



EUROPEAN COURT OF AUDITORS

Special Report No 15

2013

HAS THE ENVIRONMENT COMPONENT
OF **THE LIFE PROGRAMME** BEEN
EFFECTIVE?

EN



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(pursuant to Article 287(4), second subparagraph, TFEU)

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REPLY OF THE COMMISSION

GLOSSARY AND ABBREVIATIONS

Catalyst: An agent that stimulates or precipitates a reaction, development or change.

Centralised management by the European Commission:

- **Direct:** The budget implementation tasks are performed directly by Commission departments.
- **Indirect:** The Commission entrusts tasks of public authority, and in particular budget implementation, to agencies created by the Commission (executive agencies), traditional agencies or joint undertakings, other bodies such as the European Investment Bank or the European Investment Fund, national public-sector bodies or bodies governed by private law with a public service mission (so-called 'national agencies').

DG Environment: Directorate-General for the Environment of the European Commission.

Effectiveness: Achieving the objectives set.

Environment action programmes (EAPs): These are adopted by the European Parliament and the Council and set out the EU's key environmental objectives and priorities. They are multiannual and aim to identify the EU's major environmental challenges, to set objectives and to provide guidelines.

The EU's first EAP dates back to 1973. The sixth EAP expired in mid-2012. The European Commission has proposed a new EAP (the seventh), entitled 'Living well, within the limits of our planet', which will be considered through the ordinary legislative procedure by the European Parliament and the Council of the European Union.

EU: European Union.

EU interest: In the context of LIFE 'Environment' projects, a synonym for European added value. EU interest means contributing to the achievement of the general objectives of EU environmental policy, by targeting a problem with significant importance at European level or expecting to generate results that would be widely applicable.

Impact: The positive and negative, primary and secondary long-term effect produced by an intervention, directly or indirectly, intended or unintended.

Impact assessment: The assessment of the economic, social and environmental consequences of policy and legislative proposals. It is a tool to ensure that Commission initiatives and EU legislation are prepared on the basis of transparent, comprehensive and balanced evidence.

Indicator: Quantitative or qualitative factor or variable that provides simple and reliable means to measure achievement, to reflect the changes connected to an intervention or to help assess the performance. Indicators should be relevant, accepted, credible, easy and robust ('RACER' criteria).

(a) Input indicators: These measure the quantity, quality and timeliness of resources provided for an intervention.

(b) Output indicators: These measure deliverables created or provided by the intervention. They provide information to assess the efficient use of inputs.

(c) Outcomes indicators: Result and impact indicators

- Result indicators: These measure the immediate or short-term results of the implementation of the intervention. They provide key information *on* the extent to which an intervention achieves its objectives.
- Impact indicators: These measure positive and negative, primary and secondary longer-term effects produced by an intervention, directly or indirectly, intended or unintended.

Integrated projects: Projects implementing on a large territorial scale, in particular on a regional, multi-regional or national scale, environmental or climate strategies or action plans required by specific EU environmental or climate legislation, pursuant to other EU acts or developed by Member States' authorities.

Intervention: Any action or operation carried out by public authorities or other organisations, regardless of its nature (policy, programme, measure or project).

LIFE: L'Instrument Financier pour l'Environnement (the financial instrument for the environment).

Monitoring: Regular examination of the resources, outputs and results of interventions.

Output: Something that is produced with the resources allocated to an intervention.

Project replication: The reproduction of the whole project or parts of it.

Project results dissemination: The process of making the results and deliverables of a project available to the stakeholders and to the wider audience.

Project sustainability: The continued existence of the project.

Results: The direct effects or changes that arise due to the intervention.

Thematic strategies: The sixth EAP introduced the thematic strategies as an instrument for its implementation and covered seven thematic areas: soil protection; protection and conservation of the marine environment; sustainable use of pesticides; air pollution; improving the quality of the urban environment; the sustainable use and management of natural resources; and waste prevention and recycling.

These strategies are based on a global approach, by theme, rather than on certain pollutants or types of economic activity, as had been the case in the past. They set long-term objectives and provide an opportunity to simplify and clarify existing legislation.

EXECUTIVE SUMMARY

I.

The EU's environmental policy is integrated across the EU's main policy areas. The vast majority of EU funding for the environment is therefore delivered as part of the EU's main spending policies, such as the Structural Funds and the common agricultural policy. LIFE (L'Instrument Financier pour l'Environnement) is directly managed by the Commission. It is now in its fourth programming period and the current LIFE programme has an average annual budget of 239 million euro for financing projects — which represents less than 1,5 % of the estimated overall environment-related expenditure by the EU. This is a modest budget for an ambitious objective: to contribute to the development, updating and implementation of EU environmental policy and legislation. Almost 50 % of this budget, or 120 million euro, is devoted to the LIFE 'Environment' component.

II.

The Commission has proposed to increase the budget available for the LIFE 'Environment' component in the next programming period. The Court therefore carried out an audit to assess the effectiveness of the LIFE 'Environment' component of the LIFE programme. This involved an examination of whether the design and implementation of the LIFE 'Environment' component contributed to programme effectiveness.

III.

The Court found that, overall, the LIFE 'Environment' component was not operating effectively because it was not sufficiently well designed and implemented. The main design problems were:

- (a) the lack of a mechanism to target scarce resources on pre-selected objectives dissipated the impact of the invested funds;
- (b) the indicative national allocations hampered the selection of best projects because projects were not only selected based on their merit but also on their Member State of origin;

- (c) the quality of the project selection was adversely influenced by the insufficient justification of evaluation results;

- (d) the monitoring framework of the programme lacked appropriate common output and result indicators. This prevented the Commission from getting a comprehensive and updated overview of the performance of projects, and therefore from estimating the operational effectiveness of the programme.

IV.

The main implementation problems that hampered effectiveness were:

- (a) key aspects of LIFE projects, concerning their innovative and demonstrative character, their sustainability prospects and EU interest, were not always appropriately assessed during project selection;

- (b) the monitoring of the reasonableness of project costs, their sustainability and replication was insufficient;

- (c) the expected role of the component as a catalyst for environmental policy was greatly reduced due to insufficiently effective dissemination and low sustainability and replication of projects.

V.

The Court recommends that the Commission implements the following recommendations.

- (1) In the establishment of the multiannual work programmes foreseen in the new LIFE programme, the legislative authorities should enable the Commission and the Member States to restrict eligible applications to limited strategic priorities and to set clear, specific, measurable and achievable objectives for projects to be funded. A limited number of priorities fixed for a number of years would streamline the selection process, concentrate the efforts on specific issues and facilitate the evaluation of the programme's impact.
- (2) The Commission's proposal for the new LIFE programme ends the national allocations for traditional projects, but keeps a geographical balance for integrated projects. In its application, the Commission should ensure that integrated projects are selected based on their merit, and that geographical balance should not breach the principle of equal opportunities for applicants.
- (3) The Commission should improve the project selection evaluation forms and require the evaluators to provide separate assessments and scores for major project aspects (such as the innovative or demonstrative character of the proposal, the quality of the dissemination actions planned or the potential for the replication of results), in order to improve the quality and transparency of the selection process and to ensure that selected projects have the potential to contribute most towards the achievement of the programme objectives.
- (4) The Commission should improve its programme management tools and consider introducing adequate common output and result indicators as well as follow-up information at project level, in order to facilitate an appropriate monitoring of the programme. To the extent possible, such indicators should be relevant, accepted, credible, easy and robust ('RACER' criteria).
- (5) The Commission should improve its assessment of the reasonableness of claimed personnel costs, particularly for comparable projects, by making better use of information collected during the monitoring phase. This could then be better used to facilitate the identification of excessive costs.
- (6) The Commission should require the monitoring team to include in its assessments a critical analysis of the dissemination, sustainability and replication measures proposed by the beneficiary and of the potential barriers that might hinder them, both in its evaluation reports during the project implementation as well as in its *ex post* visit reports.
- (7) The Commission should consider how to better encourage the dissemination and replication of project results by private beneficiaries who wish to protect their commercial interests.
- (8) The Commission should consider how to require the beneficiaries to electronically submit simple and updated information after the project completion (i.e. whether the project remains operational, whether the project is replicated, and if yes, how many times, etc.). This would enable the Commission to efficiently improve its *ex post* information on programme effectiveness.

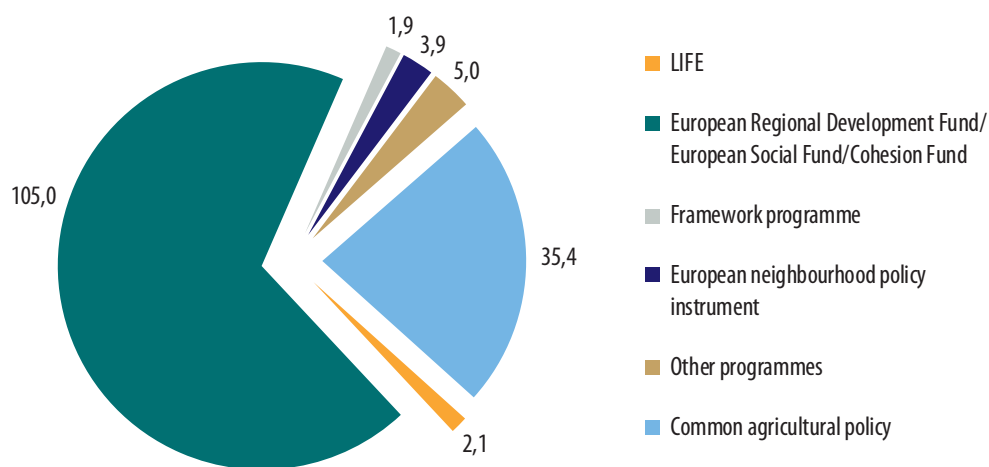
INTRODUCTION

FUNDING THE ENVIRONMENT IN THE EU

1. The environment is an increasingly important policy area for the European Union. With the Treaty of Amsterdam (1999), the Union recognised that the environment needed to be integrated, in terms of both definition and implementation, into all its other policies (e.g. transport, enterprise, research and enlargement). Due to the cross-cutting nature of environmental issues, the main EU expenditure programmes (in particular the Structural Funds, the Cohesion Fund and agricultural expenditure, as well as other assistance programmes implemented outside the EU) include aspects related to environmental policy.
2. **Figure 1** shows the estimated environment-related expenditure for the period 2007 to 2013 by expenditure programme. The LIFE programme, with a budget of 2,1 billion euro, represents less than 1,5 % of total environment-related expenditure.

FIGURE 1

ESTIMATED ENVIRONMENTAL EXPENDITURE (BILLION EURO), 2007–13



LIFE represents 1,37 % of total

Source: Combined impact assessment and *ex ante* evaluation of the review of the LIFE+ regulation: options development.

