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Subject :	Proposal for a Regulation of the European Parliament and of the Council concerning the Financial Instrument for the Environment (**LIFE+**) - Partial political agreement

The Annex to this note contains an updated draft of the above-mentioned proposal, reflecting the outcome of discussions within Coreper on 16 November 2005 and the latest Presidency compromise suggestions.

Underlining indicates changes of substance, while "[…]" represents deletions.

ANNEX

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Concerning the Financial Instrument for the Environment (LIFE +)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 175(1) thereof,

Having regard to the proposal from the Commission [*],

Having regard to the Opinion of the European Economic and Social Committee [**],

Having regard to the Opinion of the Committee of the Regions [***],

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

[Recitals omitted.]

HAVE ADOPTED THIS REGULATION:

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[*] OJ C 12, 18.1.2005, p. 25.

[**] Opinion adopted on 7 April 2005 (not yet published in the Official Journal).

[***] Opinion adopted on 14 April 2005 (not yet published in the Official Journal).

Article 1

Purpose

1. This Regulation establishes a financial instrument for the environment ("LIFE+").

2. The general objective of LIFE+ shall be to contribute to the implementation, updating and development of Community environmental policy and legislation, including the integration of the environment into other policies, thereby contributing to sustainable development. In particular, LIFE+ shall support the implementation of the 6th EAP, including the thematic strategies, and finance measures and projects with European added value in Member States.

Article 2

Definitions

For the purpose of this Regulation:

1) "6th EAP" shall mean the Sixth Community Environment Action Programme laid down by Decision No 1600/2002/EC of the European Parliament and of the Council of 22 July 2002 *;

2) "Financial Regulation" shall mean Council Regulation (EC/Euratom) No 1605/2002 of 25 June 2002 **;

3) "national agencies" shall mean national public-sector bodies, or bodies governed by private law with a public-service mission, to which budget implementation tasks have been entrusted in accordance with Article 7.

* OJ L 242, 10.9.2002, p. 1.
** OJ L 248, 16.9.2002, p. 1.

Article 3

Eligibility criteria [*]

1. Measures and projects financed by LIFE+ shall support the achievement of the general objective set out in Article 1(2). Where possible, measures and projects financed by LIFE+ shall promote synergies between different priorities under the 6th EAP and promote integration.

2. Measures envisaged in the multi-annual strategic programmes drawn up in accordance with Article 6(1), national annual work programmes adopted in accordance with Article 6(5) and projects implemented pursuant to those programmes shall satisfy the following criteria. They shall be:

   (a) of Community interest by making a significant contribution to the achievement of the general objective of LIFE+ set out in Article 1(2); and

[*] Article 3 is partly consistent with the aims of European Parliament first-reading amendments 12 and 42 and 34, in that it provides for a separate component for nature and biodiversity and lays down criteria to ensure European added value.
Recitals are necessary to justify the eligibility criteria provided for in Article 3(2) and (3):
"Measures and projects financed under LIFE+ should meet eligibility criteria to secure the best possible use of Community funds. In particular, for that part of the budget subject to delegated management, measures and projects should meet additional eligibility criteria to ensure European added value and to avoid financing recurring activities, such as day-to-day operations."
"In the area of nature and biodiversity, the implementation of Community policy and legislation itself provides a framework for European added value. Best practice or demonstration measures and projects, including those relating to the management and designation of Natura 2000 sites, should be eligible for Community financing under LIFE+, except where they are eligible for funding under other Community financial instruments."
"Innovative or demonstration measures and projects relating to Community environmental objectives, including the development or dissemination of best-practice techniques, know-how or technologies, as well as measures and projects for awareness raising campaigns and special training for agents involved in forest fire prevention interventions should be eligible for Community financing under LIFE+, except where they are eligible for funding under other Community financial instruments."
"Measures and projects for the development and implementation of Community objectives relating to the broad-based, harmonised, comprehensive and long term monitoring of forests and environmental interactions should be eligible for Community financing under LIFE+, except where they are eligible for funding under other Community financial instruments."

