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**Report under Article 14 of
Regulation (EC) No 1404/96**

Life

(presented by the Commission)

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1. INTRODUCTION

1.1 Presentation of *LIFE*

- 1.1.1. The financial instrument for the environment, *Life*, was set up by Council Regulation EEC No 1973/92, as amended by Council Regulation EC No 1404/96 of 15 July 1996.
- 1.1.2. **The general objective of *Life* is to contribute to the development and, if appropriate, implementation of Community environment policy and legislation (Article 1 of the *Life* Regulation) by co-financing specific actions in the three eligible areas of activity.**
- 1.1.3. The areas of activity eligible for financial support from *Life* are:
- **nature conservation actions (*Life-Nature*)**
 - **demonstration actions involving industry and local communities (*Life-Environment*)**
 - **co-operation actions with third countries bordering the Mediterranean and Baltic seas, other than the countries of Central and Eastern Europe which have signed association agreements with the European Union (*Life-Third countries*).**
- 1.1.4. When it was set up in 1992, *Life* took over ACNAT, MEDSPA and NORSPA, which financed projects in the fields of nature conservation, the Mediterranean environment, and the environment of the Atlantic and North Sea coasts respectively. *Life* provided a coherent, stable and better funded framework for these environmental activities. The Annex to the *Life* Regulation contained a list of priorities, which change in practice from one year to another.
- 1.1.5. The main change introduced in 1996 by the second *Life* Regulation was the suppression of these priorities, the eligible fields of action being valid for the duration of *Life* II (1996-1999), and the definition of evaluation criteria for selecting actions to be financed.
- The *Life* II Regulation also made provision for preparatory actions under *Life-Environment*, preparing structural actions, and for nature conservation and demonstration actions under *Life-Third countries*, alongside the technical assistance actions.
- 1.1.6. Since 1996, *Life* has been open to participation by associated countries of Central and Eastern Europe, as a pre-accession

exercise, in accordance with the requirements of the additional protocols to the association agreements. These countries can therefore participate in *Life-Nature* and *Life-Environment* on terms close to those of Member States, but may no longer benefit under *Life-Third* countries. No project has yet been selected in this framework.

- 1.1.7. Projects to be funded by *Life* are selected on the basis of their merits and their contribution to the objectives of Community environment policy, using the evaluation criteria set out in the Regulation. The evaluation procedure is adapted to the characteristics of each eligible area of activity.

For ***Life-Nature*** the Commission, with the help of outside scientific consultants, makes an initial selection of applications which are formally acceptable and eligible according to the criteria in the Regulation. It then puts forward a list of the best projects at Community level for approval by the Habitat Committee.

For ***Life-Environment***, a parallel evaluation procedure is conducted in the Member States and by the Commission, leading to the selection of a short-list representing around a third of projects submitted. The shortlisted projects are then examined by panels of independent experts. On the basis of this three-stage evaluation, the Commission submits a list of projects to be funded for approval by the *Life* Management Committee.

For ***Life-Third countries***, the evaluation procedure begins with an initial selection by the Commission. It then proposes a list of projects to be assessed by independent experts. On the basis of this two-stage evaluation, the Commission submits a list of projects to be funded for approval by the *Life* Management Committee.

- 1.1.8. Since 1992, *Life* has received 8 502 proposals for projects of which almost one third were eligible. 1 275 projects were jointly funded at a total cost of ECU 643 million. Some 900 projects are in progress.

1.1.9. The following table gives a breakdown of appropriations used to co-finance projects in the three areas of activity (amounts in million ECU).

	<i>Life I</i>				<i>Life II</i>		
	92 (EU-12)	93 (EU-12)	94 (EU-12)	95 (EU-15)	96 (EU-15)	97 (EU-15)	98 (EU-15)
LIFE-Nature (in 1992, with ACNAT)	36.9	20.6	43	48.5	43.4	42.4	48
LIFE-Environment (in 1992, with MEDSPA and NORSPA)	44.6	44.7	53.1	48.1	43.3	43.6	48.6
LIFE-Third countries (in 1992, with MEDSPA and NORSPA)	5.3	3.5	4.8	5.7	6.0	4.2	4.7
Total	86.8	68.8	100.9	102.3	92.7	90.2	101.3

The Annex gives detailed data for each area of activity.

1.2 The context of this report

- 1.2.1. This report has been prepared within the context of both the *Life* Regulation and the "Sound and Efficient Management" initiative (SEM 2000).
- 1.2.2. SEM 2000 states that the implications of political decisions in terms of resources must be known at the time these decisions are taken. To that end, it recommends a systematic evaluation of all programmes entailing expenditure of Community funds.
- 1.2.3. The *Life* Regulation includes two articles concerning resources, namely Articles 7(3) and Article 14. Article 7(3) asks the Council to examine the reference amount, on the basis of a Commission report, with a view to revising it if necessary.

The Commission's report under Article 7(3) was sent to the Council in December 1997, reporting on the implementation of the Regulation and outlining the following stages of the evaluation of *Life*. It concluded that *Life* could make good use of resources up to and even beyond the current reference amount of ECU 450 million for the period 1996-99. However the Commission considered that the budgetary outlook would restrict the *Life* budget to less than the reference amount.

1.2.4. Article 14 stipulates that:

“No later than 31 December 1998, the Commission shall submit a report to the European Parliament and the Council on the implementation of this Regulation and on the use of appropriations and shall make proposals for any adjustment to be made with a view to continuing the action beyond the second phase.”

1.2.5. This report was written in application of Article 14. It is based on a detailed evaluation commissioned from outside experts who submitted their report in June 1998. The objective of this evaluation was to assess performance in implementing the scheme and its efficiency in attaining its objectives, while assessing their relevance and whether the ideas behind the scheme remain valid. This report presents the main conclusions and the Commission's analysis of the experts' report, and the changes proposed for stage three of *Life*.

