO INCREASE ITS EFFECTIVENESS AND OUTREACH

17. The current LIFE+ Regulation specifically focuses on innovative, best-practice and demonstration projects, and explicitly excludes recurring activities (“day to day operations”), often needed for management of Natura 2000 sites. This has proven an obstacle for many applicants and prevented LIFE+ from unfolding its full potential as a supporting tool for Natura 2000. Therefore, LIFE must widen its scope and **provide for the full range of Natura 2000 management activities**, regardless of their innovative character. The fact, that many Natura 2000 sites especially in new EU Member States, may require more protection, monitoring and communication activities rather than restoration and active management measures, should be taken into account as well.
18. The provision of the current LIFE+ Regulation that, in relation to Natura 2000, excludes from LIFE funding any activity that can theoretically be financed through another EU fund should be replaced by a coherent approach for defining activities and binding system of setting investment priorities through **Prioritised Action Frameworks for financing Natura 2000** at national and regional level.

Practice has shown that while most activities relevant for Natura 2000 management could be funded through other EU funds, this is not happening. As a consequence, LIFE, although the smallest budget within the Natura 2000 integrated approach payments, remains the most important EU funding source for Natura 2000. However, the current LIFE+ legislation inadequately limits funding to activities that cannot be funded by other funds.

The limited uptake by other funds is based on a variety of reasons – notably a lack of political will in Member States’ authorities, a lack of enforcement by the Commission, and a lacking coherent framework for financing Natura 2000 in general, both across the Directorate Generals of the European Commission and at Member State level. The inflexibility of programming procedures in relevant funds is another problem in this respect, as well as the difficulty, or often impossibility, to develop coherent projects with measures funded from different EU funds.

Moreover, while they have a key role in supporting environmental activities, many other European funds are not easily accessible by environmental NGOs or local authorities. Since its creation, the LIFE programme has been instrumental in promoting the bottom up approach of project implementation and is vital for project support implemented by NGOs.

Therefore LIFE programmes should be strengthened within the integrated funding approach to Natura 2000 financing. Coherence of activities eligible through different funding sources should be defined and budgeted through a strategic approach as suggested by the “Prioritised Action Frameworks” in line with Art.8 Habitats Directive. These frameworks would not only strengthen the scope of activities realised through LIFE, but would also provide for a consistent approach to the integrated funding of Natura 2000, providing a clear and binding framework for other EU funds and national contributions to finance Natura 2000.

19. LIFE should support activities for conserving sites, species and ecosystems both in **marine areas within and outside of the national jurisdiction of Member States**, including supporting the establishment of a global network of offshore protected areas based upon international maritime treaties such as OSPAR, HELCOM or the Barcelona Convention. There should be no limitations for countries that have not officially declared their Economic Exclusive Zones (EEZ), but that still share responsibility on protecting their breeding or migratory populations across the EU. Special attention should also be given to non-EU countries that share a marine basin and thus the responsibility for the protection of many species threatened in Europe (i.e. Macaronesia, North Africa and Middle-East regions).
20. LIFE should also support relevant activities for nature and biodiversity in the terrestrial and marine areas of the **EU Overseas Entities** (ORs and OCTs). Activities supporting protected area networks inspired by Natura 2000 (such as the initiative BEST) and measures for globally or regionally threatened species in these entities should be eligible.⁸

⁸ Message from Reunion Island 2008, Chapter F (page 15) - Recommendations for the creation of a voluntary scheme for the conservation of habitats and species. <http://www.reunion2008.eu/pages/en/en-home.html>

21. LIFE should also support activities taking place **outside the EU**, with the objectives to :
- a. support activities in preparation of the implementation of the EU Birds and Habitats Directives in EU accession and candidate countries,
 - b. address the conservation needs of EU protected species that spend parts of their life-cycle beyond the borders of the EU,
 - c. support conservation efforts for species and habitats protected by EU law whose ranges expand beyond the EU borders, aiming at favourable conservation status at biogeographical levels.
22. While the current practice of including **communication** activities in each LIFE project should be maintained, there should be a much stronger focus on more targeted and thus more effective ways of communication. In particular, as part of Natura 2000 projects such activities should aim primarily at capacity building and training for, and involvement of, key stakeholders, rather than merely informing the general public through brochures or signposts.