THE LIFE PROGRAMME

3. The current LIFE programme¹ covers the period from 2007 to 2013 and has three components.

- (a) LIFE 'Nature and biodiversity', which co-finances best practice or demonstration projects that contribute to the implementation of the birds and habitats directives, the Natura 2000 network. In addition, it co-finances innovative or demonstration projects that contribute to the implementation of the objectives of the Commission's communication on 'Halting the loss of biodiversity by 2010 — and beyond'.
- (b) LIFE 'Environmental policy and governance' (hereafter LIFE 'Environment'), which co-finances innovative or demonstrative projects related to climate change, water, air, soil, urban environment, noise, chemicals, environment and health, natural resources and waste, forests and innovation.
- (c) LIFE 'Information and communication', which supports projects that disseminate environmental information, such as information about climate change or nature conservation, networking or best-practice platforms.

4. LIFE is directly managed by the Commission². Given that most of the EU environmental expenditure is integrated into other expenditure programmes, LIFE stands as the environmental backbone of the EU. Its overall objective is to contribute to the development, updating and implementation of EU environmental policy and legislation, including the integration of the environment into other policies. It should therefore serve as a platform for developing and exchanging best practices and for sharing knowledge, to catalyse and accelerate change on environmental and climate issues. In practice, LIFE supports the general (political) environmental priorities set by the Council and the European Parliament in the environment action programmes (EAPs). LIFE 'Environment' projects cover a very wide range of sectors, including climate change, chemicals, water and natural resources, as outlined in **Box 1**.

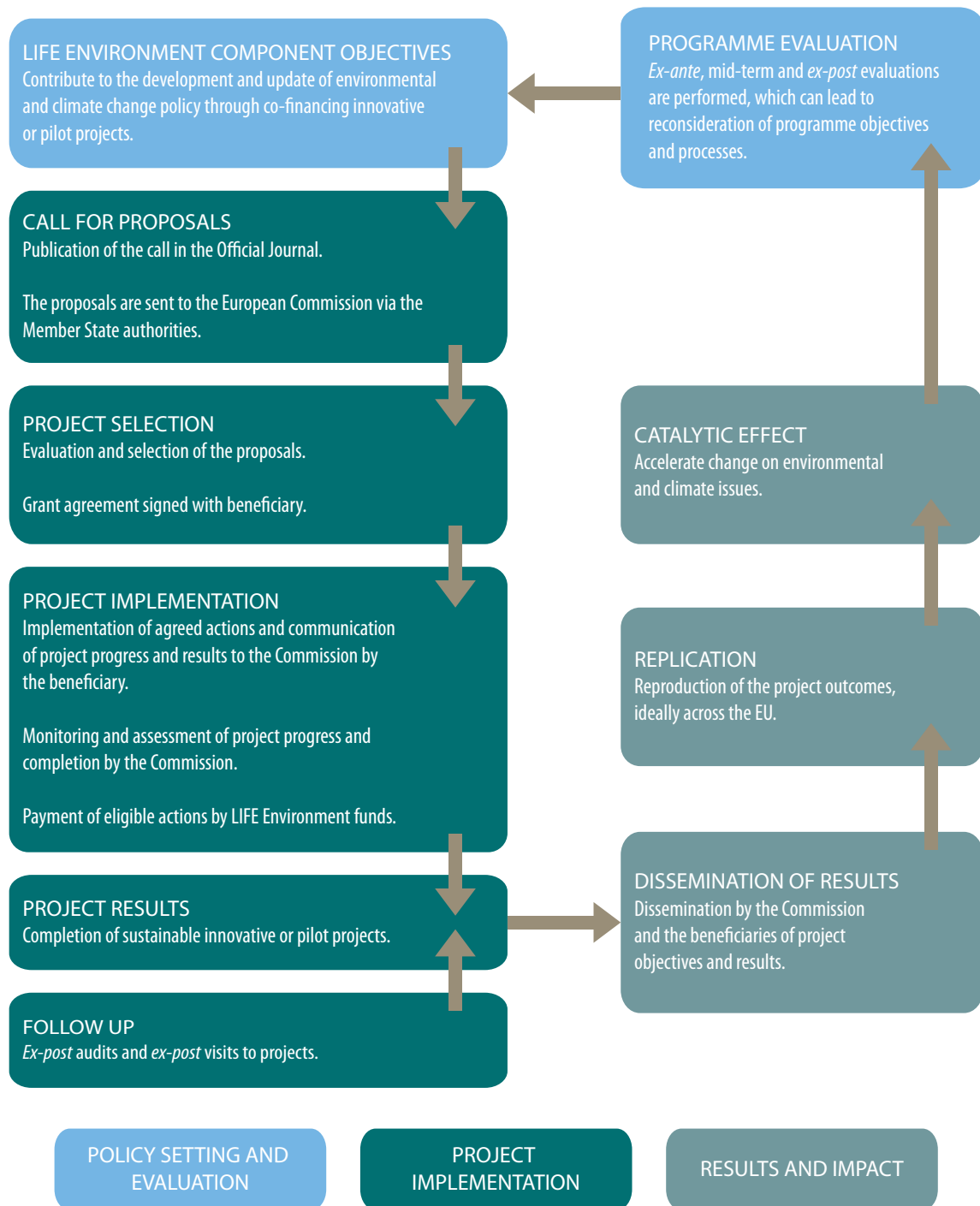
5. The current LIFE 'Environment' component has an average annual budget of some 119,5 million euro. From 1996 until 2012, this component provided 1,3 billion euro to 1 730 projects (see **Table 1**). The LIFE 'Environment' component is presented in **Figure 2**. It shows the intervention logic underlying the component and the interplay between its main elements: 'policy setting and evaluation', 'project implementation' and 'results and impact'.

¹ The so called 'LIFE+' programme is governed by Regulation (EC) No 614/2007 of the European Parliament and of the Council of 23 May 2007 concerning the financial instrument for the environment (LIFE+) (OJ L 149, 9.6.2007, p. 1). It is the successor to the LIFE I (1992–95), LIFE II (1996–99) and LIFE III (2000–06) programmes from previous periods. The Commission has prepared a proposal for the new LIFE programme (2014–20) that is currently under negotiation in the European Parliament and the Council of the EU.

² Management by the European Commission (DG Environment) on a centralised basis.

FIGURE 2

THE LIFE 'ENVIRONMENT' COMPONENT



- 6.** As a result of the relatively limited budget of the LIFE 'Environment' component, both compared with its extensive objectives and overall EU environmental spending, its effectiveness is strongly determined by whether funded projects serve as catalysts for environmental change. This means that the successful completion of a project is not in itself enough to ensure the overall effectiveness of the programme. Indeed, if the projects do not address problems with significant importance at European level and their results are not adequately monitored, disseminated, sustained and replicated, the overall objective of contributing to environmental policy is unlikely to be achieved.

AUDIT SCOPE AND APPROACH

- 7.** The Court identified a number of risks to the effectiveness of the LIFE 'Environment' component of the programme in achieving its objectives, in particular the risks that the combination of a high number of priority actions and the relatively low budget could lead to a lack of focus and inconclusive results, the weaknesses in the project monitoring and evaluation systems for drawing conclusions about the programme and the lack of a multiplier effect due to the insufficient dissemination of project results. Given the Commission's intention to significantly increase the programme's budget for the next programming period 2014–20, the Court decided to carry out an audit in order to assess these risks in more detail.
- 8.** The objective of the audit was to answer the question: 'Does the LIFE "Environment" component of the LIFE programme³ operate effectively?' This was done by addressing the following audit sub-questions.
- 'Was the LIFE "Environment" programme well designed in order to facilitate effective results?' In order to answer this question, the Court examined the consistency of objectives with the available budget, how the budget was allocated and the design of the project selection and monitoring processes.
 - 'Was the LIFE "Environment" programme well implemented in order to obtain effective results?' In order to answer this question, the Court examined the application of the selection criteria and the monitoring, dissemination, sustainability and replication of projects.
- 9.** The above questions consider the criteria necessary to achieve the catalytic effect and thus the overall effectiveness of the 'Environment' component of the programme.
- 10.** The audit focused on the projects funded between 2005 and 2010. The Court visited the Commission's relevant services and five Member States from among the largest beneficiaries of LIFE (Germany, Spain, France, Italy and the United Kingdom), representing 55 % of the LIFE budget and 15 % of its projects.

³ The 'Nature and biodiversity' component was the subject of the Court's Special Report No 11/2009 on 'The sustainability and the Commission's management of the LIFE-Nature projects'.

- 11.** In total, 25 projects were visited on the spot in the five Member States⁴. Relevant documents were examined to check the purpose, eligibility, existence, sustainability and potential replication of the projects and to verify whether best practices and lessons learned were appropriately disseminated by the Commission. In addition, relevant information related to project selection and monitoring, as well as information on the project websites, was analysed for a sample of 70 projects.
- 12.** Interviews were carried out with representatives of the Commission, the evaluation team, the monitoring team⁵ and representatives of the national or regional authorities acting as national or regional contact points (NCPs).

⁴ Including 23 completed projects, of which 22 were selected in 2005 and 2006 and only three in 2007. It should be noted that some rules, for example those concerning the dissemination of project results, were made more stringent since 2007.

⁵ The Commission is assisted in the project selection procedure by external evaluators and in project monitoring by an external monitoring team.

OBSERVATIONS

PART I — DESIGN

THE LARGE NUMBER OF OBJECTIVES OF THE PROGRAMME WAS NOT CONSISTENT WITH THE LIMITED BUDGET AVAILABLE

13. In order to be effective, programmes should not only define clear and specific objectives, but these should be realistic and consistent with the allocated budget. More concretely, programmes should include a limited number of defined specific priorities in order to target available resources on attaining the objectives set. This is particularly important for LIFE, given its expected catalytic role to promote developments in EU environmental policy and its relatively limited budget.

14. The LIFE regulation sets many eligible objectives for LIFE 'Environment' component projects (see **Box 1**). From 2008, the Commission narrowed down these objectives in its annual call for proposals into 'indicative priority areas'. However, in practice this did not result in a much greater targeting of specific priorities because proposals outside these priorities are eligible for funding, as long as they relate to any of the many objectives under the regulation. Therefore, despite its modest budget, LIFE 'Environment' funds projects across 12 different policy areas and involving very different issues and interests. Even if good projects are being financed, this inevitably translates into a lack of critical mass of projects to promote meaningful developments in EU environmental policy and prevents any real impact on policy areas.

BOX 1

LIFE 'ENVIRONMENT': A SMALL BUDGET ...

The LIFE 'Environment' component represents around 0,5 % of the estimated EU environmental expenditure for the period 2007–13.

But with many ambitious objectives (listed in Annex II of the LIFE+ regulation).

