

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 31 January 1991

Proposal for a

COUNCIL REGULATION (EEC)

establishing a Financial Instrument for the Environment (LIFE)

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(presented by the Commission)

## EXPLANATORY MEMORANDUM

### I. INTRODUCTION

In recent years there has been public, Member State government and European Parliamentary pressure for more effective action to achieve the objectives set out in the Treaty.

There is a growing awareness that problems in this area cannot in most cases be resolved effectively by following an exclusively national approach. This is clear in the case of pollution problems affecting several countries, e.g. pollution of rivers or seas. It is even more obvious in the case of problems which concern the entire planet, such as the depletion of the ozone layer or the greenhouse effect. However, there is a need for concerted and coordinated action at Community level even in the case of geographically more restricted problems, since some of them are directly concerned by Community policies such as agricultural policy or regional policy; to be effective, solutions must therefore take into account inter-relationships between environment policy and the other policies concerned. Furthermore, all environmental problems have major economic implications, and the means adopted at national level to deal with them may affect the conditions of competition or create trade barriers. The risks of distortion and imbalance are aggravated by the differences between the Member States in their assessment of environmental priorities and the rigour with which the national authorities enforce Community provisions.

In addition, the nature of environmental problems often necessitates concerted and coordinated action involving non-member countries. International negotiations concerning environmental problems are becoming increasingly numerous and complex. The results of these negotiations can have major repercussions on the balance between countries, the competitiveness of firms or growth rates, and can considerably affect our development model. The cohesion of the Member States and the consistency and effectiveness of environmental measures taken within the Community are essential factors in the latter's credibility so that it can effectively defend its interests in the international arenas.

Relations with the countries of central and eastern Europe are particularly important in this context in view of their geographical proximity to the Community, the gravity and nature of their environmental problems and the direct impact which these problems may have on the state of the environment in the Member States.

As concerns the environment, the Community is now faced with three challenges:

- to achieve the ambitious objectives set in the Treaty, especially that guaranteeing a high level of protection;
- to achieve, in the Europe of the Twelve, cohesion between countries in which there are differences, sometimes deep differences, in terms of their level of development, the nature and perception of environmental problems, and the exploitation of new technologies;
- increasingly to shoulder its international responsibilities.

To meet these three challenges, the Community must have at its disposal resources and instruments commensurate with the problems to be solved.

## II. Instruments

Getting to grips with environmental problems entails the use of instruments designed to alter the behaviour of individuals, authorities and firms.

To implement a policy in this area, action can be taken:

- by regulatory means, i.e. the progressive application of environmental legislation, comprising quality objectives, standards, procedures, etc.;
- through economic and fiscal instruments, passing on the environmental costs of activities in prices, charges or taxes paid by the producers and/or consumers of the various goods and services;
- through financial instruments which may influence behaviour by awareness raising and training actions, by providing a positive stimulation (demonstration projects, subsidies, loans, etc.) and/or finance recovery or prevention operations designed to mitigate the inadequacies of the other instruments used.

Each of these three routes has strengths and weaknesses.

Regulation may, at least theoretically, guarantee the achievement of specific quantified objectives. Its limitations lie in the comparatively static and rigid instruments involved. It also entails administrative burdens, in particular with regard to enforcement, which may be very great, if the intention is to take action concerning all activities with an environmental impact. Excessive regulation and bureaucracy could also make firms less dynamic and affect their competitiveness.

The legislative process set in motion following the Paris European Council in October 1972 has developed satisfactorily but there are major implementation problems. In addition, the legislation adopted has to be supplemented and regularly adapted in line with technological developments and changes in environmental data.

Economic and fiscal instruments can work in a more flexible and dynamic fashion. When used in conjunction with legislation, these can contribute to markedly improve its efficiency. They are also an effective means of integrating the environment into the other policies. However, on their own they cannot guarantee the attainment of specific objectives. Moreover, it is sometimes difficult, if not impossible, to quantify the cost of pollution to society, especially with such global phenomena as the greenhouse effect and the depletion of the ozone layer. In practice it is therefore very often necessary to proceed pragmatically, progressively altering measures in the light of the results obtained and objectives to be achieved.

The Council has discussed instruments of this kind on several occasions, most recently at its meeting on 29 October 1990. It has recognized their effectiveness and the desirability of Community action in this area. Concrete proposals concerning certain priority sectors are now being prepared.

Financial instruments are the most appropriate means for dealing, for example, with environmental deterioration resulting from past activities or if it is impossible to pinpoint the cause or the person responsible. Such instruments also usefully complement initiatives in the field of regulation, particularly where the aim is to achieve ambitious objectives quickly.

The budgetary resources available for the Community's financial instruments available to implement environmental policy are at present insignificant. However, there has been an increase in expenditure on the environment using other Community financial instruments. On 26 June 1990 the European Council therefore asked the Commission to review the situation.

In view of the limits inherent in each means of action it would be impossible to define a consistent and effective strategy for the environment without calling on all three of the means mentioned. A combination of regulatory approach, economic and fiscal means and financial instruments is needed to offset the weaknesses and exploit the potential of each one. Making use of a combination of means will make it easier to achieve the consensus needed to develop and implement Community policy.

In this context, financial assistance from the Community needs to be stepped up and made more coherent so as to complement the other instruments and make them more reliable and effective. The European Parliament has emphasized the need for this, in particular during the preparation of the 1990 and 1991 budgets. It has advocated an Environment Fund commensurate with the problems to be solved and the role which the Community must play in this area.

### III. THE EXISTING FINANCIAL INSTRUMENTS

As requested by the European Council on 26 June 1990, the Commission has reviewed all the budgetary resources earmarked for financial support for environmental measures. This review, which is attached to this proposal, may be summarized as follows:

- Expenditure concerning the environment directly or indirectly has increased considerably in recent years. Until 1987 the annual expenditure was around ECU 60 million, but in the period 1988-1993 environmentally related expenditure should amount to over ECU 4,000 million, of which 90 % are for investment and 10 % are allocated to research and to demonstration projects.
- The amounts committed are from a very varied range of instruments. Only a limited part of the totals (certain research programmes, demonstration projects financed in the framework of ACE, MEDSPA, NORSPA, and ACNAT, actions to protect forests (fire prevention and the fight against acid rain) as well as the budget line for "ecology in the LDCs") have an environmental priority. Other instruments work in this sector in order to achieve the aims of the policies of which they ensure the financial support. Though the expenditure contributes to the reduction of different forms of pollution, its dispersion across many financial instruments, its subordination to other objectives and priorities and its constraints, especially geographical, mean it cannot visibly and coherently reflect the objectives and the priorities of environmental policy. Together, these instruments therefore cannot play the orientation and stimulation role to complement and support this policy's other means of action.

- The Treaty provides that environmental protection requirements are a component of the Community's other policies. Providing finance for environmental projects is not of itself enough to answer this provision. Environmental requirements also need to be taken into account where finance is given to projects which do not concern the environment directly, such as for industrial infrastructure, transport, or agricultural support.

