



**COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS
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CEMR

**Contribution to the consultation on a
future EU financial instrument for
the environment (continuation of
LIFE+)**

Brussels, February 2011

CEMR contribution to the consultation on a future EU financial instrument for the environment (continuation of LIFE+)

Section 1: About you

CEMR involvement in the field of environment

The Council of European Municipalities and Regions (CEMR) is the broadest association of local and regional authorities in Europe. Its members are 53 national associations of local and regional government in almost 40 European countries, together representing some 100,000 local and regional authorities (www.ccre.org). CEMR's work covers a wide range of themes, including environment. Issues recently addressed by the CEMR environment working group focused on climate change, waste and water management, air quality, protection of soils and environmental governance. Financing is also very high on the agenda, so that CEMR Policy Committee adopted a resolution on financing local and regional climate actions in June 2010¹.

Section 2: Designing a future EU financial instrument for the environment

Question 1: *To what extent do you consider that there is a need for a specific EU financial instrument for the environment?*

Question 2: *What are the main justifications for a specific EU financial instrument for the environment?*

Question 3: *What should be the objectives of a future financial instrument for the environment?*

Question 5: *Should the future EU financial instrument for the environment foresee the possibility for some activities to be carried out outside of the EU?*

Need of a specific EU instrument for the environment and its objectives

1. Saving and improving the environment is a precondition for economic development, social cohesion, public health and quality of life. Acting now is a necessity to avoid considerable costs and tensions in the future. Solutions require technological innovation and expertise, political will and consequent investment. **Financial support is crucial** to make them become a reality.
2. In this context, an EU financial instrument dedicated to environment and supporting local and regional authorities' efforts is needed and should be supported for the new financial period (2014-2020), at least with the same budget level. Indeed:
 - **Implementing EU environment policies and legislation** requires concrete actions at local and regional level. Municipalities and regions have to implement provisions of EU law in a defined time limit while coping with other local political priorities and public services delivery. This often requires adapting local and regional policies and proves to be very challenging, as it is for instance the case for the air quality directive, the landfill directive, the urban wastewater directive or the energy performance of buildings directive. An EU financial instrument on environment could help overcoming regulatory and technical challenges induced by the implementation of EU legislation, and would be in line with the Commission's intention expressed in its work programme 2011 to improve the implementation of environmental law.

As funds are limited, the LIFE+ support will concern a few number of local and regional authorities, whereas the challenge of implementing EU legislation concerns a majority of municipalities and regions. Thus the future EU programme for the

¹ The resolution is available at http://admin5.geniebuilder.com/udata/ccre/docs/Oslo_resolution_financing_climate_EN.pdf

environment should ensure that results of the projects can be replicated and investigate how they can be better disseminated. We note that there is still a lack of knowledge about the programme and its results at local and regional level.

- Besides, an EU financial support plays a great role in **boosting innovation**, especially in supporting the uptake of innovative solutions. It is a decisive incentive for local and regional authorities wishing to go beyond legislative requirements and applying innovative technologies and ideas. A financial support is useful to cover the upfront investment, hence opening the way to long-run benefits for the environment, the society and the economy.
- As many environmental problems do not take care of national frontiers, an EU financial instrument decisively contributes to **fostering cooperation** across the borders and thus tackling environmental challenges more effectively. It encourages cooperation with partners EU-wide who face common problems and develop new partnerships and governance arrangements on the ground which would otherwise not exist. On this point, we believe that LIFE + should also benefit to local and regional authorities in countries aiming at becoming members of the EU in the future, such as candidate and potential candidate countries.
- European funds are often decisive for the development of projects that could otherwise not only be financed locally or nationally. They are also contributing to a more effective mobilisation of other funds, being public or private, and thus having an **important lever effect** at local and regional level.
- Last but not least, an EU financing instrument for the environment is an essential incentive to **support those decision-makers who are ambitious** and engage their municipality or region in forward-looking and innovative environmental policies.

Consolidating the involvement of local and regional authorities in the LIFE + programme

3. Local and regional government are key in delivering ambitious environmental objectives and implementing the EU legislation on environment, considering their responsibilities. However, investing in environment-friendly actions requires significant financing, which local and regional authorities have difficulties to mobilise in times of economic down-turn.
4. LIFE+ is a valuable funding instrument, which local authorities regularly access as part of their strategy to preserve and promote natural environments and to regenerate spaces. A survey of local authorities' views on EU funds made by the Local Government Association in the UK suggested LIFE+ was reasonably well known (70% of respondents knew about the programme), and a relatively well accessed EU thematic programmes (12% of respondents had tried to access it in recent years)².
5. In December 2010, the European Commission released a brochure on "LIFE and local authorities" produced in collaboration with CEMR³. It demonstrates how **the LIFE+ programme constitutes an important instrument in helping fund local and regional environmental policies and projects with a European added value**. It is therefore crucial that the future EU instrument for the environment confirm that local and regional authorities are key beneficiaries.

Question 6: *Currently LIFE+ should not finance activities that could be financed by other funds. However, enhancing synergies between LIFE+ and other EU programmes for the*

² Available at <http://www.lga.gov.uk/lga/aio/5520379>

³ Available at http://ec.europa.eu/environment/life/publications/lifepublications/lifefocus/env.htm#local_auth

financing of environment protection (related to the Common Agricultural Policy, the Structural Funds, the Cohesion fund, etc.) is a challenging task (comment).