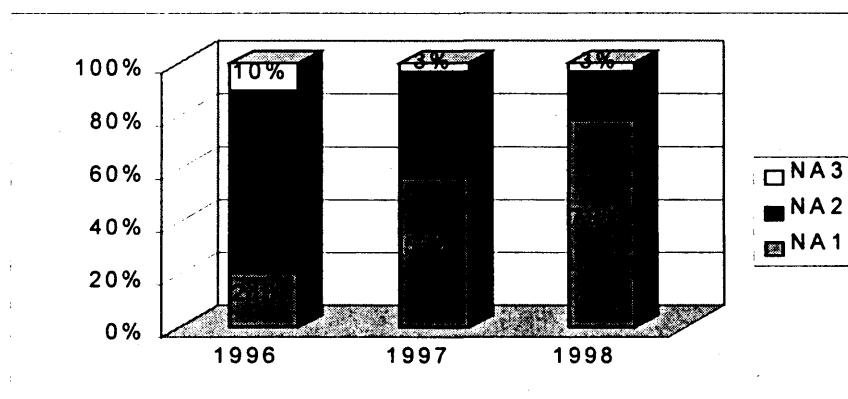
2. ACTIONS FINANCED BY *LIFE* FROM 1992 TO 1995

2.1. Before considering the evaluation of *Life*, we need to describe the projects it funds and the results it has achieved, to serve as a basis for the evaluation of the instrument as a whole.

2.2. *Life-Nature*:

During the first phase (1992-95) *Life-Nature* co-financed many projects in Special Protection Areas for birds as well as national natural heritage inventories in several Member States in order to prepare the implementation of Natura 2000. The latter type of project no longer has priority under *Life-Nature* II.

During the second phase (1996-98), *Life-Nature* gave priority to site protection projects, especially those proposed and in progress under the Habitats Directive (NA1). The breakdown by topic of projects funded by *Life-Nature* II has evolved over time as follows:

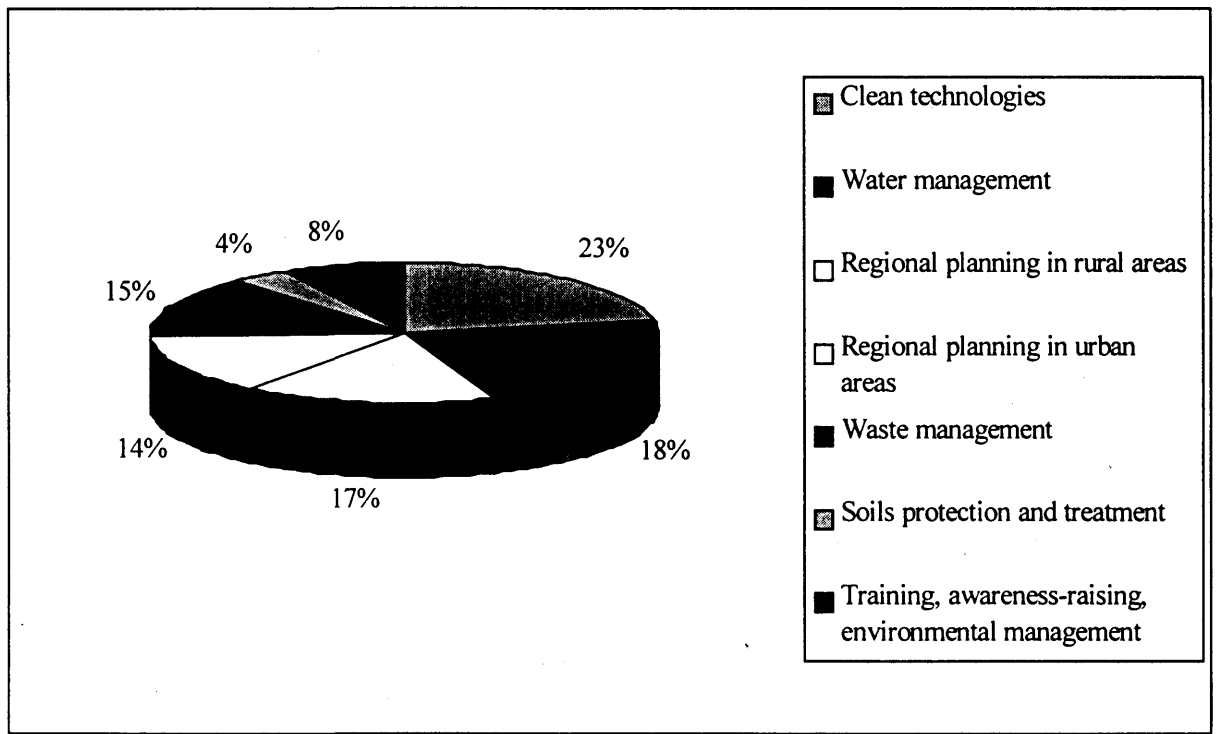


(NA1 = projects concerning Habitat Directive sites; NA2 = projects concerning Birds Directive sites; NA3= projects concerning species non specifically related to sites)

Annex 1 gives a detailed analysis of these topics and the results obtained.

2.3. Life - Environment

The breakdown by topic of the projects financed under *Life*-Environment between 1992 and 1997 reveals that **the most common topic is “clean technologies” modifying industrial production processes**, (accounting for 23% of budget expenditure), and to a lesser degree water management, regional planning in rural areas and in urban areas, and waste management (14-17%).



Annex 2 gives a detailed analysis of these topics and the results obtained.

2.4. Life-Third countries

During the first phase of *Life* (1992-95), the only actions eligible under *Life*-Third countries were technical assistance ones. Since 1996, the eligibility criteria have been extended to include nature protection and demonstration actions.

Technical assistance actions are the most common requests for co-financing, accounting for 50 to 70%. The reason is that *Life*-Third countries is mainly intended for national administrations who need to define their environmental policies and action plans.

Nature protection projects generally relate to the conservation and/or rehabilitation of habitats in coastal areas and wetlands.

Demonstration actions, co-financed for the first time in 1997, concern many fields, such as waste management and treatment, the use of bicycles in cities and management of coastal zones.