#### IV. WHY A FINANCIAL INSTRUMENT FOR THE ENVIRONMENT ?

As stated in section II, a financial instrument can contribute to improving the efficiency of environmental policy as a means of orientating individual, corporate or administrative behaviour through positive stimulation or through rehabilitation or preventative operations. In this context a financial instrument plays a particularly important role in stimulating and of providing a framework for national, regional or local initiatives. Such initiatives are on the increase and they risk accentuating the incompatibilities between Member States where their perceptions of the problems, definition of priorities and possibilities of concrete action vary will become ever more difficult to harmonise since they occur in frameworks for action which are evolving more and more towards proper national policies for the environment. It would be dangerous to under-estimate the inherent risks of such an evolution, particularly in the context of the distortions of competition and of the limitations to the free movement of goods it can entail. This view is given legitimacy by the European Court of Justice which has recognised the use of Article 36 of the Treaty when dealing with environmental issues.

Since the sums engaged at the Community level are often relatively modest, in conformity with the principle of subsidiarity, the efficiency of the action depends to a great extent on its visibility, of its links to and coherence with the objectives and the priorities of the policies for which they provide support, as well as its synergy with the other means of policy support.

This is particularly true of environment policy, given its vast area of concern as well as the potentially very high financial needs that any action in the field can lead to.

The other financial instruments of the Community must continue to bring help in resolving environmental problems in pursuit of the objectives of the policies to which they provide support. However, these cannot provide the main support for environmental policy since they do not themselves reflect its particular priorities and objectives.

Indeed, environmental action distinguishes itself from that used in the framework of other policies from several points of view;

First of all, environmental problems very often require solutions which cannot be conceived of in a regional or national context. The action required to resolve a given problem could well extend to the whole Community territory or even beyond it, in the framework of international cooperation.

In addition, environmental action does not target particular social or economic groups, nor the productive sector of specific regions. It aims to encourage the systematic integration of environmental concerns in individual, corporate or administrative choice; it therefore targets the whole population.

Finally, since it concerns the entire population, environmental action rarely takes the form of discrete projects. It forms part of a long-term evolution and aims to provide permanent encouragement. Respecting the polluter pays principle, it stimulates and orientates through actions which ensure a multiplicative effect.

Environment policy has been developed in the belief that the rational use of natural resources and sustainable development in time would be a utopian if they were to be achieved exclusively or even mainly through the use of public funds, whether national or of the Community, and whatever their magnitude. We will never be able to achieve such ends if individuals, corporations or administrations believe they can continue to act as they have done in the past. This is why the polluter pays and the subsidiarity principles are of such importance in the context. It is also why the Treaty insists on the need to integrate environmental considerations in other policies.

A financial instrument for the environment should therefore not be seen as a means of a posteriori repair of damage, nor can it be seen as some sort of depollution machine, operating in all sectors and blunting all concerns in the field.

#### V. THE POLLUTER PAYS PRINCIPLE

Article 130R(2) of the EEC Treaty specifies that action by the Community relating to the environment shall be based, among other things, on the principle that the polluter should pay.

According to this principle, those responsible for pollution must bear the cost of compliance with the standards or quality objectives in force. Exceptions to this principle are allowed in two cases:

- where the immediate application of very stringent standards is likely to cause serious economic disruption;
- where, in the framework of other policies, such as regional or agricultural policy, environmental investment is designed to resolve certain structural problems of a regional or sectoral nature, provided that the aid granted complies with the provisions of the Treaties, and, in particular Articles 92 and 93 of the EEC Treaty.

In this connection, it should be recalled that in three communications to the Member States in 1974, 1980 and 1987 the Commission accorded semi-permanent status to State aid to the environment provided that it is limited to 15% of the value of the investment assisted.

In addition, the following are not regarded as contrary to the polluter pays principle:

- financial contributions to local authorities to build or manage public environmental protection facilities where the expenditure cannot for the time being be totally covered by the charges levied on the polluters using such facilities;
- funds to offset particularly large burdens imposed on certain polluters to achieve an exceptional level of environmental cleanliness;
- contributions granted to promote research and development in the field of clean technologies, manufacturing processes and products.

This list is not exhaustive. Examples of other types of public investment compatible with this principle are as follows:

- protection of habitats;
- site restoration work where the pollution in question is the result of past activities or it is impossible to pinpoint the cause or the party responsible;
- expenditure complementing the application of the polluter pays principle, e.g. grants for the development of public transport where this is necessary in order to achieve the desired results;
- initiatives at international level where financial support may be justified on the grounds of interest, effectiveness and solidarity.

The polluter pays principle is therefore not incompatible with the establishment of a financial instrument specifically for the environment. However, this principle should be taken into account when defining the scope of the new instrument and granting the funding provided for.

#### VI. THE SUBSIDIARITY PRINCIPLE

Article 130R(4) of the Treaty specifies that the Community shall take action relating to the environment to the extent that the objectives referred to can be attained better at Community level than at the level of the individual Member States. Without prejudice to certain measures of a Community nature, the Member States shall finance and implement the other measures.

Subsidiarity should remain the basic yardstick when defining the environmental measures to be pursued at Community level. However, this criterion should be assessed and applied with an eye to the effectiveness of the policy, bearing in mind its objectives, and not in an abstract way or on the basis of considerations of principle. It would, in particular, be hypocritical to claim that taking this criterion into account prevents effective action in a Community framework specific to the environment but authorizes any action relating to the environment under other Community policies. Subsidiarity is not exclusive to environment policy. It applies to a large proportion of the areas in which the Community is active and, from the budgetary point of view, it is more the rule than the exception. The framework selected for Community action should make for greater rather than less transparency in this area. In particular, when it comes to committing budgetary resources in response to environmental concerns, it should ensure that subsidiarity is not assessed differently depending on whether funding is via the financial instruments specific to environment policy or other Community financial instruments. Article 130R(4) should not be interpreted in a way which might give rise to irrational solutions which would result in the article in question being misused.

The environment is in fact one of the sectors in which Community intervention is most justified in terms of subsidiarity, particularly as regards action to resolve transfrontier or global pollution problems or where Community intervention is necessary to ensure economic and social cohesion or prevent distortion of competition or trade barriers.

Admittedly, direct Community funding to assist the application of Community law should be avoided; financial aid from the Community should rather promote speedier implementation of the provisions in force or the implementation of more stringent provisions. However, here too one should avoid focusing on form rather than substance since one of the best ways of encouraging people to go further than the standards in force is to promote the adoption of tougher standards. In many cases this objective cannot be achieved if one rules out the possibility of supporting, even if only indirectly, the application of new standards at least in the countries which have the most problems in this area.

## VII. PRIORITIES FOR ASSISTANCE

The new instrument must provide the financial underpinning for Community environment policy. It must make the Community action in this area more effective and more visible. It must make for greater cohesion in the behaviour of the Member States with regard to environmental problems both when dealing with problems with concern the Community territory and when negotiating, at international level, a concerted response to transfrontier or global problems. It must also ensure a better balance between environment policy and other Community policies and encourage the integration of environmental concerns into those policies.

It should above all provide a stimulus and give preference to instruments which have a snowball effect. It should help remove bottlenecks hindering the development of other Community instruments.

Financial assistance under the Financial Instrument should be provided in a variety of forms that reflect the nature of the operation to be carried out. It may take the form of part-financing of programmes or projects, interest subsidies, reimbursable subsidies, or support for technical assistance.