(b) technically and financially coherent, feasible and provide value for money.

3. In addition, to ensure European added value and to avoid financing […] recurring activities, measures envisaged in annual national work programmes and projects implemented pursuant to those programmes shall meet at least one of the following criteria. They shall be:

(a) either best practice measures and projects or demonstration measures and projects for the implementation of Council Directive 79/409/EEC on the conservation of wild birds or Council Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna; or

(b) either innovative measures and projects or demonstration measures and projects relating to Community environmental objectives, including the development or dissemination of best-practice techniques, know-how or technologies; or awareness raising campaigns and special training for agents involved in fire prevention interventions; or

(c) measures and projects for the development and implementation of Community objectives relating to the broad-based, harmonised, comprehensive and long-term monitoring of forests and environmental interactions.

Article 4

Specific objectives

1. LIFE+ shall consist of three components: LIFE+ Nature and Biodiversity, LIFE+ Environment Policy and Governance and LIFE+ Information and Communication.

2. The specific objectives of LIFE+ Nature and Biodiversity shall be:

(a) to contribute to the implementation of Community policy and legislation on nature and biodiversity, in particular Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora, including at the local and regional level; and to support the further development and implementation of the Natura 2000 network, including coastal and marine habitats and species;

(b) to contribute to the consolidation of the knowledge base for the development, assessment, monitoring and evaluation of Community nature and biodiversity policy and legislation;

(c) to support the design and implementation of policy approaches and instruments for the monitoring and assessment of nature and biodiversity and the factors, pressures and responses that impact on it, in particular in relation to the achievement of the target of halting biodiversity loss within the Community by 2010;

(d) to provide support for better environmental governance, broadening stakeholder involvement, including that of non-governmental organisations, in consultations on and the implementation of nature and biodiversity policy and legislation.

3. The specific objectives of LIFE+ Environment Policy and Governance shall be, in relation to the objectives of the 6th EAP, including for the priority areas of climate change, environment and health and quality of life, and natural resources and wastes:

(a) to contribute to the development and demonstration of innovative policy approaches, technologies, methods and instruments;

(b) to contribute to consolidating the knowledge base for the development, assessment, monitoring and evaluation of environmental policy and legislation;

(c) to support the design and implementation of approaches to monitoring and assessment of the state of the environment and the factors, pressures and responses that impact on it;

(d) to facilitate the implementation of Community environment policy, with particular emphasis on implementation at local and regional level;

(e) to provide support for better environmental governance, broadening stakeholder involvement, including that of non-governmental organisations, in policy consultation and implementation.

4. The specific objectives of LIFE+ Information and Communication shall be:

(a) to disseminate information and raise awareness on environmental issues, including forest fire prevention;

(b) to provide support for accompanying measures (such as information, communication actions and campaigns, conferences and training, including training on forest fire prevention).

5. Annex I contains the list of eligible measures. *

Article 5

Types of intervention

1. Community funding may take the following legal forms:

   (a) grant agreements;

   (b) public procurement contracts.

2. Community grants may be provided through specific forms and agreements, such as framework partnership agreements and participation in financial mechanisms and funds. They may take the form of co-funding of operating or action grants. Operating grants to bodies pursuing objectives of general European interest may not be subject to the degressivity provisions of the Financial Regulation.

3. For action grants, the maximum rate of co-financing shall be 50% of eligible costs. However, by way of exception, the maximum co-financing rate for LIFE+ Nature and Biodiversity may be up to 75% of eligible costs (excluding those eligible costs related to the purchase of land) in the case of measures and projects concerning priority habitats or species for the implementation of Council Directive 79/409/EEC on the conservation of wild birds or Council Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna, when this is necessary to achieve the conservation objective. **

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* A recital could clarify that: "Measures and projects financed by LIFE+ may contribute to the achievement of the specific objectives of more than one component, involve the participation of more than one Member State and contribute to the development of strategic approaches to meeting environmental objectives.".

** Inclusion of the reference to a maximum rate of co-financing is partly consistent with European Parliament first-reading amendment 13.