Reinforcing the coherence between the future EU financial instrument for the environment and other EU funds

6. The **Europe 2020 strategy's focus on smart, sustainable and inclusive growth** puts renewed emphasis on the type of activity funded by LIFE+ in the future, but these activities must be increasingly part of a wider, more coherent and more strategic approach to achieving the Community's objectives. The future financial instrument for the environment should adopt **an integrated approach** and look at the links between the different policies and strategies. Inspiration can be found in the Reference Framework for Sustainable Cities⁴, which was launched under French Presidency of the EU in order to implement the Leipzig Charter and is financially supported by the DG REGIO of the European Commission. The Reference Framework for SustainableCities addresses integrated urban development, from the angle of economic, environmental, social and cultural development.
7. Fragmentation of EU funding programmes generates difficulties for local and regional authorities in achieving coherence of their projects and in efficiently addressing social, environmental and economical problems in an integrated way. CEMR is convinced that **a structured cooperation between the future EU financial instrument for the environment and other EU funding instruments should be established** in order to better address environmental problems. In particular, it would be valuable to better link the future instrument for environment, since it impacts the local and regional level, with the Common Strategy Framework which integrates all relevant EU funds⁵ (Cohesion fund, Structural funds, Rural development fund and Fisheries fund).
8. Thus, CEMR strongly supports a better connection between LIFE+ strategy, objectives and procedures and those of EU place-based programmes. Other EU funds such as Structural funds and European Agricultural Rural Development Fund are designed with the individual needs of localities and regions at their centre: we would welcome steps to ensure that LIFE+ avoids duplication and inconsistencies and rather explores synergies with those funds. For instance, linking LIFE+ to priorities agreed in operational programmes would help lead to more coherent, joined-up activity on the ground. Another example would be to support place-based approaches for the future financing instrument. Local partnerships, involving municipalities, other local public bodies and private stakeholders, are best placed to combine expertise and the resources of LIFE+ with other sources of domestic and EU funds.

Section 3: possible actions and areas to be covered by a future EU financial instrument for the environment

Question 8: *Three types of interventions are currently possible under LIFE+: action grants for project implementation (main part of the budget); operating grants (in particular for environmental NGOs) and public procurement contracts for service provision. What types of interventions should be covered by the future EU financial instrument for the environment?*

⁴ The working website of the Reference Framework is available at <http://www.rfsustainablecities.eu/>

⁵ For more details on this issue, see the CEMR policy paper on the review of EU Cohesion policy (January 2011) : http://www.ccre.org/prises_de_positions_detail_en.htm?ID=97

Types of intervention covered by the future EU financial instrument for the environment: priority to grants

9. CEMR is convinced that grants should remain the main tool to support local and regional authorities' environmental action and investments. Financial engineering instruments could be introduced, **but in addition to and not at the expense of grants.**
10. In addition to grants supporting the implementation of local and regional projects, the future financial instrument for the environment could also provide operating grants for networks of local and regional authorities, which could engage in the active promotion of the instrument towards municipalities and regions.

Question 9: No specific prioritisation is currently made between the different environmental fields covered by the LIFE+ Regulation (e.g. climate change, water, air, soil, etc.). In order to increase the focus on the future EU financial instrument for the environment, should the European Commission set a number of environmental thematic issues to be addressed in priority?

Question 11: Domestic funds and the integration of environmental objectives into the main EU financing instruments (for agriculture, rural development, fisheries and regional cohesion) remain the most important sources to finance environmental policies. Showing to regional and national authorities the benefits of investing in the environmental sector and pushing them to develop strategic frameworks may require demonstrative integrated projects (i.e. projects promoting the integrating use of the various funds) that could be financed by the future EU financial instrument for the environment. Should the future EU financial instrument for the environment encourage the submission of integrated projects demonstrating synergies with other funds?

Developing a flexible and simple financial instrument for the environment

11. CEMR is not convinced that the future financial instrument for the environment should focus only on a few thematic issues. Indeed, we would recommend **not establishing a set of rigid top-down priorities**, as the instrument should be open to good and innovative ideas and showcase a bright variety of topics. Awarding criteria should be based on a mixed recognition of the instrument's strategic objectives, and the local priorities of potential beneficiaries. LIFE+ investment will lead to better outcomes when it recognises and responds to the unique circumstances of the places it entrusts. This is important because the challenges and opportunities of each place are unique. Furthermore, a comprehensive approach to environmental issues, like for instance integrated management systems, could be promoted.
12. The consultation document enumerates a number of relevant thematic issues for the future LIFE+ and we would like to point out other themes which we believe should be addressed in the future. Thus, green public procurement is a relevant tool to achieve environmental objectives and boost innovation. The future programme could support projects demonstrating how green public procurement can be organised in practice. Furthermore, the use of Intelligent Communication Technologies (ICT) for environmental purpose is challenging and we believe that LIFE+ could stimulate the innovation in green ICT and demonstrate how ICT can be used in connection with environmental policies. Last but not least, projects addressing governance could also be supported. It is indeed more and more crucial to involve and consult the civil society and local stakeholders to implement environmental projects, in order to obtain their acceptance and support.
13. We advocate **for a genuine administrative simplification, harmonising administrative procedure across funds.** The level of administrative complexity has unfortunately meant that EU projects can be driven more by compliance with

administrative procedure. This is made all the more difficult in a complex and fragmented thematic EU funding environment, where each fund has separate application methods, appraisal procedures, reporting methods, cost models etc.

14. Therefore, it is important that the future financial instrument for the environment is **simple and in line with the other financing instruments** in order to make it more accessible to the actors on the ground, reduce the administrative burden for local and regional authorities, save beneficiaries a huge amount of time, shift resources from administration to concrete action, and allow different EU funds to be delivered together in a single area.