In view of its purpose, the new financial instrument would have four general objectives :

- (a) to help strengthen and increase the effectiveness of administrative structures or services designed to ensure the implementation of environmental provisions;
- (b) to help control and reduce the various forms of pollution by means of measures complementing action of a regulatory nature;
- (c) to help protect sensitive areas and maintain biogenetic diversity;
- (d) to provide technical and financial support in third countries for the implementation of international conventions and for the resolution of common or global problems.

Where the first objective is concerned, it has been ascertained that Community provisions are often poorly implemented. This may be the result of shortcomings in the administrative structures of one or other country or local authority. It may also be due to the recent identification of the problems and hence the lack of direct experience of how to deal with them.

Some examples of the conceivable types of measures in this context are as follows:

- technical assistance to define coherent rehabilitation strategies and programmes answering existing environmental problems;
- training of environmental managers, environmental advisers for the public authorities, environment officers in firms, management staff in sensitive areas etc;
- development installation and modernization of monitoring;
- awareness and training.

The second objective is central to the financial instrument's activities, based as it is on the conviction that progress with pollution control depends to a large extent on the direct involvement of local authorities and firms and that it is possible, as a result of such involvement, to go further and more quickly than is strictly required by legislation. In this sphere it is also possible to take indirect action, e.g. by promoting "environment-friendly" labels so that consumer choice can help guide firms' activities. Similarly, financial support could be given to the victims of environmental accidents to enable them to take emergency measures or assert their rights vis-à-vis those responsible and thus encourage compliance with the polluter pays principle. Support also needs to be given in of certain Community agricultural and industrial enterprises especially the smaller ones, in order to support their adjustment efforts. In the context of this objective, action by the Community must be geared above all, in compliance with the subsidiarity principle, to encouraging initiatives at national level, while ensuring that they are mutually consistent so as to avoid distortions of competition or of exchange.

The second objective could, for example, give rise to the following tasks :

- promoting the use of new clean technologies in various particularly polluting industrial sectors such as cement works, pulp and paper, tanneries, canneries, etc.
- restoring sites contaminated by past industrial activities e.g. quarries, spoil heaps, landfills for toxic waste;

- supporting SMEs using products which are toxic or dangerous to the environment, e.g. dyeworks, photo laboratories, paint shops, print shops and hospitals;
- developing waste recycling and reuse techniques;
- promoting environmental auditing in firms.

The third objective is based on the finding that very often problems concerning the protection of the environment and the safeguarding of natural resources cannot be solved satisfactorily in regional development plans. The aim is to safeguard the biological heritage, to mitigate the problems resulting from the greenhouse effect and to prevent erosion and desertification. Another aim could also be to encourage the search for solutions to environmental problems associated with the decline of agriculture and the economic marginalization of certain regions. The encouragement of measures to restore or revitalize urban areas is equally important. In the context of this task, action by the Community is often necessary in order to ensure choices and measures resulting from an objective assessment of priorities rather than the degree of awareness or preparedness of national or regional authorities and the national budgetary resources available.

In this case, action could be taken in sectors such as :

- the regeneration of plant cover destroyed by fires, erosion or desertification;
- safeguard of coastal areas and waters;
- nature conservation and the safeguard of biogenetic reserves of Community interest;
- the restoration and safeguard of urban centres, especially those which are part of Europe's cultural heritage.

Last but not least, the fourth objective concerns the search for solutions to global problems such as the greenhouse effect, the destruction of tropical forests, the depletion of the ozone layer and marine pollution. The measures in question may extend beyond the Community territory, e.g. with a view to helping particularly deprived non-member countries, thus paving the way for the consensus needed to conclude and implement international conventions.

Particular attention should be paid to areas such as the Baltic and the Mediterranean where it is obviously in the Community's interest that the non-member countries concerned should adopt an attitude in line with its own. The same applies to all the central and eastern European countries, the state of whose environment directly affects a large part of the Community territory.

This objective could be reflected in:

- a Community contribution to multilateral financial mechanisms dealing with global issues;
- a Community financial contribution towards the implementation of international conventions;
- programmes of technical assistance non-member countries, in particular for Baltic and Mediterranean regions;

It is necessary to stress that, in the context of the activities developed to answer the four priority objectives, all training initiatives related to the measures considered as well as all public awareness and information actions are particularly important in order to achieve the desired results.

#### VIII. ASSISTANCE CRITERIA FOR THE NEW FINANCIAL INSTRUMENT

Assistance by the new financial instrument must contribute to the realisation of the general objectives of Community environmental policy and legislation. The level of Community participation will need to take account of the seriousness of the environmental problems to be tackled, especially at the regional level, the particular interest of the operations from a Community point of view, and of the capacity of the beneficiary to contribute.

In the case of individual projects (mainly demonstration projects), the granting of Community aid will depend on criteria such as the innovative nature of the project, its value as an example which will subsequently give rise to considerable scope for application, the involvement of several partners from different Member States, and its cost-effectiveness.

The financial contribution from the Community would normally be between 30 and 75% of the total cost of the operations.

Operations which already benefit from Structural Fund or other Community Instrument financial assistance cannot be considered for funding under LIFE.

#### IX. INTEGRATION OF EXISTING FINANCIAL INSTRUMENTS

In order to ensure the coherence of Community operations in the environment field, it is necessary to define the measures which will be integrated into the LIFE and to set up a coordination system.

LIFE is the Community Instrument which will provide financial support for activities aimed as a matter of priority at safeguarding and improving the environment. This is the case with the activities at present carried out or foreseen under MEDSPA, NORSPA, ACE-technologies and ACNAT. It is also the case with operations designed to extend beyond the Community the environmental management schemes launched by the Community on its own territory and of which they are an essential component (acid rain, greenhouse effect, depletion of the ozone layer, pollution of rivers and seas which directly affect the Community).

In those regions where the Structural funds or where other Community financial Instruments can be used for environmental protection operations, the Commission will ensure their coordination with assistance from LIFE. The Commission will also ensure similar coordination with development cooperation.

Amongst the actions already underway which will be included in the new financial Instrument are the MEDSPA, NORSPA, ACE-Technology and ACNAT programmes. This integration will have the direct consequence that the present Council provisions for their management will need to be repealed as soon as the present Regulation comes into force.

#### X. IMPLEMENTATION

As an environmental policy instrument, LIFE must act as a complement to legislation to economic and fiscal instruments within the limits deemed necessary to increase the efficiency of Community action as a whole. It is therefore neither the only instrument nor even the privileged instrument in this action.

It is in this spirit that the programmes reflecting the four general objectives of LIFE as set out in Section VII above, will be adopted by the Commission on the basis of the opinion of a consultative committee for the environment. They will reflect:

- objectives and priorities set in the Community action programmes (the draft of the 5th Programme will be sent to the Council and the European Parliament in the course of 1991);
- sectoral strategies established at Community level, e.g. for waste management, nature conservation and the safeguarding of biological diversity, and for the control of acid rain;
- the state of the environment in the Community countries (the three-year Community report is now being finalized);
- commitments entered into within the framework of international conventions.