- (a) Climate change: to stabilise greenhouse gas concentration at a level that prevents global warming above 2 °C.
- (b) Water: to contribute to enhanced water quality by developing cost-effective measures to achieve a good ecological status in view of developing the first river basin management plan under Directive 2000/60/EC⁶ by 2009.
- (c) Air: to achieve levels of air quality that do not give rise to significant negative impacts on and risks to human health and the environment.
- (d) Soil: to protect and to ensure the sustainable use of soil by preserving soil functions, preventing threats to soil, mitigating their effects and restoring degraded soils.
- (e) Urban environment: to contribute to improving the environmental performance of Europe's urban areas.
- (f) Noise: to contribute to policy development and implementation on environmental noise.
- (g) Chemicals: to improve the protection of the environment and health from risks posed by chemicals by 2020 by implementing chemicals legislation.
- (h) Environment and health: to develop the information base for policy on the environment and health (the environment and health action plan 2004–10).
- (i) Natural resources and waste: (a) to develop and implement policies designed to ensure sustainable management and use of natural resources and waste, and to improve the environmental performance of products, sustainable production and consumption patterns, waste prevention, recovery and recycling; (b) to contribute to the effective implementation of the thematic strategy on the prevention and recycling of waste.
- (j) Forests: to provide, especially through an EU coordination network, a concise and comprehensive basis for policy-relevant information on forests in relation to climate change (impact on forest ecosystems, mitigation, substitution effects), biodiversity (baseline information and protected forest areas), forest fires, forest conditions and the protective functions of forests (water, soil and infrastructure) as well as contributing to the protection of forests against fires.
- (k) Innovation: to contribute to developing and demonstrating innovative policy approaches, technologies, methods and instruments to assist in the implementation of the environmental technologies action plan (ETAP).

⁶ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

15. **Table 1** shows the amounts that LIFE 'Environment' spent by priority area in the years 1996 to 2012. Even within the priority areas, the projects cover a wide range of sectors and the total amount involved represents around 0,5 % of the total EU environment-related expenditure (see paragraph 5).
16. Consequently, the fact that the LIFE programme does not have a mechanism to allocate its limited resources to the indicative favoured actions prevents the Commission from focusing project applications on a limited number of specific priorities, which means that LIFE does not necessarily focus on pre-selected policy areas, but funds the policy areas of the selected projects. In the Court's view, this is not consistent with the catalytic role expected from the programme.

TABLE 1

LIFE 'ENVIRONMENT' (1996–2012): NUMBER OF PROJECTS AND AMOUNT FUNDED BY PRIORITY AREA

	Policy areas	2007–12		1996–2006	
		Number of projects	EU contribution (million euro)	Number of projects	EU contribution (million euro)
Themes 1996–2006	Air	20	21	93	52
	Chemicals	32	21	17	10
	Climate change	144	168	39	33
	Forests	15	17	15	6
	Soil	27	29	92	49
	Strategic approaches	37	28	189	103
	Urban environment	33	7	69	35
	Waste and natural resources	191	30	312	184
	Water	92	37	250	145
New themes	Environment and health	18	29		
	Innovation	35	195		
	Noise	10	84		
Total		654	666	1 076	617

Source: 'Mid-term evaluation of the implementation of the LIFE+ regulation', GHK and Commission services, April 2010.

THE NATIONAL ALLOCATIONS HAMPERED COMPETITION AMONG PROJECT PROPOSALS

17. LIFE funds cover a wide range of areas in the whole territory of the EU. In order to fund the best possible projects, applications should go through a competitive selection process whereby the best projects are selected for funding.
18. Since 2007, the LIFE programme has been designed to provide a proportionate distribution of projects among the Member States. Article 6(2) of the LIFE+ regulation establishes indicative national allocations⁷, based on population and on the percentage of the national territory designated as a Natura 2000 area.
19. The indicative national allocations intend to secure funding for smaller Member States by 'blocking' a part of the budget for them. But, as highlighted in the impact assessment supporting the Commission's proposal for the new LIFE regulation, their allocations are by definition small and this reduces their interest and commitment to the programme. As a result, the system did not stimulate more applications from these Member States.
20. Furthermore, the Court found that the national allocations distort the results of the evaluation criteria used for the selection process and can result in projects, depending on their Member State of origin, being selected with lower evaluation scores than rejected projects from other Member States. For example, in 2009, three projects from Italy, Poland and Finland with a final score of 55 points were refused for co-financing while one French project with only 46 points and two British projects with 50 points were retained.
21. The system magnifies competition between projects in the same country, rather than ensuring that the best projects are selected at European level. The European added value of the programme is therefore reduced.

⁷ The national allocations 'not used' are reallocated and used to co-finance projects submitted by other Member States.

THE TEMPLATES USED TO EVALUATE PROJECT PROPOSALS DID NOT REQUIRE ENOUGH JUSTIFICATION OF THE EVALUATION RESULTS, WHICH UNDERMINED TRANSPARENCY IN THE SELECTION PROCESS

- 22.** The project selection process is a cornerstone for the quality of spending programmes and a necessary condition for their effectiveness. This process should ensure transparency and equal opportunities for all applicants, be based on objective criteria and target projects that contribute most towards the achievement of the programme objectives. A transparent and effective selection process requires evaluation forms that reveal the score given to each of the criteria and their justification.
- 23.** LIFE projects are selected on the basis of a call for proposals launched every year by the Commission. While the Commission receives assistance from a consortium of external evaluators to evaluate project proposals, it remains responsible for the selection process.
- 24.** The overall selection process of LIFE ‘Environment’ proposals takes place in four phases: eligibility, selection, award and revision. The process is outlined in **Annex I**. For the two first phases of the evaluation process — eligibility and selection — each proposal is examined by one evaluator. In the award phase, the proposals have to be assessed independently by two expert evaluators. In case of significant divergence, a third assessment of the proposal is required. The final decision on the score to be given to each proposal is taken during a meeting chaired by the Commission’s services and attended by the evaluators.
- 25.** The evaluators use standard templates, prepared by the Commission, to appraise project proposals on the basis of pre-defined selection criteria. Each of these criteria is further developed into a series of more specific aspects to be considered⁸. While for the award phase the templates require the evaluators to score and give opinions in favour of and against each major criterion, there is no requirement to justify the assessment or to score the different aspects included in each major criterion.

⁸ Under the current programme, the template for the award criterion on the European added value of the proposals includes inter alia the assessment of some aspects such as the innovative and demonstrative character of the project and that of the proposed action for dissemination of the results.

- 26.** The audit found that key aspects for the effectiveness of the programme, such as the innovative or demonstrative character of the proposal, the quality of the dissemination actions planned or the potential for the replication of results, were not considered as standalone evaluation criteria, but as one among the several aspects inside the evaluation criteria. In practice, this meant that the evaluators were not required to score and justify their assessment of these key aspects of LIFE 'Environment' projects. In the Court's view, this represents a weakness in the design of the project selection system⁹.
- 27.** In fact, the Court found that the aggregation of different key aspects under the same evaluation criterion, without requiring the evaluator to give an individual score, led to situations where the scores given were not sufficiently justified in the evaluation templates (see **Box 2**) or where important aspects were not appropriately assessed (see **Box 3** and paragraph 41).
- 28.** Furthermore, providing an overall score to an evaluation criterion without scoring the underlying aspects prevents an objective and thorough reperformance of the evaluation work carried out. This undermines the transparency of the programme's selection system.

⁹ The *ex post* evaluation of LIFE III (COWI 2009) and the Court's Special Report No 11/2009 have already identified the need for further clarification of the scoring system.

BOX 2

EVALUATION SCORE NOT SUFFICIENTLY JUSTIFIED

A German proposal received predominantly negative comments concerning the evaluation criterion 1. Under this criterion, the evaluators should assess the innovative nature of the proposal, the significance of the expected environmental progress and its technical feasibility.

The evaluator noted in the evaluation form that the only innovative character resided in the process, not in the methods and concepts.

The evaluator scored this criterion with 6 points out of a maximum of 10. In the Court's view, the negative narrative assessment provided in the evaluation form does not justify this score.

THE MONITORING FRAMEWORK WAS NOT APPROPRIATE AND THIS HAMPERED EFFICIENT PROGRAMME MANAGEMENT

- 29.** The appropriate management of any kind of programme requires a regular examination of inputs, outputs and results, in order to obtain up-to-date information on whether the programme is progressing as intended, in other words, a monitoring framework. Monitoring informs managers during programme implementation about the achievement of operational objectives, so that problems can be identified and corrected in a timely manner. A sound monitoring framework should contain, for example, a set of common input, output and result indicators. These should allow data at project level to be aggregated at programme level and to be compared against pre-defined objectives and targets.
- 30.** Monitoring should not stop when projects are completed. In the LIFE programme, *ex post* monitoring would be useful to determine whether or not the outputs and expected results continue to be generated, to check that there are no sustainability-related problems or the extent to which project results have been transferred or replicated elsewhere.
- 31.** The Commission monitors project implementation, assisted by a consortium of experts acting as an external monitoring team. The team makes annual site visits to inspect project progress, either alone or with a desk officer from the Commission. The monitoring team assesses the regular reports on project implementation, which the beneficiary submits to the Commission.

- 32.** During their project visits, the monitoring team assesses the delivery of outputs and the achievement of results as stated in the project proposals and assesses the technical and financial eligibility of the costs declared. At the end of the project, the monitoring experts complete an overall evaluation of the project's results, including a final 'score'. However, these monitoring arrangements focused at project level are of little use to draw lessons on the performance of the programme. This is because the programme's performance monitoring framework does not have adequate common output and result indicators. In particular, the set of common output indicators introduced in 2007 is largely limited to communication and dissemination actions such as workshops, seminars, conferences and publications. Furthermore, the Commission has not defined any result indicator. Consequently, the current framework does not allow the information from individual project results to be aggregated in a meaningful way. This prevents the regular monitoring of the programme's effectiveness and the timely identification of problems affecting its performance.
- 33.** The overall objective of the programme is to contribute to the development, updating and implementation of EU environmental policy and legislation. That requires that successful projects are sustained, and their results disseminated and ultimately replicated. However, once the projects are closed, the Commission considers that its available resources do not allow it to perform systematic *ex post* visits to follow-up the 'after-LIFE' evolution of the projects.
- 34.** Aware of these weaknesses, the Commission has, since 2009, included in the contract between the European Commission and the monitoring team a requirement for 10 *ex post* visits per year to examine sustainability and other issues¹⁰. By December 2012, 30 LIFE 'Environment' projects had been visited. Although this represents an improvement, it represents only 5 % of closed projects.