Annex 3 gives a detailed analysis of these topics and the results obtained.

3. FRAMEWORK OF THE EXTERNAL EVALUATION OF *LIFE*

3.1. The external experts' evaluation from December 1997 to June 1998 had to answer the main following questions, in order to serve as a basis for the drafting of this report:

- Does *Life* contribute to the development and implementation of Community environmental policy and legislation, and if so and how?
- Does *Life* have a knock-on effect on other Community policies or instruments?
- Did the project selection procedure make it possible to choose projects matching the criteria laid down in the Regulation?
- Were the available financial resources used appropriately or should the conditions for allocating them be changed?
- What is the medium- and long-term potential of *Life*?

3.2. The external assessors followed the methodology proposed by the Commission under SEM 2000. After examining the logic of intervention under *Life*, experts selected a sample of 100 projects according to the quotas method; the sample was representative of projects financed under *Life* II as well as projects financed under *Life* I conforming to the *Life* II intervention logic.

Experts met 23 project managers (from the 100 selected projects), some competent national authorities, the consultancy teams responsible for monitoring *Life* projects, the units in charge of *Life* and other Commission staff working on subjects covered by *Life*.

3.3. The methodology followed considers *Life* as a whole, without necessarily taking account of the different approaches in the three areas of *Life*. This is in line with the Commission's evaluation recommendations, but introduces a device in the case of *Life*, which has to take account of the

differences in approach, objectives and beneficiaries between *Life*-Nature, *Life*-Environment and *Life*-Third countries.

4. MAIN CONCLUSIONS AND RECOMMENDATIONS OF THE EXTERNAL EVALUATION

4.1. Contribution to the development and implementation of Community environmental policy and legislation

After examining the implementation of the instrument's general objective set out in Article 1 of the Regulation, the external experts conclude that ***Life* can contribute to the implementation of Community environmental policy and legislation, but its contribution to the development of policy and legislation is very limited.**

Life's general objective appears to them far too broad to be achieved and not always consistent with the specific objectives of the three areas of activity, which refer only to the implementation of Community policy and legislation.

The objective of developing policy could only be achieved by a "bottom-up" approach, implying better use of the results of individual actions by political decision-makers at European level.

On the other hand, with regard to policy implementation, *Life*'s strong points are its participatory approach, effective implementation of environmental legislation and the management of natural resources. *Life* contributes to a lesser extent to improving the quality of the environment: this contribution is significant for the quality of water and landscape, more limited for the urban environment, and flora and fauna, and negligible for soil quality.

4.2. *Life*'s added value in relation to other financial or environmental-policy instruments

Life is not the only Community financial instrument addressing environmental issues. Others include the agro-environmental measures of the Common Agricultural Policy, the Structural and Cohesion Funds, research & development programmes, and the Union's external policy instruments.

In comparison with these instruments, *Life* has several strong assets:

- *Life* is the only instrument dedicated solely to the environment. It offers flexibility and presents less constraints than other Community instruments.
- *Life* is managed directly by the Commission and so has great potential for providing European decision-makers with field results.

- *Life* is a political instrument, which is a critical asset for the environmental actors who often still lack political influence.

A detailed analysis of *Life* in comparison with other Community instruments shows that in most cases, *Life* can have a complementary role.

However, while *Life* has the potential to develop real added value, it has not yet realised this potential. It is still an “unfinished symphony”.

4.3. Means and procedures for implementing *Life*

The external assessors consider that better focusing of financial resources would do much to improve the instrument’s overall effectiveness. They consider that the main areas for improvement are management of land acquisitions for *Life-Nature*, dissemination and transfer of project results for *Life-Environment*, and focusing on fewer priorities for *Life-Third countries*.

Human resources within the Commission often appear to be too scarce, and organisational limitations are impeding the development of *Life*. There is currently too much emphasis on projects and not enough on the dissemination of project results; the budget allocated to communication actions (3% of appropriations) also seems too low to be effective.

Selected projects are usually representative of proposers' priority problems, and to some extent the priorities of the national authorities taking part in the pre-selection of projects. On the other hand insufficient account is taken of the priorities of the various Community environmental policies. When selecting projects, the Commission should systematically anticipate the possible re-use of results of projects in Community policies, the dissemination of those results and their long-term effects.

4.4. Recommendations of the external assessors

- *Life* should adopt a pro-active approach to preparing environmental policy, programmes and legislation;
- *Life* should set up a knowledge management system and make full use of the information accumulated since it began;
- *Life* should clearly identify whether it has a role to play with third countries and Central and Eastern European Countries;
- *Life* should reinforce the political strength of public environmental stakeholders;

- *Life* should remain independent of economic and geographical constraints.

5. THE COMMISSION'S ANALYSIS AND PROPOSALS FOR CHANGE

5.1. General objective of *Life*

The objectives of developing and implementing Community environmental policy and legislation are not separable in the financing of projects. Individual projects selected by *Life* should contribute to both:

- implementation, by applying the legislation and objectives of Community policies in an exemplary way ,
- development of new policies or updating of existing policies, by facilitating feedback to decision-makers.

It is proposed to reformulate Article 1 of the *Life* Regulation so as to define the development objective more clearly.

5.2. Forging closer links between *Life* and Community environmental policy

The Commission agrees with the external experts' suggestion that closer links should be forged between *Life* and the Community environmental policy.

This is particularly true of *Life-Environment*, where it is proposed to **reformulate the eligible fields in the Regulation and lay down guidelines for demonstration projects**, with a view to directing proposers towards priority themes of Community policy. This proposal is in line with an amendment introduced by the European Parliament during the discussion of the *Life II* Regulation in 1996.

Similarly, **"preparatory actions" under *Life-Environment* are redefined as preparing for the development of new Community environmental policy** and will be collected by direct calls for expression of interest, in order to gather a homogeneous set of projects in support of a policy in preparation.