They will be drawn up with the main bodies concerned (national and regional authorities, economic and social partners, NGOs) in the context of the partnership. Given that, in many cases, the environmental problems which will be taken in consideration by LIFE will be of a transnational or global nature, this cooperation should encourage a process of integration at Community level of the parties concerned by a given problem, representatives of a given socio-economic category affected by one or other problem and groups which support certain objectives. This cooperation should therefore give preference to the organizations resulting from this integration process (associations of regions, firms, NGOs).

Partnership should in particular enable a better understanding of problems, a better definition of needs and priorities, and a better distribution of tasks and of responsibilities with the aim of guaranteeing the best possible use of the financial resources allocated. In this respect the passage from the recent "project" to a "programme" approach will ensure the better management of requests for Community funds, the greater impact of Community intervention as well as the programming of operations in time.

Programmes will be implemented on the basis of a Commission Decision addressed to the national or regional public authorities concerned or on the basis of contracts or agreements concluded with the parties responsible for carrying out the measures (associations of firms concerned, international organizations, NGOs) setting out the nature and amount of aid granted and the relevant conditions. The budgetary resources made available to LIFE will be determined annually by the budgetary authority. In addition, they will be the subject of multiannual forecasts by priority objective.

The action by the Community must entail a permanent balancing on the basis of the needs expressed and the resources available. In this connection, the Regulation provides for a mechanism for the effective evaluation and monitoring of the implementation of financial assistance making it possible to review measures under way, where appropriate.

For the first two-year phase covering 1991 and 1992, the financial instrument uses special simplified provisions aiming to ensure the commitment of the available budgetary resources. This phase will also allow the new instrument to be tested. Following the experience acquired in the course of the two years in question, and taking account of the resources foreseen in the framework of the new financial perspectives, LIFE will be reexamined by the Council on the basis of a Commission proposal to be presented by 31st December 1992.

#### XI. BUDGETING FOR THE FINANCIAL INSTRUMENT

Where funding is concerned, it would be possible to opt either for new Community revenue or for the normal budgetary procedure.

The second solution has been chosen even if it is closely bound up with the renegotiation of the Community's "financial perspectives". Financing the Fund by means of specific Community fiscal measures would necessitate amending the provisions of the Treaty concerning own resources and agreement between the Member States on the fiscal measures to be used as the basis for funding.

Proposal for a  
COUNCIL REGULATION (EEC)

establishing a Financial Instrument for  
the Environment (LIFE)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 130s thereof,

Having regard to the proposal from the Commission,<sup>1</sup>

Having regard to the opinion of the European Parliament,<sup>2</sup>

Having regard to the opinion of the Economic and Social Committee,<sup>3</sup>

Whereas the Treaty provides for the development and implementation of a Community environment policy and sets out the objectives and principles which should guide that policy;

Whereas, by virtue of Article 130r, Community action with respect to the environment aims, in particular, to preserve, protect and improve the quality of the environment, and that in the elaboration of this action, it will take account inter alia, of environmental conditions in the different regions of the Community as well as of the economic and social development of the Community as a whole and of the balanced development of its regions;

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1 OJ No C

2 OJ No C

3 OJ No C

Whereas Article 130r(4) of the Treaty provides that the Community shall take action relating to the environment to the extent that the objectives referred to can be attained better at Community level than at the level of the individual Member States; whereas, without prejudice to certain measures of a Community nature, the Member States shall finance and implement the other measures;

Whereas, in order to face up to environmental problems of a global or common nature, it is necessary to enable the Community to assist third countries or to assist in the implementation of international conventions in conformity with Article 130r(5);

Whereas, at its meeting on 25 and 26 June 1990, the European Council adopted a declaration setting out guidelines for future action by the Community relating to the environment, in which it indicates that the legislative approach should be supplemented, where appropriate, by economic and fiscal measures;

Whereas in that declaration the European Council invited the Commission to review all the budgetary resources devoted to Community environment policy which are currently disbursed through numerous separate funding mechanisms, and to submit its findings to the Council as soon as possible;

Whereas an analysis of the budgetary resources has revealed a rapid increase in environmental expenditure through a great number of financing sources answering objectives and constraints inherent to the financial instruments used;

Whereas a financial instrument for the environment (LIFE) should be established which would provide a coherent financing framework and be more suited to action by the Community relating to the environment while complying with the polluter-pays principle and the subsidiarity principle;

Whereas it is necessary, in order to achieve the aim set by Article 130r of the Treaty, to define the instrument's general objectives, whilst respecting the principle of concentration of resources, to specify the main categories of tasks assigned to it as well as to define the types of measures LIFE may support; that these measures may aim to complete actions already decided on and implemented, particularly for the protection and safeguard of forests;

Whereas it is necessary that, for the first phase covering 1991 and 1992, LIFE enables the financing of priority actions on the basis of a simplified procedure;

Whereas in order to ensure LIFE's greater financial efficiency and to respond better to beneficiaries' aspirations, close consultations should be instituted between the Commission, the Member State concerned and the other economic and social partners concerned by the operations of LIFE, with each party acting as a partner, within the framework of its responsibilities and powers, in the pursuit of a common goal;

Whereas it is necessary to specify the principal forms of LIFE assistance;

Whereas mechanisms should be established for varying Community assistance characteristics in line with the particular features of the measures to be supported and in the light of the capacity of the beneficiaries to contribute;

Whereas it is necessary to establish effective methods of monitoring, assessment and evaluation as well as to ensure adequate information for potential beneficiaries and for the public;

Whereas in the light of the first phase of implementation covering the years 1991 and 1992, taking account of budgetary forecasts the Council should reexamine LIFE's provisions on the basis of a Commission proposal to be presented before 31 December 1992,

HAS ADOPTED THIS REGULATION:

Article 1

**Purpose**

1. A Financial Instrument for the Environment (LIFE) is hereby established in order to promote the development and implementation of Community environmental policy.
2. LIFE's purpose shall be to contribute financially to environmental operations in the entire territory of the Member States, and to technical and financial assistance operations carried out by the Community within the framework of the international conventions to which it is a contracting party or the cooperation measures in which it participates.
3. LIFE shall incorporate existing financial instruments : Council Regulation (EEC) No 2242/87 of 23 July 1987 relating to Community actions for the environment <sup>(1)</sup>(ACE) as well as Council Regulation (EEC) No ..../91 [relating to a Community action for the protection of the environment in the Mediterranean region] <sup>(2)</sup>(MEDSPA).

Article 2

**Priority objectives**

LIFE shall have the following objectives:

**\* Within the Community:**

- to strengthen and increase the effectiveness of administrative structures or services designed to ensure the implementation of environmental provisions;
- to help control and reduce the various forms of pollution;
- to help protect sensitive areas and maintain biogenetic diversity;

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(1) OJ No L 207, 29.7.87, p. 8.

(2) OJ No L .....

**\* Outside the Community:**

- to provide technical and financial support for the implementation of international conventions and the resolution of common or global problems.