4. In the case of public procurement contracts, Community funds may cover the purchase of services and goods. This may include, *inter alia*, expenditure on information and communication, preparation, implementation, monitoring, checking and evaluation of projects, policies, programmes and legislation.

5. If a Member State so decides, […] staff costs shall be eligible for Community co-financing on the condition that:

(a) in the case of national agencies, such Community funding represents no more than 2% of the Community contribution to the Member State's national annual work programme for the related year. Staff must be carrying out additional tasks that national administrations did not previously fulfil in connection with the implementation of Community programmes;

(b) civil servants' salary costs may be funded only to the extent that they relate to the cost of project implementation activities that the relevant public authority would not have carried out if the project concerned were not undertaken. Staff must be specifically seconded to a project and they must represent an additional cost with respect to existing permanent staff.

Article 6

Programming

1. The Commission shall draw up a first multi-annual strategic programme for 2007 to 2010 and a second multi-annual strategic programme for 2011 to 2013. These programmes shall define the principal objectives, priority areas of action, type of measures and expected results for Community funding in relation to the objectives set out in Articles 1, 3 and 4. They shall include allocations between Member States and indicate those parts of the budget subject to central direct and delegated management in accordance with Article 7. At least [75%] of the budget shall be subject to delegated management. *

2. Member States' allocations for that part of the budget subject to delegated management shall be without prejudice to the annual budgetary procedure provided for in Article 11(3). The Commission shall base allocations on the following criteria:

   (a) population:

      (i) the total population of each Member State. A weighting of 50% shall be applied to this criterion; and

      (ii) the population density of each Member State, except those with surface areas of less than 3,000 square kilometres. A weighting of 10% shall be applied to this criterion;

* Annex I lists, *inter alia*, measures relevant to the centrally managed part of the budget. A recital could provide additional clarity on the objectives of the centrally managed budget: "In order to carry out its role in the initiation of policy development and implementation, the Commission requires resources from LIFE+ to complete studies and evaluations, to undertake services with a view to the implementation and integration of environment policy and legislation, to hold meetings, seminars and workshops with experts and stakeholders, to develop and maintain networks, and to develop and maintain computer systems. In addition, the Commission would use the centrally managed part of the LIFE+ budget to undertake information, publication and dissemination activities, including events, exhibitions and similar awareness-raising measures, for the preparation and production costs of audio-visual materials, and to obtain technical and/or administrative assistance relating to the identification, preparation, management, monitoring, audit and supervision of programmes and projects.".

(b) nature and biodiversity:

(i) the total area of sites of Community importance for each Member State, expressed as a proportion of the total area of sites of Community importance. A weighting of 20% shall be applied to this criterion; and

(ii) the proportion of a Member State's territory covered by sites of Community importance relative to the percentage of Community territory covered by sites of Community importance. A weighting of 20% shall be applied to this criterion.

As soon as relevant data are available for all Member States, the Commission shall make the calculations for nature and biodiversity on the basis of both sites of Community importance and special protection areas, while avoiding double counting.

In addition, the Commission may make additional allocations to land-locked Member States. No more than 3% of the total delegated budget shall be allocated in this way.

However, the Commission shall ensure that no Member State's allocation is less than [between EUR 1 and 3 million per year], taking into account population density, environmental expenditure, environmental need and absorption capacity.

3. Within the framework of the multi-annual strategic programmes referred to in paragraph 1, Member States shall, for the part of the budget subject to delegation, submit draft national annual work programmes to the Commission for each year in the periods 2007 to 2010 and 2011 to 2013. These shall as a minimum and for each year:

(a) identify priority areas;

(b) outline specific national objectives;

(c) describe the measures to be financed and how they meet the eligibility criteria set out in Article 3;

(d) provide cost estimates; and

(e) describe the proposed monitoring framework.

Member States may include transnational measures in their draft national annual work programmes.