¹⁰ Other projects are visited in the framework of DG Environment's annual audit plan. The audit visits are conducted just after the final payment, as the sample is drawn from projects for which the final payment was made the previous year, and shortly after the project conclusion. They are focused on financial aspects of the projects and are not considered to be a part of the follow-up activities.

- 35.** When evaluating the final project report, the monitoring team establishes a set of long-term monitoring indicators to be used during *ex post* visits. However, the audit has not found any evidence that these indicators are assessed in subsequent *ex post* visits. Moreover, the proposed long-term indicators are unique to each project, which would limit their usefulness, even if a value would be available, at programme level. A further weakness in the recently introduced *ex post* checks is that, even if a project's sustainability is comprehensively analysed by the *ex post* evaluations, the monitoring team is not asked to analyse the project's replication, which is fundamental to achieving the catalytic effect of the programme.
- 36.** Furthermore, as is the case during the implementation of the projects, neither the Commission nor the monitoring team have considered preparing a list of common indicators to be used by the monitoring team during the *ex post* visits in order to follow-up the outcomes of the LIFE 'Environment' projects. The combination of the above weaknesses means that the Commission lacks information on the number of successfully completed projects, the number of projects that are still operational after a certain number of years and the number of projects that have been replicated. This prevents the opportunity to benefit from lessons learned in the past and thereby improve selection and monitoring procedures, avoid the repetition of errors and save resources.
- 37.** Although the Commission organises periodic evaluations of the programme, these cannot replace the day-to-day monitoring of the programme. In fact, both processes are complementary, since evaluations should use, among other sources, the information produced for monitoring.
- 38.** Overall, the audit found that the lack of consolidated information and appropriate indicators regarding the outputs and results of LIFE 'Environment' projects prevents the ongoing assessment of the effectiveness of the programme and hinders the timely identification of problems affecting programme implementation, which in turn hinders learning lessons for the future.

PART II — IMPLEMENTATION

- 39.** Taking into account the objectives of the LIFE 'Environment' component (see paragraph 4 and **Box 1**), the eligibility criteria defined by the regulation and the Commission's selection guidelines, the Court considers that, to act as catalysts and contribute to an effective programme, LIFE 'Environment' projects should:
- (a) **be innovative or demonstrative** by focusing on innovative or demonstrative solutions to environmental problems by developing or disseminating innovative techniques or methods, best practice techniques, know-how, etc.;
 - (b) **be of EU interest** and contribute to the achievement of the general objectives of EU environmental policy by targeting a problem with significant importance at European level or expecting to generate results that would be widely applicable;
 - (c) **have their results disseminated** to ensure that innovative technologies and procedures for protecting the environment are well known and widely applied;
 - (d) **be sustainable** as the continued existence of the project is required for its successful dissemination and replication;
 - (e) **be replicated** by other entities in order to generate a wider impact. Replication may imply the propagation and multiplication of the outcomes of the project and the generation of impacts beyond the individual project.
- 40.** The audit analysed, therefore, how these criteria were met in the different implementation phases of LIFE projects.

KEY ASPECTS OF THE PROJECTS WERE NOT ALWAYS APPROPRIATELY ASSESSED DURING PROJECT SELECTION

- 41.** The Court reviewed the evaluation forms of the 25 projects visited and of 70 additional projects subject to a desk review. More concretely, the Court reviewed whether the evaluation of project proposals appropriately covered certain essential aspects for the effectiveness of the programme, such as the project's innovative or demonstrative character, potential for sustainability or replication and significance of the environmental problem addressed (see paragraph 39). The audit revealed projects where the evaluation and key criteria scores awarded were not sufficiently justified (see paragraph 27), but which were nevertheless funded.
- (a) The assessment of the innovative **and demonstrative** character of projects was not sufficiently justified in 20 % of the projects that were the subject of a desk review and in 24 % of the projects visited on the spot.
- The Court's visit to the 25 projects found cases (see example in **Box 3**) where the level of innovation was either overrated or insufficiently justified, for example where the evaluators did not take into account the existence of similar projects.

BOX 3

SELECTION PROCEDURE: EXAMPLE OF WEAKNESSES IN THE EVALUATION OF INNOVATIVE AND DEMONSTRATIVE CHARACTER

In the evaluation of a British project, the innovative character of the project was considered as high, even if under other criteria the evaluator stated that 'the method is not entirely innovative in the Community'.

When evaluating the demonstration character of the project, the evaluator questioned the scale of the project as being too large. The beneficiary's reply was that the technology proposed had already been tested on two smaller facilities of the company.

The audit revealed that one of these two facilities was already operating at a production scale, which questions the demonstrative character of the LIFE project.

- (b) The assessment of project **sustainability or replication prospects** was not sufficiently justified in 21 % of the projects that were the subject of a desk review and in 12 % of the projects visited on the spot.
- The Court's visit to the 25 projects found cases (see examples in **Box 4**) where evaluators did not identify the potential economic, financial or legal barriers that could prevent the project from being sustained or replicated. Indeed, the audit found cases of projects that, while achieving their objectives and expected results, could not be sustained or replicated because of these barriers¹¹, which in the Court's view could have already been identified during the selection process. Had these barriers been identified by the evaluators, the Commission could have decided not to fund the project.

¹¹ Typical barriers which were not sufficiently addressed by the monitoring team include: absence of market opportunities for the project outputs; problems with business continuity or access to financial resources of the beneficiary; and legislative barriers.

BOX 4

SELECTION PROCEDURE: EXAMPLES OF WEAKNESSES IN THE EVALUATION OF SUSTAINABILITY AND REPLICATION OF THE PROJECT PROPOSALS

Project sustainability prospects

In the evaluation of a Spanish proposal, the evaluators noted that there were no commercial plans to maintain the project and therefore they could not assess whether the project would be economically viable after completion and receipt of EU funding. However, the evaluators did not request any modifications or additional information in the revision of the project to ensure that the project offered the minimum guarantees of sustainability beyond EU funding. The evaluation of sustainability was therefore insufficient.

The auditors' visit of the project confirmed that the project was not sustained after its completion.

Legal barrier to project replication

Another project in Spain, which was completed in 2008, developed a technique using ozone as an alternative environmentally friendly cleaning agent in food-processing plants. The spreading of this technology would depend on a new European legislation supporting this technology, which is still not in place.

Economic barriers to project replication

A project in France reduced the environmental impact of glass production. However, the long lifespan of the glass furnaces (15–20 years) limits the possibility for replication to within the beneficiary's group of companies. Replication outside the group is not envisaged as the project represents an economic advantage for the group.

- (c) The assessment of EU interest was insufficiently justified in 20 % of the projects that were the subject of a desk review and in 12 % of the projects visited on the spot.
- The Court's visit to the 25 projects found cases (see example in **Box 5**) where the EU interest was either not assessed or the assessment was not justified by the evaluator, for example cases where there were doubts that the project results could be applied outside the immediate project scope.

THE COMMISSION'S MONITORING OF PROJECT IMPLEMENTATION WAS INSUFFICIENT IN SOME RESPECTS

- 42.** The Court checked whether the monitoring work carried out was comprehensive and that the reports produced by the monitoring teams for the 25 projects visited accurately reflected actual project implementation.
- 43.** The work of the monitoring team during project implementation is focused on the delivery of the expected outputs and verifying that the claimed costs are technically justified, provided for in the project's budget, realistic and actually incurred in the reporting period. The Court found that these checks are carried out regularly. However, the audit found problems with monitoring the reasonableness of costs and the sustainability and replication of projects.

BOX 5

SELECTION PROCEDURE: EXAMPLE OF WEAKNESSES IN THE EVALUATION OF THE EU INTEREST OF THE PROJECT PROPOSALS

A British proposal aimed at maintaining urban environments in three sites. In two of these, the proposal did not mention environmental issues. The main actions planned, and finally carried out, were related to the social environment or to nature protection measures, rather than to address any environmental problem of significant importance at EU level as required by the applicable regulation.

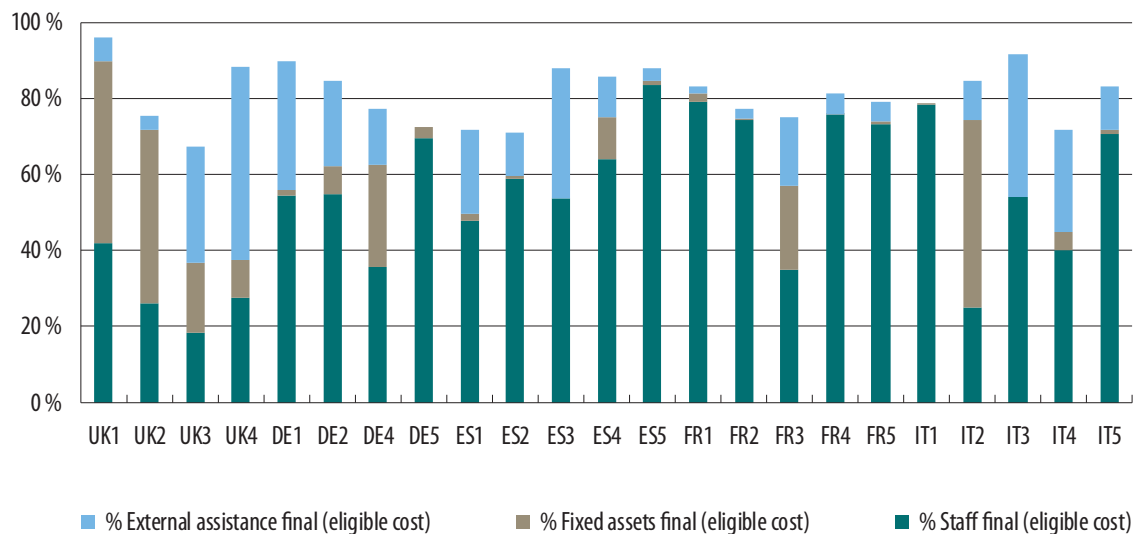
Even if referring to one of the priorities defined in the LIFE regulation, the proposal focused on very local problems and was not of EU interest.

The evaluation forms reviewed by the Court showed no evidence that this aspect had been assessed by the evaluator.

- 44.** While the eligibility of claimed costs is checked, there is no comparative analysis of the costs among similar projects, not even between projects in the same sector and region. The absence of such comparisons may lead to the acceptance of excessive costs, especially as the evaluators responsible for assessing the project proposals and the beneficiaries' final reports are primarily technical, rather than financial, experts. For example, the audit found that the claimed hourly staff cost of project managers for the 23 closed projects visited varied between 10,56 euro and 164,39 euro.
- 45.** The analysis of the final cost structure of the 23 completed projects that were visited — shown in **Figure 3** — indicates the importance of staff costs, which in the Court's sample represented between 18,5 % to 83,5 % of the total costs of the project.

FIGURE 3

COST STRUCTURE OF THE 23 COMPLETED PROJECTS



Source: European Court of Auditors.