**Article 3**

**Specific Objectives**

1. By 30 September each year, the Commission shall establish, in accordance with the principle of concentration, after consultation with the Committee provided for in Article 13 and on the basis of the provisions of this Regulation and of the Community Action Programme for the Environment, the general objectives and the pluriannual operations as well as the related performance indicators and the criteria governing the choice of individual measures to be financed by LIFE.
2. However, in the course of an initial phase covering 1991 and 1992, LIFE shall finance the following actions as a priority:
  - actions answering the eligibility criteria of the existing environmental financial instruments (ACE, MEDSPA);
  - actions aiming to resolve particularly serious environmental problems or problems of particular Community interest;
  - technical assistance and financial support actions in third countries.
3. The Annex to this Regulation lists the types of actions which may be supported through LIFE.

#### Article 4

##### **Forms of assistance**

Financial assistance from LIFE shall be provided in one of the following forms, depending on the nature of the operations to be carried out:

- (a) part-financing of programmes;
- (b) part-financing of projects;
- (c) interest subsidies;
- (d) reimbursable subsidies;
- (e) support for technical assistance and studies in preparation for operations.

#### Article 5

##### **Eligibility**

1. Operations which meet the objectives set out in Articles 2 and 3 may qualify for assistance under this Regulation.
2. Projects receiving assistance under the Structural funds or under other Community financial instruments shall not be eligible for assistance under this Regulation.

#### Article 6

##### **Coordination**

The Commission shall ensure the coordination and the coherence between actions undertaken in the framework of this Regulation and those undertaken by the Structural funds and by the other Community financial instruments.

## Article 7

### **Partnership**

Operations financed under LIFE shall be conceived and implemented in close consultation between the Commission, the Member State concerned represented by the competent national, regional or local authorities designated by it, and the economic and social partners concerned.

## Article 8

### **LIFE's resources**

The budgetary resources allocated to the actions set out in the present Regulation shall be the subject of an annual entry in the European Community's general budget. The Budgetary Authority shall determine the funds available for each financial year.

When the financial perspectives are renewed, the Commission shall present a multi-annual projection of the sums deemed necessary for LIFE, distributed by objective as described in Articles 2 and 3.

## Article 9

### **Differentiation of rates of assistance**

1. The Community contributions to the financing of operations shall be differentiated in the light of the following:
  - the seriousness of the specific, notably regional, environmental problems to be tackled;
  - the special importance attaching to the measures from a Community viewpoint;
  - the capacity of the country or of the beneficiary to contribute.

2. The rates of Community assistance granted under LIFE shall be subject to the following ceilings:

- a maximum of 30% of the total cost in the case of private investments ;
- a maximum of 50% of the total cost in the case of public investments and pilot or demonstration projects;
- exceptionally, a maximum of 75% of the cost in the case of biotopes or habitats of Community interest;
- exceptionally, a maximum of 100% of the total cost in the case of measures destined to acquire the information required to undertake an action as well as for technical assistance.

#### Article 10

##### **Treatment of applications for assistance**

1. Applications for assistance from the Instrument shall be prepared by the competent national, regional or local authorities designated by the Member States and shall be submitted to the Commission.

However, the Commission may, on its own initiative, ask any legal or natural persons established in the Community to submit applications for assistance in respect of measures of particular interest to the Community by means of a call for expressions of interest published in the Official Journal of the European Communities.

Applications from third countries shall be submitted to the Commission by the relevant national authorities.

The Commission shall inform the Member States of projects received in the framework of such expressions of interest and of projects submitted by third countries.

2. Applications for assistance shall be submitted by 31 March of each year. For the initial phase, the date shall be 30 September 1991.

3. Projects or measures selected by the Commission after consultation of the Committee described in Article 13, may give rise:
  - a) either to a Commission decision approving the project or measure concerned addressed the competent national, regional or local authorities designated by the Member States;
  - b) or to a contract or agreement governing the rights and obligations of the parties concluded with the legal or natural persons responsible for implementation.
4. The amount of financial support, financial procedures and controls, as well as all the technical conditions necessary for the implementation of the action are determined on the basis of the form of assistance provided either in the Commission Decision or in the contract or agreement concluded with the beneficiaries.
5. Commission commitments and payments shall be denominated and carried out in Ecus.

#### Article 11

##### **Financial Control**

Without prejudice to checks carried out by national authorities in accordance with national laws, regulations and administrative provisions, and without prejudice to Article 206 of the Treaty or to any inspection carried out on the basis of Article 209(c) of the Treaty, the Commission may carry out on-the-spot checks in conformity with the procedures set out in the financial regulations, including sample checks, in respect of actions financed by LIFE, and may examine the control systems and measures established by national authorities, which inform the Commission of the measures taken in this respect.

Article 12

**Monitoring and evaluation**

The Commission shall ensure that the implementation of Community operations is efficiently monitored and evaluated on the terms set out in the Decision, Contract or Agreement.

Article 13

**The Committee**

For the implementation of this Regulation, the Commission shall be assisted by an Environment Committee of an advisory nature composed of the representatives of the Member States and chaired by the representative of the Commission.

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft, within a time limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the Committee. It shall inform the Committee of the manner in which its opinion has been taken into account.

Article 14

**Information and publicity**

The body responsible for implementing an operation carried out with financial assistance from the Community shall ensure that adequate publicity is given to the operation, with a view to:

- making potential beneficiaries and trade organizations aware of the opportunities afforded by the action;
- making the general public aware of the rôle played by the Community in relation to the action.

Member States shall consult the Commission, and inform it about the steps taken for these purposes.

Article 15

**Reexamination**

The Council shall reexamine this Regulation for the first time on the basis of the experience acquired, taking account of budgetary forecasts, and on a proposal from the Commission to be submitted before 31 December 1992.

A second reexamination shall take place five years after the first.

The Council shall decide on the Commission's proposals by a qualified majority.

**Transitional provision**

This Regulation shall not affect the prosecution of actions decided on and coming into operation on the basis of Regulations (EEC) No 2242/87 (ACE) and (EEC) No ..../91 (MEDSPA) before the entry into force of this Regulation.

Article 17

**Repeal**

Regulations (EEC) No 2242/87 (ACE) and ...../91 (MEDSPA) are hereby repealed.

Article 18

**Entry into force**

This Regulation shall enter into force on 1 June 1991.

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

Done at Brussels,

For the Council

TYPES OF MEASURES WHICH LIFE MAY SUPPORT

(the list is not exhaustive)

- technical assistance for the authorities responsible for implementing those provisions;
- training, information and awareness;
- the equipment, modernization or development of monitoring networks;
- the promotion of environmental auditing in firms;
- the rehabilitation of sites contaminated by past industrial activities;
- the promotion of new clean technologies;
- the development of waste recycling and reuse techniques;
- support for SMEs using products which are toxic or dangerous to the environment;
- the regeneration of plant cover destroyed by fire, erosion or desertification;
- the prevention and control of forest fires;
- the safeguarding of coastal areas and waters;
- nature conservation and the safeguarding of biogenetic reserves of Community interest;
- the restoration and safeguarding of urban centres which are part of Europe's cultural heritage.
- assistance to third countries in order to implement international conventions or to resolve common regional or global problems.

## FICHE FINANCIERE

1. Intitulé de l'action : création d'un instrument financier pour l'environnement.

2. Lignes budgétaires concernées

(Article B4-320 LIFE (Instrument financier pour l'environnement))

Poste B4-300 ACE  
B4-301 ACNAT  
B4-302 MEDSPA  
B4-303 NORSPA

Pour la procédure budgétaire 1992, toutes ces lignes seront fusionnées sous l'article LIFE.