5.3. Dissemination of results in line with their potential

The external experts' assessment regarding the dissemination of project results underestimates beneficiaries' and the Commission's dissemination activities (Internet site including a database of projects funded, Natura 2000 information letter linking to *Life-Nature*, anthology of *Life-Environment* success stories). Moreover, the *Life* Management committee adopted a dissemination strategy for *Life-Environment* in April 1997.

The Commission nevertheless agrees on the need to step up the dissemination of results in order to realise the full potential of the funded

projects. To that end, it is **proposed to increase the budget allocation to accompanying measures from 3 to 5% of *Life* appropriations.**

For *Life*-Nature, this increase will pay for two new accompanying measures: **the “starter” measure will help to prepare multinational projects, “co-op” measure will encourage the networking of the funded projects.**

For *Life*-Environment, the increase will be used to develop **the exploitation of project results on the basis of topic, for example by industrial sector in the case of clean technologies.**

5.4. The role of *Life* in relation to non-EU and Central and Eastern European countries

These groups of countries should be considered separately:

- Participation in *Life* by the **Central and Eastern European Countries** applying for EU membership follows a general Commission strategy which remains valid; participation will become effective following the specific decisions of the association Councils.
- For the **other non-EU countries** bordering the Mediterranean and Baltic seas, the Commission agrees on the need to concentrate the efforts of *Life*-Third countries and proposes to focus on **technical assistance actions (institutional and capacity building)** which step up the Union's neighbours' power to act on environmental issues.

6. DURATION AND REFERENCE AMOUNT OF THE THIRD PHASE

The Commission favours a duration of five years for the third phase of *Life*, and allowing for an updating of the eligible fields of action.

In the report to the Council under Article 7(3), the Commission showed that *Life* has considerable growth potential, since the instrument receives twice as many valid project proposals, i.e. which are formally eligible and favourably evaluated, than it can actually fund.

The budgetary record of *Life* is very satisfactory. All commitment appropriations are regularly used for *Life*-Nature, *Life*-Environment and *Life*-Third countries. Use of payment appropriations, in 1997 for example, was 86% for *Life*-Nature, 100% for *Life*-Environment and 79% for *Life*-Third countries.

Life also satisfies the criteria laid down under Agenda 2000 for defining priority programmes, where growth may exceed the Community budget; *Life* takes part in particular in “implementing environment-friendly technologies” and contributes indirectly to job creation by financing activities with a high job-creation potential, such as waste recycling and new services connected with the environment.

Nevertheless, with current budgetary prospects the five-year budget is unlikely to exceed ECU 613 million, broken down as follows, without taking account of the costs of enlargement:

Year	2000	2001	2002	2003	2004
Nature	52.65	54.5	57.80	59.70	63.45
Environment	52.65	54.5	57.80	59.70	63.45
Third countries	6.7	7.0	7.4	7.6	8.1
CEECs	p.m.	p.m.	p.m.	p.m.	p.m.
<i>Life</i>	112	116	123	127	135

(All amounts are in million ECU)

7. CONCLUSION

When preparing the third phase of *Life*, the Commission carried out a comprehensive assessment exercise consisting of the following stages: the report under Article 7(3) of the *Life* Regulation, transmitted to the Council in December 1997, the evaluation by outside experts between December 1997 and June 1998, and finally this report to the European Parliament and Council under Article 14 of the *Life* Regulation.

As we complete this evaluation, we can reaffirm the importance of *Life* for Community environmental policy and its positive contribution to the goals of this policy. As the only Community instrument specifically dedicated to the environment, it has a unique position among Community financing instruments, relying working on innovatory and exemplary local initiatives to foster the implementation of Community policy and develop new activities.

Thanks to *Life-Nature*, thousands of hectares of natural habitats of European interest are now protected; species only recently endangered are now safe; the European Natura 2000 network is gradually taking shape. The introduction of new accompanying measures during the third phase of *Life* will encourage the emergence of multinational projects and the networking of ongoing ones.

Under *Life-Environment*, dozens of clean technologies have proved their effectiveness in the most polluting industries; new techniques and methods have emerged to improve water quality or recycle waste; new partnerships are trying out more ecological regional planning methods. For the third phase, guidelines will be defined to improve the synergy between demonstration actions and Community policy, while better dissemination of project results will enable us to exploit their full potential.

Thanks to *Life-Third countries*, the principles of Community environmental policy are now known to our Baltic and Mediterranean neighbours and inspire the drafting of their own environmental policies or protection activities. For the third phase of *Life*, focusing funding on institutional and capacity building will give the best return on the *Life-Third countries* budget.

The involvement of the applicant countries of Central and Eastern Europe in *Life* should grow in the coming years, and *Life's* contribution to the European environment will take on a new dimension when they actually join the Union.

Day after day and project after project, concrete examples show that sustainable development can become reality. These examples thus contribute to the objectives that the European Union pursues through legislation, integration of the environment into other policies, promotion of voluntary approaches, etc. *Life's* aim is to bridge the gap between such exemplary individual projects and Community policy, to link real examples of innovation with European integration. It is this aim in the service of the environment that the Commission proposes to pursue from 2000 to 2004.

ANNEX 1

LIFE - NATURE

1. NUMBER OF CO-FINANCED PROJECTS

The number and quality of projects submitted under *Life-Nature* changed between 1992 and 1998.

- Under *Life I*, many projects included actions per phase and involved several beneficiaries. Average co-financing for these projects was close to ECU 1 million.
- In 1995 the Commission revised the application brochure. Each project is now under the responsibility of only one beneficiary. The Commission no longer commits itself in advance to co-financing following phases. It prefers projects whose actions are clearly linked to attainable objectives. All projects are divided into 6 categories:
 - Preparing management plans/preparatory projects
 - Land and land-use control
 - One-off habitat management projects
 - Ongoing habitat management projects
 - Awareness-raising/dissemination of results
 - Project management

In the short term this requirement for more accuracy increased the number of ineligible projects. But as from 1997, the average quality of the projects received has significantly improved.