- 46.** While there may be good reasons justifying the wide variations found in the hourly staff cost charged to LIFE projects, the Court nevertheless finds that extreme range variations justify further analysis by the Commission.
- 47.** The Court also found that the monitoring team does not pay sufficient attention to the sustainability and replication prospects of projects (see examples in **Box 6**).

BOX 6

EXAMPLES OF WEAKNESSES IN THE MONITORING OF SUSTAINABILITY AND REPLICATION

A project in Spain aimed at reducing groundwater contamination by reducing the use of fertilisers and nitric acid in a horticultural sector.

The project received a good assessment from the monitoring team despite the fact that the beneficiary recognised that limited environmental benefits were obtained and that further studies were needed to demonstrate environmental benefits. The monitoring team also noted that such studies were necessary to assure the project's sustainability, although the beneficiary had not committed to undertake such studies. Finally, the transferability was assessed as 'high' by the monitoring team, although the team concluded that 'this sector was probably not ready to introduce technological changes because it has low profits and no investment can be really done by the small producers'. This issue was not addressed during the implementation of the project.

At the time of the Court's visit, only one of the six partners which participated in the project continued using the new technology. There is no evidence that the project was replicated.

A project in Italy had an expected duration of 24 months. Five months before its end, the beneficiary requested a substantial project modification as none of the 50 potential users that were initially interested in product testing were still interested in the new process. Despite the fact that such testing was initially considered as fundamental, the beneficiary requested the Commission's permission to have the test performed by a business partner.

The Commission accepted the requested modification of the project. After its completion, the project was not sustained nor replicated due to the lack of interest of end-users. Despite the evident risks that the lack of interest from end-users represented for the sustainability of the project, the monitoring team never questioned this issue and no corrective action was taken to address it.

- 48.** Beneficiaries prepare implementation and final reports in which they present the project results and achievements. The monitoring teams assess these reports. The audit found that the monitoring teams were not sufficiently critical of the statements and arguments made in the beneficiaries' implementation and final reports (see **Box 7**). As a result, there is a risk that the achievements of the projects, and thus of the programme, are overestimated.
- 49.** In conclusion, the audit detected weaknesses in the assessments by the monitoring teams in 18 out of the 25 projects examined. In addition to the lack of a sufficiently critical assessment of beneficiaries' own assessments, the weaknesses were evenly spread over the assessment of the projects' environmental objectives, sustainability, replication and dissemination.

LOW DISSEMINATION, SUSTAINABILITY AND REPLICATION OF PROJECTS JEOPARDISED THE 'CATALYTIC' ROLE EXPECTED FROM THE PROGRAMME

- 50.** One of the LIFE programme's key objectives is that it should act as a catalyst for developing environmental policy and actions. A necessary condition for this is that projects' results are appropriately and widely disseminated, sustained and replicated (see paragraph 39).

BOX 7

INSUFFICIENTLY CRITICAL MONITORING OF BENEFICIARIES' REPORTS

A project in Italy aimed at the reduction of waste in the ceramics sector. The monitoring team's assessment of the beneficiary's final report substantially reflects the beneficiary's own statements and is not sufficiently critical of the project's reported sustainability. The project, which was finished in September 2008 (the final payment was done in August 2009), was not sustained at the time of the Court's visit.

A project in Germany aimed at developing cleaner city logistics. The monitoring team's evaluation of the project's environmental benefits substantially reflects the beneficiary's own statements, without further assessment.

- 51.** The sample of projects audited points to problems with all of these elements (see *Annex II*). Even when projects achieved positive environmental results, the programme failed to effectively disseminate and replicate them in order to translate those small-scale results into a more meaningful application at EU level. This significantly limits the overall effectiveness of the programme.

DISSEMINATION OF RESULTS

- 52.** As indicated in paragraph 39 and *Figure 2*, the dissemination of project results is required if projects are to serve as catalysts for environmental action. Effective dissemination encourages the replication and development of project results. It should be well targeted, efficiently delivered and monitored. The responsibility for disseminating LIFE project results is shared between the Commission and the beneficiaries. The audit found problems with both.
- 53.** The Commission publishes significant LIFE project information on its website. This includes summaries of project themes and lessons learned, a project database, a 'LIFE by theme' tool and project summaries. Thematic platform meetings are promoted by the Commission, Member States or individual beneficiaries and closing conferences are organised by a significant number of projects.
- 54.** However, once projects are completed, no update is made by the Commission to reflect either problems or successes concerning the results, sustainability or replication of the projects. Moreover, the partially manual treatment of the information and the lack of Commission resources lead to information gaps and errors. For example, 11 out of the 23 closed projects visited were not included by the Commission in the 'LIFE by theme' tool. This means that, despite extensive online information, potential users do not have access to complete and up-to-date project information.

- 55.** The LIFE common provisions require the beneficiary, as part of the communication actions, to create or use an existing website for the dissemination of project activities, progress and results. For LIFE projects approved before 2007, there was no mandatory period for keeping the site operational. For 16¹² out of 22 of these closed projects that were visited by the audit, the website was operational. For LIFE projects approved from 2007, the website has to be online within 6 months of the start of the project and has to be regularly updated and maintained for at least 5 years after the end of the project. The projects audited from this period complied with this requirement.
- 56.** Although the Commission has made efforts to stimulate improvements to project websites (such as posting examples of websites on the LIFE website and providing recommendations on how to design LIFE project websites given to the selected projects), the audit found weaknesses in the websites reviewed.
- 57.** The audit analysed the content of 63 project websites¹³ from the sample of 69¹⁴ projects. This included 31 LIFE projects approved before 2007 and 32 LIFE projects approved thereafter. Of the 53 websites that were operational at the time of the audit, 11 had very limited content. The main weaknesses were very brief project descriptions and the lack of visual aids, reports and presentations. However, there was an improvement in the quality of the websites of projects approved from 2007.
- 58.** In addition to passive communication using the internet or other forms of publicity, dissemination activities should be tailored to the specific circumstances of the project. The audit found cases where, despite projects delivering their intended results, dissemination activities were ineffective and failed to encourage project replication. Project websites were not updated, dissemination was largely in the context of the beneficiaries' commercial advertising campaigns or to direct business partners and activities planned as part of agreed 'after-LIFE' communication plans were not completed.

¹² Only one of the six projects without an operational website was still functioning.

¹³ Five projects had been abandoned and no website existed. One project never started.

¹⁴ The beneficiary of one project withdrew just after the selection. It was replaced by another project from the reserve list.

- 59.** For project beneficiaries which are private companies, dissemination activities are generally organised in the context of the commercialisation of the product. This is done to protect know-how as the project is often considered as a strategic advantage for the beneficiary companies. However, this limits the effectiveness of the dissemination pursued by the programme. LIFE results would give the company a competitive advantage in the industry. Therefore, it may not be in the interest of the company to transfer the knowledge and replicate the project out of the group to which it belongs. This significantly reduces the eventual environmental impact of the project. The question arises as to whether the LIFE programme should fund such projects.
- 60.** In conclusion, the Court found that the dissemination activities undertaken did not sufficiently encourage the replication of project results. Even when beneficiaries completed the dissemination activities required under the project agreement, there was a lack of coordinated dissemination activities between the Commission, beneficiaries and competent national authorities to effectively encourage replication of project results.
- 61.** **Box 8** gives such an example of a successful project whose potential for significant environmental impact was not achieved due to ineffective dissemination.

BOX 8

CATALYTIC IMPACT FOR THE CERAMIC SECTOR NOT ACHIEVED

The polishing of ceramic and related materials produces large quantities of waste. One of the projects visited in Italy successfully implemented a process to reduce and recycle this waste.

The project, finished in 2008, was still operational at the time of the audit visit in 2012.

Despite the success and sustainability of the project, it has not been replicated. The project's website has not been updated since its completion but the company, considering the project as a very positive marketing aspect, includes the LIFE logo on all its promotional items.

An important part of this production is concentrated in a limited number of European regions, in particular the ceramic district of Sassuolo in Italy and the Valencia region in Spain.

Although the beneficiary completed the dissemination activities required under the project agreement, there has not been a coordinated effort between the Commission, the regional authorities and the business organisations to disseminate project results and encourage the use of similar techniques elsewhere. The environmental impact is therefore significantly reduced.

PROJECT SUSTAINABILITY AND REPLICATION OF RESULTS

- 62.** As indicated in paragraph 39, the sustainability of LIFE 'Environment' projects is essential for the programme's effectiveness, although to some extent the innovative and demonstrative character required for LIFE projects implies a risk of failure. The audit visited 23 completed projects, most of them completed between 2007 and 2009. The audit found that 10 out of these were no longer operational at the time of the visit. For two projects, beneficiaries or partners were conducting new developments. Examples of unsustainable projects are given in **Boxes 4** and **6**, and an example of a sustainable project is given in **Box 8**.
- 63.** The weaknesses in the dissemination of successful project results explain, at least partially, the low replication of projects. Only eight of the 23 completed projects visited have been or are likely to be replicated, including three that are no longer operational. For two projects out of the eight, replication is done within the group of companies to which the beneficiary belongs, limiting the replication and EU added value. This demonstrates the difference between successful project completion and programme effectiveness.

CONCLUSIONS AND RECOMMENDATIONS

- 64.** The LIFE 'Environment' programme should serve as a catalyst for EU environmental policy, essentially through the funding of innovative or demonstrative projects with European added value and the subsequent dissemination and replication of their results. The audit assessed the effectiveness of this catalytic effect.
- 65.** The Court concluded that the LIFE 'Environment' component was not operating effectively because it was not sufficiently well designed and implemented. The audit identified design and implementation weaknesses which significantly reduced the programme's fundamental catalytic role to boost meaningful developments in EU environmental policy. Without this, the overall effectiveness of the programme cannot be achieved.
- 66.** The lack of a mechanism to target scarce resources on pre-selected objectives dissipated the impact of the invested funds (paragraphs 13 to 16).

RECOMMENDATION 1

In the establishment of the multiannual work programmes foreseen in the new LIFE programme, the legislative authorities should enable the Commission and the Member States to restrict eligible applications to limited strategic priorities and to set clear, specific, measurable and achievable objectives for projects to be funded.

A limited number of priorities fixed for a number of years would streamline the selection process, concentrate the efforts on specific issues and facilitate the evaluation of the programme's impact.

- 67.** The indicative national allocations hampered the selection of the best projects because projects were not only selected based on their merit, but also on their Member State of origin (paragraphs 17 to 21).

RECOMMENDATION 2

The Commission's proposal for the new LIFE programme ends the national allocations for traditional projects, but keeps a geographical balance for integrated projects. In its application, the Commission should ensure that integrated projects are selected based on their merit and that geographical balance should not breach the principle of equal opportunities for applicants.