3. Base juridique

Résolution du Conseil des Communautés européennes et des représentants des Etats membres réunis au sein du Conseil du 19 octobre 1987 concernant la poursuite et la réalisation d'une politique et d'un programme d'action des Communautés européennes en matière d'environnement (1987-1992).

Proposition de règlement CEE du Conseil portant sur la création d'un instrument financier pour l'environnement.

4. Description de l'action

4.1. Objectifs spécifiques

L'Instrument financier pour l'environnement doit accroître l'efficacité et la visibilité des interventions financières dans ce secteur. Il doit favoriser une plus grande cohésion dans le comportement des Etats membres à l'égard des problèmes environnementaux.

Il doit également assurer un meilleur équilibre entre la politique environnementale et les autres politiques communautaires.

4.2. Durée

Elle dépendra des activités à financer et des ressources qui pourront y être affectées par la procédure budgétaire annuelle, particulièrement dans le cadre de la renégociation des perspectives financières de la Communauté. Avant le 31 décembre 1992, la Commission examinera l'évolution qu'elle entend voir prendre à LIFE.

4.3. Populations visées par l'action

Les autorités locales, les milieux économiques et sociaux ainsi que les organisations non gouvernementales dans la Communauté. Les autorités responsables de l'environnement des pays tiers.

5. Classification de la dépense

Dépenses non obligatoires, crédits dissociés.

6. Nature de la dépense

Le règlement prévoit plusieurs types de dépenses en fonction des actions retenues :

- co-financement de programmes;
- co-financement de projets;
- bonification d'intérêts;
- subvention remboursable;
- soutien à l'assistance technique et aux études préparatoires à l'élaboration des actions

Dans cette dernière catégorie de mesures, on pourra financer des analyses descriptives et d'évaluation, consultations, prestations de service, collecte et diffusion de l'information, publication de rapports ainsi que toute autre intervention nécessaire à la gestion de l'action.

7. Incidence financière de l'action sur les crédits d'intervention

7.1. Mode de calcul

En 1991, le coût de l'action s'élèvera à environ 64,5 Mécus. Ce chiffre résulte, d'une part, des crédits qui sont inscrits pour LIFE, d'autre part, des crédits qui sont inscrits au budget pour les instruments appelés à être fusionnés avec LIFE, à savoir les crédits figurant aux postes B4-300 à B4-303.

Le pourcentage de l'intervention communautaire dans le financement des actions prévues par LIFE peut varier entre 30 % et 100 % conformément aux règles définies dans la proposition de règlement du Conseil et notamment son article 9.

Pour les années 1993 et suivantes, le coût de l'action dépendra de l'évaluation par la Commission de la mise en oeuvre de LIFE pendant les 24 premiers mois et du résultat de la négociation sur les perspectives financières.

7.2. Mini-budget

Le montant du mini-budget sera fixé annuellement selon les règles adoptées par la Commission le 22 mai 1990 et couvrira les dépenses de personnel, les dépenses relatives aux contrats d'entreprise, les dépenses d'infrastructure, les dépenses relatives à l'information et aux publications ainsi que d'autres dépenses de fonctionnement qui découlent de cette action.

7.3. Echéancier

Un échéancier des crédits d'engagement pour les cinq prochaines années ne peut être établi à l'heure actuelle.

Pour les crédits de paiement, on peut prévoir que la moitié des crédits inscrits au budget 1991 seront payés en 1991, l'autre moitié en 1992.

8. Dispositions anti-fraude

Le règlement du Conseil prévoit un mécanisme de suivi tant sur le plan technique que financier.

Des dispositions anti-fraude seront incluses dans les contrats liant la Commission aux bénéficiaires de l'action.

9. Recettes

L'action ne génère pas de recettes autres que la récupération de l'indû.

DEPENSES ADMINISTRATIVES

L'action proposée implique une augmentation du nombre des effectifs de la Commission.

La gestion des Instruments qui seront fusionnés avec LIFE est assurée actuellement par six fonctionnaires (3A, 2B, 1C), un expert national, un fonctionnaire temporaire B et neuf prestataires de service (1A, 5B, 3C).

Pour 1991 et 1992, une partie des prestataires de service devrait être remplacée par des fonctionnaires, à savoir 1A, 3B et 3C, à trouver soit par redéploiement, soit par la voie de la procédure budgétaire annuelle dans le cadre de la programmation des ressources par la Commission pour l'exercice concerné.

L'incidence financière sur les crédits du personnel et du fonctionnement courant en 1000 Ecus/an est de :

un fonctionnaire A	1 x 44	44
3 fonctionnaires B	3 x 29	87
3 fonctionnaires C	3 x 22	66
<hr/>		
total		197

Après 1992, dans la mesure où les perspectives financières de la Communauté permettront de doter LIFE de ressources budgétaires importantes, l'unité actuelle qui gère les Instruments financiers qui seront fusionnés avec LIFE ne sera plus en mesure de gérer l'Instrument financier. La structure de la DG XI devra être revue pour faire face à l'accroissement des activités.

## ANALYSE COUT-EFFICACITE

### 1. Objectifs et cohérence avec la programmation financière.

L'action comporte quatre objectifs généraux (cf. article 2)

L'article 3 de la proposition de règlement prévoit que la Commission établira des objectifs spécifiques et actions pluriannuelles assorties de critères pour le choix des mesures financées par LIFE. Les lignes budgétaires qui seront fusionnées dans LIFE sont intégrées dans la programmation financière de la DG XI.

### 2. Justification de l'action

Un des objectifs généraux de LIFE est de favoriser la mise en oeuvre de la politique communautaire de l'environnement. L'approche législative suivie jusqu'à présent ayant montré ses limites, d'autres moyens d'action doivent être utilisés, en particulier un instrument financier (cf. exposé des motifs).

Les actions financées par LIFE sont surtout des actions de démonstration cofinancées au maximum à 50 % pour les autorités publiques et à 30 % pour les entreprises. L'effet multiplicateur direct sera donc égal à deux ou trois selon le type d'actions visées. L'effet multiplicateur indirect n'est pas mesurable à l'heure actuelle, il dépendra des résultats positifs des actions de démonstration elles-mêmes.

### 3. Suivi et évaluation de l'action

L'article 3 prévoit que chaque action pluriannuelle de LIFE fera l'objet d'une décision de la Commission qui comportera des objectifs spécifiques et des indicateurs de performance. De manière à juger de leur efficacité, les actions financées par LIFE feront l'objet d'une évaluation et d'un suivi afin de s'assurer que les objectifs auront été atteints en tenant compte des indicateurs de performance et du rapport coût/efficacité.

FICHE D'IMPACT SUR LA COMPETITIVITE ET L'EMPLOI

1. Quelle est la justification principale de la mesure ?

Créer un instrument financier qui puisse contribuer à favoriser le développement et la mise en oeuvre de la politique communautaire de l'environnement.