- The *Life II* Regulation adopted in 1996 reinforced the link with Natura 2000. More projects were then declared ineligible because Member States had not proposed the sites in time. Potential applicants also preferred to postpone their project until the sites had been included in the national lists of sites proposed under the Habitats Directive.
- 1998 has seen an increase in the number and the quality of projects. Average co-financing per project is between ECU 500 000 and 1 000 000.

The table below gives a year-by-year breakdown.

	LIFE I				LIFE II		
	92 ¹ (EUR 12)	93 (EUR 12)	94 (EUR 12)	95 (EUR 15)	96 (EUR 15)	97 (EUR 15)	98 (EUR 15)
Number of projects received	86	198	296	313	241	174	191
Contribution requested	227	294	270	235	174	128	136
Number of eligible projects	- ²	80	116	139	123	97	115
Contribution requested for eligible projects	- ²	186 ³	153	139	93	76	83
Number of projects funded	35	22	47	72	63	60	85
Financial contribution granted	36.9	20,6	43	48.5	43.4	42.4	48

¹ The 1992 budget for *Life-Nature* includes reports from ACNAT; ² not available; ³ including ECU 61 million for one single project. (Amounts are in million ecus and account only for the Community contribution, generally between 50 and 75% of the total cost)

2. GEOGRAPHICAL DISTRIBUTION OF PROJECTS

Life-Nature has no provision for sharing out the amount available between the Member States according to fixed criteria.

Rather, the Commission considers that the quality of each project, compared with other projects proposed in the same year, should be the only basis for the decision on co-financing.

A Member State may send several very good proposals one year and few the next. It therefore makes little sense to analyse the annual allocation of funds per Member State.

However, it is interesting to analyse figures for the whole of the 1992-98 period.

It shows that:

- Member States with large territories are the main beneficiaries (including Finland and Sweden as from 1995);
- when areas are comparable, countries with higher bio-diversity, mainly in the Mediterranean and the Alps, benefited from more funding.

These criteria tie in with the purpose of *Life*, and explains why Spain is the main beneficiary of *Life-Nature*.

The table below shows the distribution between Member States of contributions of *Life-Nature* between 1992 and 1998.

Member State	<i>LIFE</i> -Nature (92-98) ECU '000 000
Belgium	6.9
Denmark	3.5
Germany	30.2
Greece	18.9
Spain	54.7
France	32.2
Ireland	8.3
Italy	29.6
Luxembourg	0.2
Netherlands	6.6
Austria *	11.9
Portugal	16.7
Finland *	14.5
Sweden *	18.6
United Kingdom	18.2

(* as from 1995)

3. TYPES OF PROJECTS CO-FINANCED

Life-Nature co-finances projects to protect natural sites and species of interest under the Birds and Habitats Directives, so the types of projects co-financed have changed between 1992 and 1998 as these two directives have been implemented.

- **Bird protection projects:** these accounted for most of the projects funded under *Life*-Nature I (1992-1995). The aim is to protect, and therefore manage, important sites for the birds listed in Annex 1 to the Birds Directive. Measures include for example:
 - Restoring habitat: cleaning up areas of water, improving water systems
 - Managing habitat: annual clearing of ditches and undergrowth
 - Implementing a management plan: changing farming practices, controlling tourism
 - Renting or purchasing key land in order to protect the biological quality of a site.

Many of these projects concerned wetlands. The Commission thus contributed to the objectives of the Ramsar Convention to protect wetlands of international importance.

- **Protection of natural habitats:** these projects accounted for most of those funded under *Life-Nature II*. As from 1996-1997, Member States have proposed thousands of sites containing natural habitats quoted in Annex 1 to the Habitat Directive, so *Life-Nature* logically gives those priority.

As with the protection of birds, these projects combine measures to safeguard the future of these sites: land control, improving the biological state of habitat, and regular biotope management. The preparation of a management plan, involving the various site users (municipalities, farmers, hunters, forest managers, etc.), improves the prospects of long-term success. The cooperation initiated under *Life* often makes it possible later to implement agri-environmental measures, funded by the CAP, or infrastructure for sustainable tourism, paid for by the Structural Funds.

- **Protection of species of fauna and flora:** the Union has chosen to focus its policy on sites necessary for the survival of endangered flora and fauna. *Life-Nature* thus co-finances as a matter of priority site-related actions. But specific actions may be necessary, for example to study the reproduction or movements of a species or to prepare its reintroduction, although actions which do not relate to sites proposed for Natura 2000 are very much the minority (some 5% of projects).

4. DETAILED CONTENT OF PROJECTS

Experience sharing between projects is an essential component of *Life*. Each year, in the trimester following the co-financing decision, in order to encourage the circulation of ideas, the Commission published a summary in three languages of each of the selected *Life-Nature* projects. This transparency and rapidity facilitates the networking of projects and their integration into local development programmes. These annual summaries can be ordered through the Nature homepage at the following address:

<http://europa.eu.int/en/comm/dg11/nature/docum.htm>

ANNEX 2

LIFE-ENVIRONMENT

1. NUMBER OF CO-FINANCED PROJECTS

Between 1992 and 1998 the Commission received 5449 applications under *Life-Environment*. Between 1993 and 1998 these applications represented a total of approximately ECU 5900 million in requested contributions.

During the same period, the available budget made it possible to co-finance 795 projects (15%) for an overall amount of ECU 321 Million (5%).

The table below gives a breakdown of essential data for each year:

	<i>LIFE I</i>				<i>LIFE II</i>		
	92 ¹ (EUR 12)	93 (EUR 12)	94 (EUR 12)	95 (EUR 15)	96 (EUR 15)	97 (EUR 15)	98 (EUR 15)
Number of projects received	300	1447	1224	729	601	514	634
Contribution requested	- ²	2012	653	2214	393	328	292
Number of eligible projects	+/- 185	601	721	431	283	244	526
Number of pre-selected projects (short-list)	- ³	306	258	264	177	194	226
Contribution requested for pre-selected projects	- ³	79	84	84	90	81	100
Number of projects financed	70	99	160	135	104	112	115
Financial contribution granted	44.6	44.7	53.1	48.1	43.3	43.6	48.6
Difference between projects pre-selected and financed	- ³	33.8	30.6	36.0	47.2	37.4	51.4

¹ The *Life-Environment* budget for 1992 includes reports from MEDSPA and NORSPA; ² not available; ³ no shortlist was drawn up in 1992 as the projects were selected under MEDSPA and NORSPA procedures. (All amounts are in million ecus and account only for the Community contribution, generally 30-50% of the total budget.)