4. The Commission shall consult Member States on the draft multi-annual strategic programmes within the Committee referred to in Article 14(1). The programmes shall be adopted as set out in Article 17(1)(a). For the multi-annual strategic programme for 2007 to 2010, adoption shall take place as soon as possible, and no later than three months after the entry into force of this Regulation.

5. The Commission shall consult Member States bilaterally on the draft national annual work programmes, with a view to the adoption of national annual work programmes as set out in Article 17(1)(b). Member States shall submit draft national annual work programmes for 2007 to the Commission as soon as possible, and no later than 3 months after the adoption of the first multi-annual strategic programme. They shall, as necessary, submit national annual work programmes for subsequent years, and updates of drafts already submitted, pursuant to the timetable laid down in accordance with Article 17(2)(b).

Member States may, if they so wish, submit draft national annual work programmes for some or all of the years covered by this Regulation at the same time.

6. Member States shall ensure that national agencies implement national annual work programmes adopted in accordance with Article 17(1)(b). National agencies shall invite project applications for the implementation of the measures set out in national annual work programmes. They shall ensure that projects meet the criteria set out in Article 3, giving priority to those that make the greatest contribution to the achievement of the objectives of this Regulation.

7. National agencies shall report to the Commission on the implementation of national annual work programmes. They shall make the final project reports referred to in Article 12(1), or summaries of them, available to the public. The Commission shall regularly publish lists of projects financed through LIFE+, including a short description of objectives and results achieved and a summary of funds expended. It shall do so using appropriate media and technologies, including the internet.

Article 7

Financial procedures and budget delegation

1. The Commission shall implement this Regulation in accordance with the Financial Regulation.

2. The Commission may decide to entrust part of implementation of the budget to national agencies designated in agreement with the Member State concerned on the basis of the provisions laid down in Article 54(2)(c) of the Financial Regulation and in accordance with the selection criteria set out in Annex II.

Article 8

Beneficiaries

Public and/or private bodies, actors and institutions may receive financing through LIFE+.

Article 9

Participation of third countries

Programmes financed through LIFE+ shall be open to the participation of the following countries, provided that supplementary appropriations are received:

1) EFTA States which have become members of the European Environment Agency in accordance with Council Regulation (EC) No 933/1999 of 29 April 1999 [*];

2) candidate countries which have applied to become Members of the European Union;

3) western Balkan countries included in the Stabilisation and Association process.

Article 10

Complementarity between financial instruments [**]

This Regulation shall not finance measures which fall within the eligibility criteria [***] of, or receive assistance for the same purpose from, other Community financial instruments, including the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, the Competitiveness and Innovation Framework Programme, the European Fisheries Fund and the seventh Research Framework Programme. The beneficiaries of this Regulation shall provide information about funding received from the Community budget and of ongoing applications for funding to the Commission for centrally financed measures or to the national agency for delegated measures. Synergies and complementarity shall be sought with other Community instruments.

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[*] OJ 117, 5.5.1999, p. 1. Regulation as last amended by Regulation (EC) No 1641/2003 of the European Parliament and of the Council of 22 July 2003 (OJ L 245, 29.9.2003, p. 1).

[**] This Article is partly consistent with the first part of European Parliament first-reading amendment 23.

[***] Addition clarification could be added to recital 9 of the Commission's original proposal: "Environmental protection requirements should be integrated into the definition and implementation of Community policies and activities, including financial instruments. LIFE+ should therefore be complementary to other Community financial instruments.".

[*Article 11*

Duration and budgetary resources

1. This Regulation shall be implemented starting on 1 January 2007 and ending on 31 December 2013.

2. *[Budget omitted.]* *

3. The budgetary resources allocated to the actions provided for in this Regulation shall be entered in the annual appropriations of the general budget of the European Union. The budgetary authority shall authorise the available annual appropriations within the limits of the financial perspectives.

4. At least [x %] of the budgetary resources for LIFE+ shall be allocated to measures to support the conservation of nature and biodiversity.]