- 68.** The quality of the project selection was adversely influenced by the inappropriate justification of evaluation results (paragraphs 22 to 28).

RECOMMENDATION 3

The Commission should improve the project selection evaluation forms and require the evaluators to provide separate assessments and scores for major project aspects (such as the innovative or demonstrative character of the proposal, the quality of the dissemination actions planned or the potential for the replication of results), in order to improve the quality and transparency of the selection process and to ensure that selected projects have the potential to contribute most towards the achievement of the programme's objectives.

- 69.** The monitoring framework of the programme lacked appropriate common output and result indicators. This prevented the Commission from getting a comprehensive and updated overview of the performance of projects, and therefore from getting information on the effectiveness of the programme (paragraphs 29 to 38).

RECOMMENDATION 4

The Commission should improve its programme management tools and consider introducing adequate common output and result indicators as well as follow-up information at project level, in order to facilitate an appropriate monitoring of the programme. To the extent possible, such indicators should be relevant, accepted, credible, easy and robust ('RACER' criteria).

- 70.** Key aspects of the projects, concerning their innovative and demonstrative character, sustainability and EU interest, were not appropriately assessed during project selection (paragraph 41) (see **Recommendation 3**).

- 71.** The monitoring of the reasonableness of project costs, their sustainability and replication were insufficient (paragraphs 42 to 49).

RECOMMENDATION 5

The Commission should improve its assessment of the reasonableness of claimed personnel costs, particularly for comparable projects, by making better use of information collected during the monitoring phase. This could then be better used to facilitate the identification of excessive costs.

- 72.** The Court found examples of ineffective dissemination and low sustainability and replication of projects. The potential role of the ‘Environment’ component as a catalyst for environmental policy was therefore greatly reduced (paragraphs 50 to 63).

RECOMMENDATION 6

The Commission should increase its focus on the dissemination, sustainability and replication of LIFE projects. In particular, the Commission should:

- (a) require the monitoring team to include in its assessments a critical analysis of the dissemination, sustainability and replication measures proposed by the beneficiary and of the potential barriers that might hinder them, both in its evaluation reports during the project implementation as well as in its *ex post* visit reports;
- (b) consider how to better encourage the dissemination and replication of project results by private beneficiaries who wish to protect their commercial interests;
- (c) consider how to require the beneficiaries to electronically submit simple and updated information after the project completion (i.e. whether the project remains operational, whether the project is replicated, and if yes, how many times, etc.). This would enable the Commission to efficiently improve its *ex post* information on the programme’s effectiveness.

This Report was adopted by Chamber I, headed by Mr Jan KINŠT, Member of the Court of Auditors, in Luxembourg at its meeting of 6 November 2013.

For the Court of Auditors



Vítor Manuel da SILVA CALDEIRA
President

THE SELECTION PROCESS

ELIGIBILITY

All proposals submitted for selection are checked for compliance with **the admissibility and exclusion criteria** (the proposal contains all the required information, has been prepared using relevant standards and was sent via the national contact points; the beneficiary fulfils all the required conditions), as well as **for compliance with the eligibility criterion** (projects fall within the scope of one of the components of the programme).

SELECTION

The proposals that have passed the eligibility phase are checked by the evaluator for compliance with the **technical** (technical reliability of the project participants; scope of the LIFE+ funding; and innovative or demonstrative character of the proposed actions) and **financial** (compliance with the provisions of the Implementation rules of the financial regulation) selection criteria.

AWARD

Proposals not rejected after the selection phase are subjected to an in-depth independent evaluation by two evaluators on the basis of **six criteria**: technical and financial coherence and quality, contribution to the general objectives of LIFE+, European added value and complementarity and optimal use of the EU funding, transnational character and compliance with national annual priorities and national added value according to the LIFE+ national authority.

On the basis of the synthesis reports and scores provided by the contractor, the final score to be awarded to each proposal is decided during a meeting chaired by the Commission services and attended by the contractor's coordinators and experts.

After the application of budget restrictions and national allocations, the Commission services establish a 'long' and 'reserve list' of proposals to be admitted to the revision phase.

REVISION

During the revision phase, the Commission asks the applicant to provide further details about particular aspects of the proposal. The applicants contacted have 15 calendar days to reply to the questions and/or introduce the requested modifications or improvements to their proposals.

Based on the replies received, the coordinating beneficiary may be asked to introduce modifications or improvements to the original proposal, to delete certain actions or to reduce the project budget, the EU financial contribution or co-financing rate for the project.

Once the revision of proposals has been concluded, a final shortlist of LIFE proposals to be funded and a final reserve list of proposals are established by the Commission and submitted to the LIFE committee for approval. They are afterwards subject to the approval of the European Parliament (since 2012 this step runs in parallel with the approval by the committee and the preparation of the Commission decision).

Applicants are informed by letter about the results of the evaluation of their proposals and, where appropriate, about the reasons for rejection. Projects on the reserve list may only be retained for co-financing if there would be an unexpected withdrawal of a proposal between the date of the committee meeting and the time when the individual grant agreements are signed.

Once the Commission adopts a decision concerning the list of selected projects, the grant agreements are issued.

ECA ASSESSMENT OF THE SAMPLE OF PROJECTS VISITED

Member State	Policy area	LIFE contribution (1 000 euro)	Does the project have an innovative or demonstrative character?	Did the audit identify weakness in dissemination?	Is the project sustained (at the time of the audit)?	Has the project been replicated?
GERMANY	Waste and natural resources	N/A ¹	Yes	Yes	N/A	N/A
	Water	414	Yes	Yes	Yes	No
	Waste	211	Yes	Yes	No	No
	Air, urban development	867	No	Yes	Yes	No
	Water	959	No	Yes	Yes	No
SPAIN	Soil	676	Yes	Yes	No	No
	Air	305	Yes	Yes	Yes	No
	Waste	434	Yes	Yes	No	No
	Innovation	333	Yes	Yes	Yes	Yes
	Water	281	Yes	Yes	No (Only 1/6)	No
FRANCE	Water	1 056	No	Yes	No	No
	Chemicals	1 904	Yes	Yes	Yes	Yes
	Water	538	Yes	No	Yes	Yes
	Air	667	Yes	Yes	No	No
	Climate change	3 366	Yes	Yes	Yes	Yes
ITALY	Soil	407	Yes	No	Yes	No
	Waste	214	Yes	Yes	No	Yes
	Air	299	Yes	No	No	No
	Water	1 775	Yes	No	Yes	No
	Soil	372	Yes	Yes	No	Yes
UNITED KINGDOM	Climate change	N/A ¹	No	Yes	N/A	N/A
	Waste	411	Yes	Yes	No	Yes
	Water	407	Yes	Yes	Yes	No
	Waste	584	No	Yes	Yes	Yes
	Urban development	1 747	No	Yes	Yes	No

¹ Not closed projects.

REPLY OF THE COMMISSION

EXECUTIVE SUMMARY

III.

The Commission has in its proposal for a new LIFE programme taken steps in order to improve the design of its 'Environment' component (see specific comments below). In addition, the Commission highlights that the final evaluation of LIFE+¹ concludes that 'Virtually all of the external stakeholders interviewed and surveyed (beneficiaries, national contact points, monitoring and coordination units) agree that the programme is well designed to meet its objectives' and that 'in general, the application, monitoring and evaluation processes already help to achieve the objectives of each project and thus are part of the intervention's utility'.

III. (a)

The Commission agrees with the Court's observation and consequently proposed, in the new LIFE regulation, a mechanism that will allow it to define project topics for which additional points will be given in the selection procedure.

III. (b)

The Commission agrees with the Court that the system of indicative national allocations in place in LIFE+ did not fulfil its objective to ensure a better geographical distribution of the money awarded.

The Commission also agrees with the Court that the indicative national allocations introduced some distortion in the competitive process of project selection. The Commission therefore proposed the total elimination of allocations in the future programme for traditional projects.

However, the text of the new regulation agreed between the institutions keeps indicative national allocations for traditional projects until 2017 and totally eliminates them from 2018 onwards.

III. (c)

The Commission considers that the scores attributed to projects were generally adequately justified based on the knowledge available at the time. (See also reply to paragraph 41).

However, the Commission acknowledges that for major selection criteria this justification could be more explicit.

¹ 'Final evaluation of the implementation of the LIFE+ regulation', Ecorys, 2012, p. 10.

REPLY OF THE COMMISSION

III. (d)

The Commission notes that the introduction of common output indicators since the beginning of LIFE+ represents a significant evolution with respect to the situation that existed in LIFE III and already allows the consolidation of output indicators of all projects, both in terms of proposed actions and of actually implemented actions.

IV. (a)

The Commission considers that the aspects in question were appropriately assessed on the basis of the information that was available at the time.

IV. (b)

The Commission proposed for the future LIFE regulation to eliminate completely the eligibility of staff costs, to be compensated through an increase in the rate of co-financing for the remaining eligible costs.

The reasonability of project costs is one of the aspects which the Commission is assessing before proceeding to payments.

The Commission agrees that the sustainability and replication of projects should be more explicitly assessed from the beginning of the project and not only in the evaluation of the final reports.

IV. (c)

The Commission considers that the new dissemination requirements introduced in 2007 with the LIFE+ regulation improved the dissemination of project results. Nevertheless, the Commission will, as far as possible, continue to improve the dissemination of results.

The Commission also notes that the rate of sustainability and/or replication of LIFE 'Environment' projects identified by the Court is significantly higher than the 'normal' rate of success of innovative projects as described in scientific literature.

V. (1)

The Commission agrees with the Court's recommendation, and has proposed a more limited number of priorities and objectives for the future LIFE regulation.

V. (2)

The Commission agrees with the Court's recommendation. For the future LIFE regulation, the Commission has proposed to eliminate the national allocations for traditional projects while maintaining a system of geographical balance for integrated projects.

V. (3)

The Commission agrees that the evaluation results of key aspects, such as the innovative or demonstrative character and the replication potential, could be made more explicit and will instruct evaluators accordingly.

V. (4)

The Commission agrees that, in addition to the project-specific long-term monitoring indicators that are currently defined for each project, a common set of result indicators could be developed. Both sets of indicators will be systematically assessed in the *ex post* visits that are already being done to a sample of closed projects and the common result indicators can therefore be aggregated at programme level. While this exercise will continue to be limited to a sample of closed projects, the aggregated indicators will provide a general overview of longer-term programme results.

V. (5)

The Commission agrees with the Court's recommendation. The reasonableness of all costs is assessed by the monitors and the Commission desk officers on the basis of all the information available. The Commission will examine ways to continue to improve this assessment.

Common reply to V. (6) and (7)

The Commission considers that the new dissemination requirements introduced in 2007 with the LIFE+ regulation improved the dissemination of project results. Nevertheless, the Commission will, as far as possible, continue to improve the dissemination of results.