The number of projects submitted, which declined between 1993 and 1997 rose in 1998; this number has always been much higher than the number of projects funded (by a ratio of 1 to 5 at least).

The pre-selected projects, after parallel evaluations by the Commission and the Member States, also greatly exceed the budgetary possibilities of *Life*: the gap between the budget available and the potential contribution to pre-selected projects has continued to widen since the beginning.

2. GEOGRAPHICAL DISTRIBUTION OF THE PROJECTS

Life-Environment has no provision for sharing out the amount available between the Member States according to fixed criteria.

The evaluation procedure is designed to select projects on the basis of merit, the projects being evaluated by subject category (waste, water, air, etc). This system of evaluation on merit nevertheless takes into account the state of the environment in each Member State, so as not to penalise less innovatory but exemplary projects, which can have a strong local impact.

The annual distribution of contributions between Member States thus has little significance. As an indication, the year-by-year distribution of *Life-Environment* contributions between Member States is as follows:

Member States	<i>Life I</i>				<i>Life II</i>			Total
	1992	1993	1994	1995	1996	1997	1998	
Belgium	2.1	3.6	2.4	3.6	1.4	3.9	3.1	20.1
Denmark	0.8	3.7	1.2	0.8	2.1	2.3	1.0	11.9
Germany	7.1	6.7	7.7	6.9	5.0	4.8	6.9	45.1
Greece	2.1	2.4	4.5	3.2	2.5	2.8	2.5	20.0
Spain	3.1	1.1	4.7	4.7	4.8	3.9	4.6	26.9
France	5.5	4.2	9.2	6.6	6.7	5.7	5.5	43.4
Ireland	3.9	3.1	2.9	0.2	0.7	1.2	1.9	13.9
Italy	5.1	5.7	6.2	6.8	6.0	4.1	5.0	38.9
Luxembourg	0.0	0.8	0.8	0.2	0.0	0.5	0.7	3.0
Netherlands	2.1	3.4	3.5	4.1	2.8	4.0	3.6	23.5
Austria	-	-	-	1.8	2.5	1.2	1.5	7.0
Portugal	2.9	3.4	1.8	1.2	2.3	1.2	1.0	13.8
Finland	-	-	-	2.2	2.0	1.9	1.4	7.5
Sweden	-	-	-	0.5	2.8	2.1	3.0	8.4
United Kingdom	8.6	6.4	8.1	5.3	1.8	4.2	7.1	41.5
Total	44.6 ¹	44.7	53.1	48.1	43.3	43.6	48.6	326.0

¹ including one international project for ECU 1.3 million.

(all amounts are in million ecus and account only for the Community contribution.)

3. TYPES OF PROJECTS CO-FINANCED

The following table shows the distribution by topic of the actions funded from 1992 to 1997. It is not exhaustive as regards completed projects.

It shows that **the actions most funded by *Life-Environment* concerned « clean technologies », modifying industrial production processes, then water management, regional planning in rural areas, in urban areas, and waste management.**

Topic	Number	Contribution	%
Clean technologies	145	53 809 301	23%
Reduction of the industrial emissions (all sectors)	12	4 852 536	
Agri-food sector	20	6 246 427	
Glass and ceramics	9	3 609 078	
Chemical and electronics industries	28	9 175 709	
Construction industry	5	1 448 632	
Paper	13	9 949 234	
Surface treatments paint and ink	27	7 219 857	
Tanneries	15	4 410 396	
Textiles and laundries	7	2 362 546	
Wood and furnishing	9	4 534 886	
Water management	93	42 747 634	18%
Drinking water	10	4 316 386	
Groundwater	8	3 497 058	
Surface water and sea water	36	18 655 804	
Urban waste water	21	7 932 070	
Industrial waste water and treatment of water for industrial use	19	8 346 316	
Regional planning in rural areas and coastal areas	96	41 333 046	17%
Rural development and agriculture	18	5 357 886	
Management of forests	9	3 543 021	
Management of natural areas	12	6 161 320	
Environment-friendly tourism	26	8 553 151	
Integrated management of coastal areas	24	13 171 291	
Protection of dunes	7	4 546 377	

Regional planning in urban areas	72	32 660 512	14%
Actions specific to suburban areas	7	3 701 237	
Planning or integrated management of urban areas	17	10 058 497	
Reduction of noise	4	1 431 364	
Measurement of air pollution	17	6 229 960	
Management of transport	27	11 239 454	
Waste management and treatment	91	35 868 390	15%
Household waste management	14	4 579 086	
Management of industrial or special waste	9	3 086 590	
Management of landfills	9	3 873 496	
Incineration-related projects	7	2 783 172	
Recycling of organic waste	9	3 390 641	
Recycling of sewage sludge	7	2 060 433	
Recycling of plastics and packaging	18	9 169 006	
Recycling of batteries	2	664 996	
Recycling of used tyres	3	1 201 403	
Mercury extraction and recycling	4	2 010 189	
Metallurgical industry waste	9	3 049 378	
Soil protection and treatment	23	9 868 291	4%
Treatment of soil pollution	21	9 422 330	
Fire prevention	2	445 961	
Training, promoting awareness, environmental management	48	19 994 173	8%
Impact assessment, evaluation, administrative structures	12	8 451 350	
Training, raising the consciousness of economic actors (inc. SMEs)	17	4 455 344	
Environmental management	19	7 087 479	
Total	569	236 281 347	