* This document does not include any provision on the budget since the Presidency's aim is to achieve partial political agreement (that is, on all issues except budgetary ones).
The Commission's proposal for Article 9(2) reads: "The financial framework for the implementation of this instrument shall be set at EUR 2 190 million for the period from 1 January 2007 to 31 December 2013 (seven years).".
Amendment 43 of the European Parliament's first-reading opinion proposes the following changes: " The financial framework for the implementation of this instrument is set at EUR 2 190 million, *increased by a minimum of 35 % of the Natura 2000 network needs as evaluated by the Member States and the Commission, that means a total of EUR 9 540 million* for the period from 1 January 2007 to 31 December 2013 (seven years)*, bearing in mind that with other Funds the total Natura 2000 needs, evaluated to be EUR 21 000 million for the programming period, shall be covered.*".

Article 12

Monitoring

1. For any measures and projects financed by LIFE+, the beneficiary shall submit, to the Commission for centrally financed measures or to the national agency for delegated measures, technical and financial reports on the progress of work. A final report shall also be submitted within three months of the completion of the project. *

2. Without prejudice to the audits carried out by the Court of Auditors in liaison with the competent national audit bodies or departments pursuant to Article 248 of the Treaty, or any inspection carried out pursuant to Article 279(1)(b) of the Treaty, officials and other staff of the Commission shall carry out on-the-spot checks, including sample checks, on projects financed under LIFE+, in particular to check compliance with the eligibility criteria set out in Article 3(2) and (3).

3. Contracts and agreements resulting from this Regulation, including agreements with national agencies, shall provide in particular for supervision and financial control by the Commission (or any representative that the Commission may authorise) and audits by the Court of Auditors, if necessary on-the-spot.

4. For a period of five years following the last payment in respect of any project, the beneficiary of financial assistance shall keep available for the Commission all supporting documents regarding expenditure on the project.

5. On the basis of the results of the reports and sample checks referred to in paragraphs 1 and 2, the Commission shall, if necessary, adjust the scale or the conditions of allocation of the financial assistance originally approved and also the timetable for payments.

* Read together with Article 17, this paragraph is consistent with the aims of European Parliament first-reading amendment 27.

6. The Commission shall take every other step necessary to verify that measures and projects financed are carried out properly and in compliance with the provisions of this Regulation and the Financial Regulation.

Article 13

Protection of Community financial interests

1. The Commission shall ensure that, when measures financed under the present Regulation are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of the amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulations (EC, Euratom) No 2988/95 and (Euratom, EC) No 2185/96, and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council.

2. For Community measures financed under LIFE+, the notion of irregularity referred to in Article 1(2) Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, by an unjustified item of expenditure.

3. The Commission shall reduce, suspend or recover the amount of financial assistance granted for a project if it finds irregularities, including non-compliance with the provisions of this Regulation or the individual decision or the contract or agreement granting the financial support in question, or if it transpires that, without Commission approval having being sought, the project has been subjected to a change which conflicts with its nature or implementing conditions.

4. If time limits have not been observed or if only part of the allocated financial assistance is justified by the progress made with implementing a project, the Commission shall request that the beneficiary submit observations within a specified period. If the beneficiary does not give a satisfactory answer, the Commission may cancel the remaining financial assistance and demand repayment of sums already paid.

5. Any undue payment shall be repaid to the Commission. Interest shall be added to any sums not repaid in good time under the conditions laid down by the Financial Regulation.

Article 14

Committee [*]

1. The Commission shall be assisted by a committee, the LIFE+ Committee, composed of representatives of Member States and chaired by the representative of the Commission.

2. Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at three months.

3. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(2) of Decision 1999/468/EC shall be set at three months.

4. The Committee shall adopt its rules of procedure.

[*] Article 14 is partly consistent with European Parliament first-reading amendment 29 in that it provides for the use of the regulatory procedure for all key decisions.
A recital should justify the choice of the regulatory procedure for the decisions referred to in Article 17(1) and that of the management procedure for the decisions listed in Article 17(2).