FURTHER IMPROVE THE OPERATION OF LIFE
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23. To ensure uptake of the funds, cost-effectiveness and a high quality of projects and programmes, it is important to significantly **simplify application, administration and accounting** procedures for LIFE projects and programmes.

24. Application procedure:

- a. Before an applicant is required to submit a full project application, the Commission should assess and approve (or decline) a short **project outline (Concept Note)**; this would “filter out” proposals with fundamental shortcomings at an early stage and thus would save significant resources for applicants and for the European Commission. Once the Concept Note has been approved, in a second stage the applicant would provide more details on the activities to be carried out.
In order to make sure that this two stage application does not increase the duration of the selection process and workload, the content of the Concept Note should be transferred then to the full application form, in which the applicant will be asked to further develop the project outline.
- b. Implement **online submission forms**. Obligatory documents (e.g. statutes of an organisation) which haven't changed should be only submitted once and stored in the online system.
- c. Implement an **on-line database for the registration of the applicant administrative and financial data** as well as the partners' data. This database would allow the organisation to be registered once and significantly lower the administrative burden for the applicant and the assessor. The organisation should be able to update its information when appropriate (similar to the PADOR database for the external funding of the EU).
- d. Reduce the amount of categories under the “eligible costs” criteria, thus allowing for clearer categorisation of the expenses linked with the project.
- e. Similar to INTERREG applications, the **costs of project application** should retrospectively be eligible for LIFE funding, or compensated through a lump sum (e.g. dependent of total project budget), in case the project is approved.

25. Selection procedure and criteria, co-funding rates:

- a. The **selection process** should be shortened. Currently, it takes about one year and a half from the Call for proposals and the start of a project. The project concept may be

outdated by then and the initial conditions for the project development may have changed. A shorter evaluation process may thus improve the quality of projects.

- b. As an important selection criterion, LIFE should give precedence to projects and programmes that implement priority conservation actions⁹ for threatened bird species or such that benefit priority species and habitats of the Habitats Directive, taking into account also the relative importance of their population in the EU and the size of the targeted population, as well as the current status of the target species in international and regional IUCN Red Lists. The latter goes in particular when projects are carried out outside of the Directive's geographical scope.
- c. The **co-funding rate** for LIFE projects (including LIFE Action Programmes, see above) should be set generally at an average level of 75%, which may be adjusted by a factor derived from (under-average) economic wealth in the project area (e.g. NUTS 3 regions) combined with (over-average) Natura 2000 coverage. The co-funding rate should **no longer depend on (priority) species or habitats** addressed by the projects.

26. Other suggestion to support application, administration and implementation of projects:

- a. Implement **on-line financial forms**, and select **one single audit company per country** that validates them, before they are sent to the Commission's LIFE Unit, this would avoid the expenses of hiring different audit companies for each single project and much more important, it will help to unify national criteria when classifying expenditure.
- b. Further develop mechanisms to **support applicants and beneficiaries**, especially in the new Member States, on project proposal development and administration issues (e.g. by strengthening the system of National Contact Points).
- c. The **External Monitoring Teams** have a key role in the monitoring of the projects and ensure an effective implementation. Their role should be maintained.
- d. The European Commission and relevant national authorities should improve **coordination** of and promote **synergies** between the different LIFE programmes and projects.

27. As a condition for the approval of a LIFE project by the European Commission to public authorities, the relevant government authority should be obliged to commit to implement and/or finance the activities necessary for ensuring **effective follow-up** after the termination of the project, which includes monitoring and evaluating the long-term effects of the project. The Commission should regularly report on the way projects are followed-up, based on assessments of representative samples of projects.

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⁹ such actions can be identified, for example, in international species action/recovery plans