II. Caractéristiques des entreprises concernées.

Les entreprises concernées sont les entreprises industrielles ou de service, grandes et petites pour autant que leurs installations soient anciennes. En effet, le concours financier que pourra apporter l'instrument doit respecter le principe du pollueur-payeur qui interdit des aides aux établissements nouveaux sauf lorsque les équipements visent à respecter des normes plus sévères que la norme imposée.

III. Quelles sont les obligations imposées directement aux entreprises ?

Aucune

IV. Quelles sont les obligations susceptibles d'être imposées indirectement aux entreprises via les autorités locales ?

Aucune

V. Y a-t-il des mesures spéciales pour les PME ? Lesquelles ?

Une des missions de l'instrument financier vise spécifiquement les P.M.E. Elle prévoit le soutien aux P.M.E. qui utilisent des produits toxiques ou dangereux pour l'environnement afin de leur permettre de se doter de technologies propres.

L'instrument prévoit aussi des programmes de démonstration pour les technologies de recyclage et de réutilisation des déchets ainsi que des programmes d'équipement de techniques modernes de surveillance et de contrôle qui sont très souvent produits par les P.M.E.

VI. Quel est l'effet prévisible ?

a) sur la compétitivité des entreprises ?

L'action envisagée n'impose directement aucune obligation aux entreprises. Elle vise principalement l'introduction de technologies propres dont l'effet sera positif sur la compétitivité des entreprises. L'action aura également un impact favorable sur les secteurs équipements et installations de dépollution.

b) sur l'emploi ?

Les conséquences sur l'emploi de l'augmentation de la compétitivité des entreprises sont favorables mais difficilement quantifiables. Les mesures envisagées entraîneront certainement des besoins en main d'oeuvre locale.

VII. Les partenaires sociaux ont-ils été consultés ?  
Quels sont leurs avis ?

La procédure institutionnelle prévoit cette consultation dans le cadre du Comité Economique et Social.

**REVIEW OF BUDGETARY RESOURCES  
FOR THE ENVIRONMENT**

**I. INTRODUCTION**

At its meeting on 25 and 26 June 1990 the European Council invited the Commission to take stock of all the resources available under the Community budget to fund environmental operations. This memorandum is a response to that invitation. It indicates briefly the appropriations available for and the areas covered by each financial instrument and analyses trends in the way these appropriations are being used. This description only covers intervention appropriations, studies being a negligible element.

The document also provides some information on EIB activity in the environment field.

Annex 1 gives breakdowns of individual financial instruments. Annex 2 gives a financial synthesis, while Annex 3 reproduces the Commission's data on environmental expenditure in some of the Member States.\*

Several financial instruments provide backing for environmental operations. Among these instruments we need to distinguish between those with a specifically environmental purpose and those which can have a bearing on the environment even though their principal purpose is something other than environmental protection.

**II. ENVIRONMENTAL INSTRUMENTS**

**II.1 Technological research and development programmes**

Primarily this involves research and development activity which is being carried out under several specific programmes within the Community framework programme for technological research and development 1987-1991 and which will continue under the new framework programme 1990-1994.

The framework programme for environmental research and development, implemented by means of shared-cost contracts, concerted action and coordination and training activities, comprises three programmes:

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\* A study currently under way at the Commission is intended to provide a more comprehensive overall picture.

Between 1989 and 1992, the STEP programme (Science and Technology for Environmental Protection) will provide ECU 75 million of Community funding for research in the following nine areas: environment and human health, assessment of risks associated with chemicals, atmospheric processes and air quality, water quality, soil and groundwater protection, ecosystems, protection and conservation of the European cultural heritage, technologies for environmental protection and major technological hazards. A new 1991 to 1994 programme is in the process of being adopted.

Between 1989 and 1992 the EPOCH programme (European Programme on Climatology and Natural Hazards) will provide ECU 40 million Community funding for research in the following four areas: past climates and climate change, climate processes and models, climatic impacts and climate-related hazards, seismic hazard.

Between July 1989 and June 1992 the MAST programme (Marine Science and Technology) will provide ECU 50 million in Community funding for research into basic and applied marine science, coastal zone science and engineering, marine technology and supporting initiatives. A new 1991 to 1994 programme is in the process of being adopted.

In addition, RDT programme of the Joint Research Centre has provided ECU 137 million between 1987 and 1990 for research into environmental protection, remote sensing monitoring of land and sea environments and industrial hazards. Over the same period, ECU 17 million was spent on scientific and technical support activities in several environmental fields.

The third framework programme for RDT Community action (1990-94) adopted by the Council on 23 April 1990 foresaw a specific action in the environment field and estimated its cost at 518 Mécus (227 in 1990-92, 291 in 1993-94), including the direct action research of the JRC. On 3rd May 1990, the Commission presented proposals for specific environmental RDT programmes whose basic objectives are :

- participation in global change programmes;
- technology and engineering for the environment;
- economic and social aspects of environmental problems;
- integrated research projects.

The proposal is before the Council.

## 11.2 Action by the Community relating to the environment (ACE)

ACE is a demonstration programme through which support may be granted in the following six areas:

1. Demonstration projects aimed at developing new clean technologies, i.e. which cause little or no pollution and which may also be more economical in their use of natural resources.
2. Demonstration projects aimed at developing new techniques and methods for measuring and monitoring the quality of the natural environment.
3. Projects providing an incentive towards the maintenance or reestablishment of seriously threatened biotopes which are the habitat of endangered species of birds and are of particular importance to the Community under Directive 79/409/EEC.
4. Demonstration projects aimed at developing techniques for recycling and re-using waste, including waste water.
5. Demonstration projects aimed at developing techniques for locating and restoring sites contaminated by hazardous waste and/or hazardous substances.
6. Projects providing an incentive towards the protection or restoration of soils threatened or damaged by fire, erosion and desertification.

Over the four years from July 1987 to June 1991, the ACE programme will have received funding totalling ECU 24 million.

The paucity of funds in relation to the broad field of action covered by the ACE programme has recently prompted the Commission to submit three proposals to the Council intended to focus Community action on certain priority areas while at the same time stepping up the means at its disposal. These proposals relate to MEDSPA, ACNAT and NORSPA.

### **11.3 Specific action in the Mediterranean (MEDSPA)**

In 1984 the Commission presented a communication indicating that over a period of five years it would take a series of specific measures to protect the environment in the Mediterranean basin.

Between 1986 and 1990 the Commission did indeed provide ECU 16 million for demonstration projects.

In March 1990 it sent the Council a proposal for a regulation establishing the conditions in which priority action on the environment could be financed in the Mediterranean basin.

The sums estimated to be needed for the first three years is ECU 37 million, to be used to finance incentive and sensitization measures complementary to the investment operations financed by the structural Funds.

In the Member States, MEDSPA will cover not only demonstration projects under ACE but all other pilot or demonstration projects aimed at solving a specifically Mediterranean problem or transferring know-how from the North to the South.

MEDSPA is also intended to provide technical assistance and the expertise needed to prepare plans and working programmes being proposed at national or local level.

The Commission proposal also provides for support for action to help non-member Mediterranean countries. Such action should help those countries to set up sound administrative structures to deal with the environment and should provide technical assistance enabling them to establish consistent policies and action programmes in that field.

#### **11.4 Nature conservation (ACNAT)**

On 16 August 1988 the Commission sent the Council a proposal for a directive on the protection of natural and semi-natural habitats and wild flora and fauna.