The Commission agrees that the aspects of sustainability and replication should be more explicitly assessed from the beginning of projects and not only at the time of the final reports. The Commission notes, however, that this is already the case concerning the dissemination work.

REPLY OF THE COMMISSION

V. (8)

The legal advice obtained by the Commission indicates that it cannot impose post-contractual obligations on beneficiaries. The Commission agrees that a voluntary system could be useful and, in practice, many beneficiaries already keep the Commission informed about the continuation of projects. A systematic follow-up of that information, however, would require a significant increase of the resources available for the management of the programme.

INTRODUCTION

6.

The limited size of the programme and the limited resources available to the Commission to manage it necessarily limit the direct impact of the programme. Even so, the final evaluation of LIFE+ concludes that 'Virtually all of the external stakeholders interviewed and surveyed (beneficiaries, national contact points, monitoring and coordination units) agree that the programme is well implemented and is meeting its objectives'.

OBSERVATIONS

14.

The Commission's proposal for a new regulation clearly targets the 'Environment and resource efficiency' part of the programme (generally corresponding to 'Environmental policy and governance' in the LIFE+ regulation). This is done through the creation of a new type of project (integrated projects) in a small number of thematic areas, but also through the introduction of multiannual work programmes in which thematic priorities will be specified for the period covered.

With the exception of the duration of the multiannual work programme, which became 4 + 3 years, these proposals from the Commission were endorsed by the Council and the Parliament.

16.

The proposal for a new LIFE regulation foresees the attribution of higher scores to the proposals that address one of the project topics identified in the multiannual work programme. This will significantly restrict the possibility of funding projects in other topics and, at the same time, pass a much stronger message to applicants concerning the topics on which funding should be concentrated.

19.

The Commission agrees with the Court that the system of indicative national allocations in place in LIFE+ did not fulfil its objective to ensure a better geographical distribution of the money awarded.

20.

The Commission also agrees with the Court that the indicative national allocations introduced some distortion in the competitive process of project selection. The Commission therefore proposed the total elimination of allocations in the future programme for traditional projects.

However, the text of the new regulation agreed between the institutions keeps indicative national allocations for traditional projects until 2017 and totally eliminates them from 2018 onwards.

REPLY OF THE COMMISSION

21.

The Commission would like to note that the effect mentioned by the Court results from the application of the regulation, but also to highlight the fact that only a small number of projects each year were affected by this provision, by being selected due to the national allocations or being rejected for the same reason.

25.

The Commission would like to note that there is a delicate balance between having a relatively small number of broadly defined award criteria with a global score for each and having a long list of questions with a separate score for each question.

The award criteria that the Commission currently uses, which are identified in the regulation itself, allow applicants to focus on the aspects which are more relevant for their proposals and ignore those that are irrelevant. The Commission must also take account of the risks of increasing the administrative burden and extending the time needed to finalise the selection procedure.

26.

The Commission notes that the innovative or demonstrative character of the proposal is, in accordance with the LIFE+ regulation, a selection criterion. Projects which do not have an innovative or demonstrative character are, therefore, eliminated in the technical selection phase. The comments made on innovation or demonstration in the award phase therefore concern the degree to which a proposal is innovative or demonstrative, beyond the minimum requirement established by the regulation.

27.

The Commission would like to note that transparency and equal opportunities for all applicants are fully ensured (apart from the issue of national allocations treated in another section) by the fact that a detailed guideline for the evaluation of projects is published at the same time as the call for projects. Each applicant knows exactly how proposals will be evaluated and on the basis of which aspects the scores will be attributed.

However, the Commission agrees that the evaluation results of key aspects such as the innovative or demonstrative character and the replication potential are not made explicit.

Box 2

The Commission considers that the LIFE regulation's requirement for innovative character concerns not only innovative technologies or methods, but also other aspects such as process innovation, by which existing technologies and methods are put together in a new, more efficient and/or more environmentally respectful way.

Box 2 — Third paragraph

Given the innovative character of the project and the comments made on the other aspects covered by the criterion in question, the Commission considers that the score of 6/10 was adequate.

28.

The evaluation of a proposal by an individual evaluator can never be totally objective. In LIFE, the subjectivity of the individual evaluators is significantly reduced through the requirement for two or three independent evaluations and the discussion of the comments and scores in a panel meeting with all evaluators and Commission staff.

32.

The Commission notes that the introduction of common output indicators since the beginning of LIFE+ represents a significant evolution with respect to the situation that existed in LIFE III and already allows the consolidation of output indicators of all projects, both in terms of proposed actions and of actually implemented actions.

The Commission agrees that, in addition to the project-specific long-term monitoring indicators that are currently defined for each project, a common set of result indicators could be developed. Both sets of indicators will be systematically assessed in the *ex post* visits that are already being done to a sample of closed projects and the common result indicators can therefore be aggregated at programme level. While this exercise will continue to be limited to a sample of closed projects, the aggregated indicators will provide a general overview of longer-term programme results.

REPLY OF THE COMMISSION

33.

Most projects actually implement the after-LIFE communication plans developed during the project. The Court's findings also identify a rate of sustainability that largely exceeds the 'normal' rate of success for innovative projects, which is generally below 50 %, even for 'incrementally innovative' projects².

35.

The Commission agrees that the issue of project replication could be made more visible in the reports from *ex post* visits. It notes, however, that the assessment of this issue is the reason for the contacts with other stakeholders not involved with the original LIFE project, which the external monitors are required to establish in the framework of the *ex post* visits.

36.

See reply to paragraph 32.

37.

In the Commission's view, the periodic evaluations of the programme allow for a significant sampling of results. The frequency of these evaluations is more consistent with the duration of the projects than an attempt at continuous monitoring at programme level.

Common reply to paragraph 39. (d) and (e)

The Commission believes that 'sustainability' and 'replication' are two aspects of the long-term success of the project which need to be examined together. A project is successful when the work continues, after the end of the project, within the same organisation but also if it continues in other organisations, even if, for economic, social or political reasons, the work is not pursued by the entity that was a beneficiary of the grant.

41.

The Commission considers that the scores attributed to the projects were adequately justified based on the knowledge available at the time.

41. (a) First indent

The Commission notes that the assessment of the innovative or demonstrative character of a proposal was done on the basis of the knowledge available at the time of the evaluation by two or three independent experts in the relevant domain. Furthermore, the existence of similar projects does not exclude the possibility that each one of them has innovative features that justify the use of LIFE funds.

Box 3

The Commission notes that the evaluators indicated explicitly that the innovative character resided in the scale of the demonstration.

41. (b) First indent

The Commission would like to note that the identification of potential barriers and, when possible, of solutions is a relevant part of innovative or demonstrative projects. The existence of such barriers in itself is not a sufficient reason to refuse the funding since finding a solution for those barriers is often the most relevant part of a project.

The Commission also notes that it has no grounds to believe that barriers that were not identified by experts in the relevant domains at the time of the evaluation could or should have been identified.

Box 4

Project sustainability prospects

The Commission notes that the relatively low score obtained by the first Spanish project in the criterion that includes an evaluation of sustainability of the project was due to what has been considered as insufficient guarantees in terms of sustainability. However, since this was only one of the factors being assessed, the resulting score was still sufficient for the project to be funded.

Legal barrier to project replication

With respect to the second Spanish project, the Commission notes that the legislative process is, in most cases, longer than the technical demonstration of the viability of a certain solution. A project can make a significant contribution to the knowledge basis for decision-makers, but it is up to the legislators to draw their own conclusions.

² See, for example, 'Risks of incremental, differential, radical, and breakthrough innovation projects' in InnovationManagement.se.

REPLY OF THE COMMISSION

Economic barriers to project replication

Concerning the French project, the Commission notes that the environmental impact of a project does not necessarily have to be immediate. The dominant position in the sector of glass production, with plants and offices all over Europe and in 72 countries, ensured that, if the project could develop a technically and economically viable solution to reduce the environmental impact of glass production, this would be implemented gradually in most if not all of their plants, reaching a very significant environmental impact.

41. (c) Indent

The Commission notes that the evaluation of the EU interest of a proposal was explicitly required from the evaluators. The Commission also considers that the example given by the Court was correctly assessed by the evaluators.

Box 5

The Commission notes that this application clearly referred to one of the priority areas defined in the LIFE III regulation, Article 4(2)(a): 'integrate considerations on the environment and on sustainable development in land-use development and planning, including in urban and coastal areas'. At the same time, the actions which the Court defines as 'nature protection' are covered by the water framework directive and were, therefore, also clearly within the scope of LIFE 'Environment'.

Furthermore, Article 4(6)(h) of the LIFE III regulation clearly identified 'promoting integration of environmental considerations into activities whose main aims are economic and social' as one of the criteria on which projects should be evaluated.

43.

The reasonability of costs is a constant concern of the financial staff in the LIFE units and the monitors are clearly required to indicate when they consider costs not to be reasonable.

The Commission notes, however, that costs vary enormously from one Member State to another and from one region to another within the same Member State. Personnel costs in particular depend not only on the tasks carried out, but also on the location, level of competence required, technical domain, family situation, etc.

Concerning sustainability and replication, the Commission agrees that this point is not always explicitly discussed by the monitor along the project and is only presented in a systematic way in the evaluation of the final report.

44.

The Commission notes that, while the external monitors and evaluators are primarily technical experts, the final decisions concerning the eligibility of costs are taken by the Commission also on the basis of its own financial experts.

The Commission considers that the reasonability of all project costs is part of the evaluation done by the external monitors and by the Commission's desk officers, based on their knowledge of the local realities and of the technical domains in which projects work and taking into account, as far as possible, any specific conditions that may affect the costs in question.

See also Commission reply to paragraph 45.

45.

The Commission agrees that staff costs represent a significant part of the costs of the projects funded under LIFE+. Given the difficulties highlighted by the Court in establishing reasonable costs for different tasks in different locations, but also the difficulty in monitoring staff costs, as well as the difficulty for beneficiaries in keeping track of those costs in a verifiable way, the Commission proposed, for the future LIFE regulation, to eliminate completely the eligibility of staff costs, compensating that through an increase in the rate of co-financing for the remaining eligible costs.

46.

The Commission notes that a detailed analysis of the variations in personnel costs would, due to the large number of factors that influence those costs, have a very high cost that would be difficult to justify with reference to the gains that could be obtained.

The Commission also notes that the high rates declared in some projects invariably refer to staff in management positions. The total amounts involved are, therefore, usually small.

REPLY OF THE COMMISSION

47.

The Commission agrees with the Court that a critical analysis of the dissemination, sustainability and replication measures proposed by the beneficiaries should be a more visible part of all assessments by external monitors and by the Commission staff, not only at the end of the project but throughout its duration.