Article 15

Evaluation [*]

1. The Commission shall ensure that regular monitoring of multi-annual programmes takes place to assess their impact.

2. No later than 30 September 2010, the Commission shall submit a mid-term review of LIFE+ to the European Parliament and to the Committee referred to in Article 14(1). The mid-term review shall evaluate the implementation of this Regulation from 2007 to 2009. The Commission shall, if appropriate, propose modifications to the implementing rules in accordance with Article 17.

3. The Commission shall arrange for a final evaluation of the implementation of this Regulation assessing its contribution to the implementation, updating and development of Community environmental policy and legislation and the use made of the appropriations. It shall submit this final evaluation to the European Parliament and the Council no later than 31 December 2012, together, if appropriate, with a proposal for the further development of a financial instrument exclusively in the environmental field, to apply from 2014 onwards.

Article 16

Simplification and consolidation

1. With a view to simplification and consolidation, this Regulation repeals and replaces the following instruments: Council Regulation (EEC) No 1973/92 (LIFE) and Council Regulation (EC) No 1404/96 [**] (LIFE II); Regulation (EC) No 1655/2000 of the European Parliament and of the Council (LIFE III), and its extension; Decision 1411/2001/EC of the European Parliament and of the Council ('the Urban Programme'); Decision 466/2002/EC of the European Parliament and of the Council (the 'NGO programme'); and Regulation (EC) No 2152/2003 of the European Parliament and of the Council (Forest Focus).

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[*] This Article is consistent with European Parliament first-reading amendments 32 and 33.

[**] OJ L 181, 20.7.1996, p. 1.

2. Measures started before 31 December 2006 pursuant to the instruments referred to above shall continue to be governed until their completion by these instruments. The committees provided for in these instruments shall be replaced by the Committee referred to in Article 14 of this Regulation. This Regulation shall fund any obligatory monitoring and evaluation required under those instruments following their expiry. Until their completion, measures shall comply with the technical provisions defined in the instruments mentioned in paragraph 1.

Article 17

Implementing decisions

1. The following implementing decisions shall be taken in accordance with the procedure referred to in Article 14(2):

(a) to adopt and, if necessary, to amend multi-annual strategic programmes drawn up in accordance with Article 6(1);

(b) to adopt and, if necessary, to amend national annual work programmes based on drafts that Member States have submitted in accordance with Article 6(3);

(c) to add measures to Annex I or to amend Annex II; and

(d) to establish specific provisions for environmental assessment in accordance with Directive 2001/42/EC [*];

(e) to lay down detailed rules necessary for the implementation of this Regulation.

[*] OJ L 197; 21.7.2001.

2. The following implementing decisions shall be taken in accordance with the procedure referred to in Article 14(3):

(a) to decide to delegate implementation of the budget to a national agency or agencies in accordance with Article 7(2) and to confirm the agency's or agencies' compliance with the selection criteria set out in Annex II;

(b) to specify the format, content and submission dates for draft national annual work programmes for the purposes of Article 6(3) and of the reports referred to in Article 6(7);

(c) to determine the form, content and recipients of the reports referred to in Article 12(1); and

(d) to establish indicators to assist the monitoring of measures financed by LIFE+.

Article 18

Entry into force

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

ANNEX I

Measures Eligible for Funding [*]

Without prejudice to Article 10, the following measures may be financed by LIFE + if they satisfy the eligibility criteria set out in Article 3(2) and (3):

1. as regards the budget subject to central direct management:

   (a) certain operational activities of non-governmental organisations that are primarily active in protecting and enhancing the environment at European level, [**]

   (b) developing and maintaining networks and computer systems directly linked to the implementation of Community environmental policy and legislation;

2. as regards the budget subject to either central direct or delegated management:

   (a) studies, surveys, modelling and scenario building;

   (b) monitoring, including the monitoring of forests;

   (c) capacity building assistance;

   (d) training, workshops and meetings, including the training of agents participating in forest fire prevention initiatives;

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[*] Annex I is partly consistent with the aims of European Parliament first-reading amendments 34 and 36. It might be appropriate to include some of the content of the former "themes" section in the recitals.