The following comments consider only the most salient topics among *Life-Environment* actions. The reader can get further information from the brochure "LIFE in action – Demonstration projects for Europe's environment – 96 success stories" available from the Office for Official Publications of the European Communities, or by consulting the *Life-Environment* database homepage at the following address: <http://europa.eu.int/còmm/life/index.htm>

3.1. Modifications of industrial processes

An important function of *Life-Environment* is to promote the use of new technologies in manufacturing processes, as opposed to “end-of-pipe” pollution treatment. After a study conducted in 1995, the Commission tried to orientate proposers towards the most polluting sectors in order to concentrate efforts. Here are two examples of sectors where *Life-Environment* contributed to the implementation of clean technologies:

Surface treatment in many industrial sectors is very polluting because of the chemicals used. One such case is de-coating in aeronautics, which currently uses large amounts of acid baths. Two projects tested alternative techniques: KLM in the Netherlands for high pressure water jets, and SOCHATA in France for ice blasting. The first project was a success, while the second proved that the technique, although technically valid, was unprofitable.

The tanneries sector is a special case since about fifteen *Life*-funded projects, including eight in Italy, cover all the stages of the tanning process and offer a complete solution to the acute pollution problems in this sector. Pollution has been reduced in air emissions, liquids (in particular those containing chromium) and solid waste. The techniques developed by the projects also appeared also interesting from an economic point of view (saving raw materials) and in the quality of the products. Thus there are possible “win-win” solutions in this sector in economic difficulty, in the “Objective 1 and 2” areas of Community regional policy.

3.2. Water management

Many of the projects financed by *Life-Environment* aim to improve the quality of water, with projects from both industries and local authorities. Completed projects generally produced interesting and reproducible results.

The treatment of urban waste water is an important issue of environmental concern and the subject of many *Life* projects, applying techniques such as basins with macrophyte, mainly between 1992 and 1995, the improvement of nitrogenous compound treatments or the recycling of treated waste water for irrigation. The management of sewage networks in storms is also the subject of several projects.

Projects on **surface waters** include several programmes of integrated water management and quality monitoring. For example, several Danish projects in 1993 and 1994 tried to restore water streams and wetlands while monitoring the quality of water in terms of biological and physico-chemical composition.

3.3. Regional planning in rural areas

This title covers projects on rural development, nature management, environmentally-friendly tourism and the rational management of coastal areas. Projects often concern several of these topics, so the proposed distribution is only indicative.

For example, **environmentally-friendly tourism** projects often aim to restrict visits to fragile sites, planning tourism in regions with landscapes and natural environment of high value, trying out contracts to respect the environment (charter for durable tourism, eco-labelling, environmental management of tourist activities, etc.). Some actions were reproduced afterwards in the framework of regional policies, e.g. Cohesion Fund actions.

The rational management of coastal areas has twice been a priority for *Life*: in 1992, when *Life* took over from MEDSPA, and in 1996, under the demonstration programme on coastal zone management, initiated by a Commission communication in November 1995. The projects funded set up - for example - large partnerships to monitor the coastal environment (monitoring the sea and water quality) and pilot actions to improve this environment. The results of these actions, often of very high quality, probably stimulated the debate in Europe on the specific character of the management of coastal areas.

3.4. Regional planning in urban areas

This title covers projects relating on the one hand, to planning or the consistency of urban policies and, on the other hand, to more specific actions on noise and air pollution abatement.

The management of transport, a critical and tricky aspect of urban policies, has been the subject of numerous *Life* projects since it started. Although they rarely cover demonstration of new vehicles or of new fuels, which is more relevant for other Community financing, there are many pilot management plans among *Life* projects, especially in Germany and the Benelux: mobility indicators, planning of goods transportation to release the pressure on city centres (Leyden 1994), modelling tools, etc.

Between 1995 and 1997 some projects concentrated specifically on **suburban areas**, which represent an important issue for the environment: whether or not environmental requirements figure in the extension of urban areas, as well as the relationship between cities and the surrounding countryside, have important and durable effects on the environment. The role of agriculture in suburban areas in particular was examined by two Spanish projects of 1996, in Barcelona and Aranjuez.

3.5. Waste management and treatment

Waste management is an important topic for the environment and requires much expensive investment by local bodies; it has been the subject of numerous *Life* projects since the beginning. Actions funded cover all the issues involved, especially recycling, which ties in with the orientation of Community policy in this field.

The management of industrial or special waste is the subject of projects with specific objectives but often interesting results, reusable at European level: hospital waste in Freiburg (D) and Helsinki (FIN) in 1996 or treatment of end-of-life refrigerators in Milan (IT) in 1995.

Incineration-related projects include the demonstration of recent techniques, such as non-thermal plasma, in Culham (UK) in 1995 or the PyroArc process in Hofors (S) in 1997. Other projects include the recycling of incineration refuse in road coating in Kassel (D) and Le Mans (F) in 1996.

The recycling of plastics and packaging, a critical aspect of waste management, is tackled by many projects on different materials or products (such as polyurethane in Langeac (F) or coated textiles in Saarland (D) in 1996) which initiate or supplement industrial recycling concerns. It is a field where economic factors are often important and require full-scale demonstration, hence the importance of financing mechanisms like *Life*, which still has an important role to play in this field.

The recycling of batteries is a field where collection has been compulsory since 1991 for certain types of batteries but where treatment techniques are still under-developed or unsatisfactory from the environmental point of view. With only three projects (plus the mercury recycling projects for certain types of batteries), *Life* took part in the demonstration of three of the ten or so techniques arriving on the European market to respond to this need: acid and basic hydrometallurgy (Recupyl 1994 and Zimaval 1998 respectively), and pyrometallurgy in arc furnaces (AFE Métal 1996).

ANNEX 3

LIFE- THIRD COUNTRIES

1. NUMBER OF CO-FINANCED PROJECTS

Between 1992 and 1998, the Commission received 652 applications under *Life-Third Countries* totalling approximately ECU 250 million. During the same period, the available budget made it possible to select 96 projects for funding under *Life-Third countries* for a total EC contribution of almost ECU 33 million.