Box 6

The Commission notes that the problem of sustainability of the Spanish project was identified by the monitor very early in the project, leading to a continued insistence from the Commission on doing sufficient testing to validate the proposed solutions. At the end of the project, the level of testing was still considered insufficient, which explains the monitor's comment on the need for further studies.

At the same time, however, a good effort to disseminate the work of the project did take place and the monitor considered that, once fully tested, the results of the project would be transferable.

Concerning the Italian project, the Commission notes that financing innovative or demonstrative projects has inherent risks that cannot be ignored. The fact that potential users lose interest in the application of a certain environmental solution due to modified economic conditions, changes of legislation or any other reasons are always possible. The Commission considered, at the time, and taking into account the investment already made in the project, that the testing of the solution by a business partner of the beneficiary was an acceptable solution.

48.

The monitors, as well as the Commission's desk officers, assume responsibility for the statements they make. It is normal that, in some cases, their assessment coincides with the assessment of the beneficiary.

Box 7 — Second paragraph

The Commission considers that the monitoring team endorsed the assessment done by the beneficiary.

49.

The Commission would like to highlight that none of the weaknesses identified by the Court relate to the actual and effective implementation of the actions foreseen in the grant agreements. While the Commission agrees that the dissemination and sustainability of the project results is an important feature, the actual implementation of the project actions cannot be seen as merely accessory.

50.

The Commission agrees with the Court's point of view. While the dissemination of results has always been a mandatory part of every project funded by LIFE, the obligations in this sense have been better precised since the beginning of LIFE+. The Commission also published examples of good practice for the dissemination of documents and increased very significantly its effort to promote the dissemination of results, through the publication of thematic brochures and the organisation and/or participation in thematic 'platform meetings'.

51.

The Court's observation is based on projects, the large majority of which were governed by the LIFE III regulation. The Commission substantially increased requirements on the beneficiaries since 2007 for what concerns the dissemination of results.

Furthermore, most of the LIFE III projects audited by the Court kept an updated website even if they have no contractual obligation to do so.

52.

See reply to paragraph 51.

54.

The Commission notes that the 'LIFE by theme' tool is a relatively new addition to the LIFE website and that its current weaknesses are well known to the Commission and will be addressed as soon as the existing resources will allow it. It should also be noted that this tool is just a different way to find information, by theme, while the underlying information for each project is, in all cases, that available through the projects' database. There is, therefore, no link between the incomplete setup of the 'LIFE by theme' tool and the availability of complete and up-to-date project information.

REPLY OF THE COMMISSION

56.

The Commission notes that most of the websites concerned are for LIFE III projects (before 2007), created before the development of the current Commission guidelines.

58.

The Commission notes that almost all the projects visited were subject to the rules on the dissemination of results for LIFE III projects. With LIFE+, these rules became significantly more stringent and the Commission has the possibility, which is used often, to insist that beneficiaries improve their communication and dissemination activities.

The Commission also notes that, in most cases, after-LIFE communication plans are being implemented, even if there is no contractual obligation to do it.

59.

The Commission notes that it was the legislators' intention, by opening the participation in LIFE to all entities, public or private, to allow for funding of projects which, while possibly creating an advantage to the beneficiaries, also show a good potential for addressing significant environmental problems.

60.

The Commission notes that it currently organises thematic platform meetings to promote the exchange of experiences among not only LIFE beneficiaries, but also other practitioners in the same domains. Several of these events also had the participation of DG Environment's units responsible for policy in the area concerned, therefore promoting also the exchange with those responsible for policy developments. These events are, in almost all cases, organised in collaboration and/or with the participation of the LIFE national focal points.

Box 8 — Third paragraph

The Commission notes that the website of the project, although it has not been updated after the end of the project, included the project's full technical final report, therefore providing a good level of technical detail about the conclusions of the project. Furthermore, the beneficiary carried out a wide dissemination of the project and its results through participation in the main trade fairs and visits to their facilities.

Given the relatively small size of the sector concerned and the reduced number of projects financed in this sector, the Commission did not carry out any additional dissemination activities (publications and/or thematic platform meetings).

62.

The Commission would like to note that the rate of success found by the Court is significantly higher than the 'normal' rate of success of innovative projects, which is generally below 50 % even for 'incrementally innovative' projects³.

The Commission also considers that sustainability and replicability are closely related. The Commission considers that the same environmental benefits can be delivered whether a project is continued by the same organisation or by a different one.

63.

See replies to paragraphs 51 and 58.

³ See, for example, 'Risks of incremental, differential, radical, and breakthrough innovation projects' in [InnovationManagement.se](#).

REPLY OF THE COMMISSION

CONCLUSIONS AND RECOMMENDATIONS

65.

The Commission has in its proposal for a new LIFE programme taken steps in order to improve the design of its 'Environment' component.

In addition, the Commission highlights that the final evaluation of LIFE+⁴ concludes that 'Virtually all of the external stakeholders interviewed and surveyed (beneficiaries, national contact points, monitoring and coordination units) agree that the programme is well designed to meet its objectives' and that 'in general, the application, monitoring and evaluation processes already help to achieve the objectives of each project and thus are part of the intervention's utility'.

66.

The Commission's proposal for a new regulation is clearly targeting the 'Environment and resource efficiency' part of the programme (generally corresponding to 'Environmental policy and governance' in the LIFE+ regulation). This is done through the creation of a new type of project (integrated projects) in a small number of thematic areas, but also through the introduction of multiannual work programmes in which thematic priorities will be specified for the period covered.

With the exception of the duration of the multiannual work programme, which became 4 + 3 years, these proposals from the Commission were endorsed by the Council and the Parliament.

Recommendation 1

The Commission agrees with the Court's recommendation, and has proposed a more limited number of priorities and objectives for the future LIFE regulation.

67.

The Commission agrees with the Court that the system of indicative national allocations in place in LIFE+ did not fulfil its objective to ensure a better geographical distribution of the money awarded.

The Commission also agrees with the Court that the indicative national allocations introduced some distortion in the competitive process of project selection. The Commission therefore proposed the total elimination of allocations in the future programme for traditional projects.

However, the text of the new regulation agreed between the institutions keeps indicative national allocations for traditional projects until 2017 and totally eliminates them from 2018 onwards.

Recommendation 2

The Commission agrees with the Court's recommendation. For the future LIFE regulation, the Commission has proposed to eliminate the national allocations for traditional projects while maintaining a system of geographical balance for integrated projects.

68.

The Commission considers that the aspects in question were appropriately assessed on the basis of the information that was available at the time.

Recommendation 3

The Commission agrees that the evaluation results of key aspects such as the innovative or demonstrative character and the replication potential could be made more explicit and will instruct evaluators accordingly.

69.

The Commission notes that the introduction of common output indicators since the beginning of LIFE+ represents a significant evolution with respect to the situation that existed in LIFE III and already allows the consolidation of output indicators of all projects, both in terms of proposed actions and of actually implemented actions.

⁴ 'Final evaluation of the implementation of the LIFE+ regulation', Ecorys, 2012, p. 10.

REPLY OF THE COMMISSION

Recommendation 4

The Commission agrees that, in addition to the project-specific long-term monitoring indicators that are currently defined for each project, a common set of result indicators could be developed. Both sets of indicators will be systematically assessed in the *ex post* visits that are already being done to a sample of closed projects and the common result indicators can therefore be aggregated at programme level. While this exercise will continue to be limited to a sample of closed projects, the aggregated indicators will provide a general overview of longer-term programme results.

70.

The Commission considers that the scores attributed to the projects were adequately justified based on the knowledge available at the time.

71.

The reasonability of project costs is one of the aspects which the Commission assesses before proceeding to payments.

The Commission agrees that the sustainability and replication of projects should be more explicitly assessed from the beginning of the project and not only in the evaluation of the final reports.

Recommendation 5

The Commission agrees with the Court's recommendation. The reasonableness of all costs is assessed by the monitors and the Commission desk officers on the basis of all the information available. The Commission will examine ways to continue to improve this assessment.

72.

The Commission considers that the new dissemination requirements introduced in 2007 with the LIFE+ regulation improved the dissemination of project results. Nevertheless, the Commission will, as far as possible, continue to improve the dissemination of results.

The Commission also notes that the rate of sustainability and/or replication of LIFE 'Environment' projects identified by the Court is significantly higher than the 'normal' rate of success of innovative projects as described in scientific literature.

Recommendation 6 (a) and (b)

The Commission considers that the new dissemination requirements introduced in 2007 with the LIFE+ regulation improved the dissemination of project results. Nevertheless, the Commission will, as far as possible, continue to improve the dissemination of results.

The Commission agrees that the aspects of sustainability and replication should be more explicitly assessed from the beginning of projects and not only at the time of the final reports. The Commission notes, however, that this is already the case concerning the dissemination work.

Recommendation 6 (c)

The legal advice obtained by the Commission indicates that it cannot impose post-contractual obligations on beneficiaries. The Commission agrees that a voluntary system could be useful and, in practice, many beneficiaries already keep the Commission informed about the continuation of projects. A systematic follow-up of that information, however, would require a significant increase of the resources available for the management of the programme.

European Court of Auditors

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'LIFE' IS THE EU'S LONG-RUNNING PROGRAMME FOR DIRECTLY FUNDING THE ENVIRONMENT. ITS MAIN OBJECTIVE IS TO CONTRIBUTE TO THE DEVELOPMENT OF EU ENVIRONMENTAL POLICY. PART OF THE PROGRAMME CO-FINANCES INNOVATIVE OR DEMONSTRATIVE ENVIRONMENTAL PROJECTS AND, WITH A RELATIVELY LIMITED BUDGET, EFFECTIVENESS DEPENDS ON WHETHER FUNDED PROJECTS SERVE AS CATALYSTS FOR ENVIRONMENTAL CHANGE. THE CURRENT REPORT EXAMINES WHETHER THIS PART OF THE LIFE PROGRAMME WAS OPERATING EFFECTIVELY. THE COURT FOUND WEAKNESSES WHICH SIGNIFICANTLY REDUCED THE LEVERAGE OF THE PROGRAMME IN DEVELOPING EU ENVIRONMENTAL POLICY: POOR TARGETING OF RESOURCES; INSUFFICIENT JUSTIFICATION OF ASSESSMENTS OF PROJECT SELECTION AND IMPLEMENTATION; AND POOR DISSEMINATION AND MONITORING OF PROJECT RESULTS. THE REPORT MAKES SPECIFIC RECOMMENDATIONS FOR THE COMMISSION TO IMPROVE THE DESIGN AND IMPLEMENTATION OF THE PROGRAMME, IN ORDER TO ACHIEVE ITS FUNDAMENTAL CATALYTIC ROLE FOR ENVIRONMENTAL POLICY.



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