[**] A new recital is necessary to clarify this provision: "Non-governmental organisations (NGOs) contribute to the development and implementation of Community environmental policy and legislation. It is therefore appropriate for the centrally managed part of the LIFE+ budget to support the operations of a number of appropriately qualified environmental NGOs through the competitive and transparent awarding of annual operating grants. Such NGOs would need to be independent and non-profit-making and to pursue activities in at least three European countries, either alone or in the form of an association.

(e) networking and best practice platforms;

(f) information and communication actions, including awareness raising campaigns and, in particular, public awareness campaigns on forest fires;

(g) demonstration of innovative policy approaches, technologies, methods and instruments;

(h) national agencies' staff costs; and

(g) specifically for the nature and biodiversity component:

(i) site and species management and site planning, including the improvement of the ecological coherence of the Natura 2000 network,

(ii) the monitoring of conservation status, including - but not limited to - setting up procedures and structures for such monitoring,

(iii) the development and implementation of species and habitats conservation action plans,

(iv) the extension of the Natura 2000 network in marine areas,

(v) the purchase of land, provided that:

– the purchase would contribute to maintaining or restoring the integrity of a Natura 2000 site,

– land purchase is the only or most effective way of achieving the desired conservation outcome,
– the land purchased is reserved in the long term for uses consistent with the objectives set out in Article 4(2), and

– the Member State concerned shall, by way of transfer or otherwise, ensure the long-term reservation of such land for nature conservation purposes.

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ANNEX II

CRITERIA FOR DELEGATION OF BUDGET IMPLEMENTATION TASKS

1. The Commission shall designate national agencies in agreement with Member States. Member States may also designate national agencies in conformity with the provisions of Articles 54(2)(c) and 56 of the Financial Regulation and Articles 38 and 39 of Commission Regulation (EC, Euratom) No 2342/2002. Member States shall establish administrative and financial provisions vis-à-vis national authorities with a view to the effective implementation of national annual work programmes.

2. The Commission shall ensure that delegation complies with the principles of economy, effectiveness and efficiency. Before proceeding with any delegation, the Commission shall ensure, by mean of a prior assessment, that delegation of funds to national agencies complies with sound financial management and will enhance the visibility of the Community action.

3. The designation of national agencies shall be in accordance with the following criteria:

   – An organisation established or designated as a national agency must have legal personality and be governed by the law of the Member State concerned.

   – National agencies must have an adequate number of staff, with professional capacities in the field of environment policy.

   – They must have an appropriate infrastructure, in particular as regards computing and communications.

   – They must operate in an administrative context which enables them to carry out their tasks satisfactorily and to avoid conflicts of interest.

– They must be in a position to apply the financial management rules and contractual conditions laid down at Community level.

– They must offer adequate financial guarantees, issued preferably by a public authority, and their management capacity must be appropriate to the level of Community funds that they will be called upon to manage.

4. The Commission shall conclude an agreement with each national agency, in accordance with Article 41 of the Financial Regulation's Implementing Rules, setting out detailed provisions covering, *inter alia*, the definition of tasks, rules on reporting, the demarcation of responsibilities and control arrangements. National agencies shall respect the principles of transparency and equality of treatment. They shall avoid double-funding from other sources of Community funds. They shall monitor projects and recover any funds due for reimbursement by beneficiaries.

5. Moreover, the Commission shall certify that Member States take necessary steps to ensure the appropriate audit and financial oversight of national agencies. Member States shall, before any delegation takes place, provide the Commission with necessary assurances as to the existence, relevance and proper operations within the relevant national agency in accordance with the rules of sound financial management.

6. Each national agency shall be responsible for any funds not recovered, in the event of irregularity, negligence or fraud imputable to it.

7. The Commission shall, in cooperation with Member States, ensure the transition between measures carried out within the context of the earlier programmes in the environmental field and those to be implemented under this Regulation.

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* The deletion of the Annex providing an indicative breakdown of the budget between components is consistent with European Parliament first-reading amendment 44.