The table below gives a breakdown of essential data for each year:

	<i>LIFE I</i>				<i>LIFE II</i>		
	92	93	94	95	96	97	98
Number of projects received	45 ¹	55 ¹	65	103	82	121	181
Number of eligible projects	- ²	- ²	40	29	23	28	83
Contribution requested	- ²	- ²	18.4	10.2	10.0	9.8	24
Number of projects financed	9	12	14	16	13	16	16
Financial contribution granted	5.3	3.5	4.8	5.7	6.0	4.2	4.7

¹ Estimate;

² Not available. (All amounts are in million ecus and account only for the Community contribution, generally 50-100% of the total budget.)

In 1995, which was the last year of *Life I*, the total number of acceptable projects increased considerably because of the information campaign on *Life-Third Countries*. On the other hand, the number of projects considered eligible by the Commission decreased, because it wanted to place much greater emphasis on the technical quality of projects.

The smaller number of projects accepted in 1996 is due to the fact that the new *Life Regulation* was adopted late leaving a relatively short period for submitting projects. The number of projects eligible and financed is similar to that for 1995.

In subsequent years, the efforts made to disseminate information on *Life-Third Countries* increased the number of projects to 181 in 1998, approximately 50% more than in 1997.

2. GEOGRAPHICAL DISTRIBUTION OF PROJECTS

Life-Third Countries covers two geographical regions: the Mediterranean and the Baltic Sea (since 1996 only the Baltic region of Russia, i.e. Kaliningrad and Saint Petersburg).

Since 1996 *Life-Third Countries* has been covering the non-Community countries bordering on the Mediterranean and the Baltic Sea, except the countries of Central and Eastern Europe which have signed association agreements with the European Community. The latter can now take part in *Life-Nature* and *Life-Environment*, as a pre-accession exercise, on the basis of specific agreements with these countries. At the time of drafting this report, only Romania had completed the procedures necessary for submitting projects under *Life* as from 1999.

The main objective of *Life-Third Countries* is to support, in countries bordering on the Union, technical assistance projects, nature conservation projects and demonstration projects to promote sustainable development, in order to promote awareness of the need for environmental protection in these countries.

Life II is different from *Life I* in two ways:

- the instrument no longer applies to Poland, Slovenia and the three Baltic States which are now associate countries of Central and Eastern Europe; on the other hand, since 1996, it includes the West Bank and the Gaza Strip, and since 1997, Bosnia and Herzegovina;
- it may cover demonstration projects on sustainable development and nature conservation in addition to simple technical assistance, as was the case with *Life I*.

The following table shows the distribution of *Life-Third Countries* per country between 1992 and 1998:

Mediterranean Region		Baltic Region	
Country	million ECU	Country	million ECU
Albania	2.6	Estonia	0.81
Algeria	0.66	Latvia	1.54
Bosnia	0.53	Lithuania	0.14
Cyprus	2.45	Poland	0.67
Egypt	1.15	Russia	3.55
Israel	1.18		
Jordan	0.77		
Lebanon	0.97		
Malta	1.04		
Morocco	1.15		
Palestine	0.68		
Syria	1.62		
Slovenia	1.56		
Tunisia	0.75		
Turkey	3.09		
<i>Multinational</i>	5.41	<i>Multinational</i>	0.77
Total 1	25.5	Total 2	7.5
Total	33		

3. TYPES OF FINANCED PROJECTS

Since 1996, the framework for eligible actions has included technical assistance, nature conservation and demonstration projects.

“Technical assistance” projects are the largest group of applications received, accounting for between 50% and 70%. This can be explained by the fact that *Life-Third Countries* is targeted primarily at national administrations faced with the need to define their environmental policies and action plans. The other categories of action are less widely represented and concern:

- for the “Nature” projects, conservation and/or restoration of coastal and wetland habitats.
- for demonstration projects, pilot projects (co-financed for the first time in 1997) covering a very wide range of fields: waste management and treatment, use of bicycles in towns and management of coastal areas.

- 3.1 In the field of **technical assistance**, over the period 1992-1997, *Life-Third Countries* helped to establish ECATs, which are environmental centres for administration and technology (in St Petersburg, Kaliningrad, Tirana, etc.) which combine the know-how of third countries and the Community and play an important catalyst role in developing environmental policies in Central and Eastern Europe.

In synergy with the action of other environmental programmes and conventions (HELCOM for the Baltic region), the authorities responsible have thus benefited from efficient technical assistance in several fields. Among the most important are the following:

- environmental monitoring, protection of water resources and waste water treatment (Latvia),
- treatment of waste from industrial galvanisation and management of a network for the collection and treatment of hospital waste in St Petersburg,
- management of action against sea pollution by hydrocarbons in the Baltic Sea (region of St Petersburg).

- 3.2 *Life-Third Countries* has also contributed successfully to Mediterranean Action Plan activities by funding projects submitted by some of its regional centres. These projects include assistance to national authorities in fields such as:

- action against oil pollution in the territorial waters of Cyprus, Egypt and Israel (REMPEC),

- regional development of environment monitoring activities in the Mediterranean and developing specific indicators (Blue Plan),
- conservation and rational use of wetlands (MEDWET).

3.3 Many projects involving a number of countries from the South and East Mediterranean have also been financed under the Mediterranean Environmental Technical Assistance Programme (METAP). Examples are:

- the problem of waste water treatment in the city of Cairo,
- the creation of a structure to develop methodologies for Environmental Impact Assessments (EIA) in Syria,
- the design of an environmental action plan in Jordania.

These various initiatives co-financed by *Life*-Third Countries illustrate the fundamental role of this instrument for the Union's neighbours in promoting the Community's environmental protection principles. Their active participation is a clear sign of interest.

Life-Third Countries thus helps to interlink the principles and legislation of third countries and the European Union, and to transfer Community technologies and know-how to these regions.

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