During Council discussions on the proposal it became apparent that a greater financial commitment by the Community would make it easier to implement rules in this field satisfactorily.

At the beginning of the year the Commission therefore sent the Council a proposal for the creation of a specific financial instrument for nature conservation (ACNAT). This instrument, with estimated budgetary commitments of ECU 60 million over the first three years, would enable the Community to take broader action than under the ACE programme, including the protection of species other than birds.

#### **11.5 Specific action in the North of the Community (NORSPA)**

The Commission recently sent the Council a proposal for a regulation on action to protect the coastal areas and coastal waters of the Irish Sea, the North Sea, the Baltic and the north-eastern Atlantic.

This programme, the northern counterpart of MEDSPA, would grant financial support to demonstration projects to reduce pollution in the areas concerned and promote action encouraging the use of technologies beneficial to the environment in those areas.

Estimated budgetary requirements for 1991 to 1992 total ECU 10 million, but additional amounts are foreseen for the new German Länder.

## 11.6 Forest protection

Under the common forestry policy the Council adopted two regulations designed to protect forests against acid rain and fires. ECU 37 million has been spent in this way between 1987 and 1990.

## 111. INSTRUMENTS WITH NON-ENVIRONMENTAL PURPOSES

### 111.1 Technological research and development programmes

Several research programmes can provide funding for projects relating to the environment. However, it is not easy to determine what funds are actually earmarked for this type of project. The programmes with the most obvious environmental links, whether direct or indirect, are the following:

The **ECLAIR programme** (technological research and development in the agro-industrial field) has been allocated ECU 80 million over the five-year period from 1988 to 1993 and can provide funding for research projects on farming methods which are less harmful to the environment.

The **agricultural research programme** has been allocated ECU 55 million for the five-year period from 1989 to 1993 and includes research activity in fields linked to the protection of the environment, such as reduced use of fertilizers, fungicides and pesticides, the effects of residues, toxins and other harmful substances, etc.

The **JOULE programme** (non-nuclear energy and rational use of energy), 1989-92, allocates a part of its budget to the elaboration of models concerning energy and the environment. These models enable quantified analyses and forecasts of interactions between energy use, the environment and the economy. Research covered by the JOULE programme aims, *inter alia*, at the reduction of gases linked to the greenhouse effect. A new 1991 to 1994 programme is in the process of being adopted.

The **radiation protection programme** has been allocated ECU 21 million for 1990 and 1991 and will serve, *inter alia*, to increase our knowledge of the effects of radiation on man and his environment.

The **radioactive waste management programme** and the programme for the decommissioning of nuclear installations will further contribute to the protection of people and the environment.

The **raw materials and recycling programme** has been allocated ECU 45 million for the period from 1990 to 1992 and includes research into improving the competitiveness of European businesses in the sampling, analysis and classification of waste, in recycling technologies and in the production of energy from waste.

The **DRIVE programme** (road transport informatics and telecommunications) has been allocated ECU 60 million for the period from June 1988 to May 1991 and includes among its objectives the development of modern, intelligent technologies to make road transport safe and reduce pollution hazards.

The **EURET programme** (European research for transport) has been allocated ECU 25 million for the period from 1990 to 1993 and will use some of those funds towards reducing harmful external effects (noise and pollution) by making the best possible use of transport networks and logistics.

The **MONITOR programme** (strategic analysis, forecasting and evaluation in matters of research and development) has been allocated ECU 22 million for the four-year period from July 1989 to June 1993.

The strategic analysis part of the programme (the sub-programme SAST) will include a survey on how scientific and technological strategy might help overcome the environmental problems relating to transport.

Other analyses will cover topics relating to the environment, e.g. identifying ways in which the new information, telecommunications and modelling technologies might help improve environmental management capacity.

The **ECSC research programme** includes projects on air pollution control, utilization of waste, impact studies, etc. Between 1986 and 1990 ECU 12.8 million has been spent on this work.

The **third framework programme 1990-94** includes other specific RDT domains for which the Commission has already put forward proposals for Council Decisions and which will have direct repercussions on the environment. These are the programmes for telematic systems, research on recycling technologies and integrated projects such as the "clean car"; the programme for industrial and materials technologies, measurements and trials for work in areas such as pollution monitoring in the North Sea or methods to determine the chemical form of polluting substances; marine science and technology; the biotechnology RDT programme; agriculture and agro-industry; biomedicine and health; life sciences and technologies for LCDs; non-nuclear energies; radioprotection and reactor safety in the nuclear fission field; aspects of security and environmental protection in the demonstration of the feasibility of energy from controlled thermonuclear fusion, as well as the "human capital and mobility" programme. Together, these confirm the high priority given to the environment in Community RDT actions in 1990-94.

The EUREKA European cooperation programme of research and industrial technology includes projects such as Eurotrac, Euomar and Eurocare, which deal respectively with troposphere/stratosphere chemistry, air-sea interchanges and the processes by which monuments are damaged. It interests non-Community European countries as well as the Community.

### III.2 The Structural Funds

Between 1985 and 1988 the ERDF provided ECU 135 million towards the co-financing of various projects with a bearing on environmental protection. In 1985 the ERDF also began co-financing multiannual programmes containing measures relating to environmental protection. The programme approach means that the environmental nature of individual projects cannot necessarily be identified. However, we estimate that some ECU 70 million was spent on environmental work between 1985 and 1987 and ECU 55 million in 1988.

The reform of the structural Funds meant that assistance was concentrated on those regions and sectors hit by development problems.

Four of the structural Funds' objectives are particularly concerned with the Community's environmental policy:

- the development of less-developed regions (Objective 1);
- the conversion of regions seriously affected by industrial decline (Objective 2);
- the acceleration of the adaptation of agricultural structures (objective 5a);
- the development of rural areas (Objective 5b).

Between 1989 and 1993 objectives 1, 2 and 5b should be receiving ECU 38 300 million, ECU 7 205 million and ECU 2 795 million respectively. The total amount provided under objective 5a amounted to ECU 2406 million 1987 to 1989.

The main types of programme put forward by the Member States deal with sectoral development, generally multi-regional, and regional or local multi-sectoral development. They vary considerably in size, from a few million ecus to a billion ecus, reflecting the diversity both of the territory involved and the objectives in question.

Regional development plans put forward by the Member States under the four objectives mentioned have included proposals for financing operations relating to the environment at the same time as to economic and social development.

The Community support frameworks which are based on the Plans provide a major financial contribution to such operations. Six of the seven Objective 1 countries have made environmental improvement a priority development axis.

Assistance from the structural Funds for environmental work in these Objective 1 regions is estimated at ECU 1 967 million for the period from 1989 to 1993, representing 6% of Community aid.

As for the Objective 2 and Objective 5b areas, the contribution is estimated at ECU 535 million and ECU 310 million respectively, representing 15% and 12% of Community aid.

Community participation on environmental measures in the framework of objective 5a (Article 19 of Regulation EEC 797/85) is put at ECU 39 million for the period 1989-1993, or 1% of the total allocation.

The table below gives a breakdown of these amounts by Member State:

Assistance from the structural Funds (ECU million)

	obj 1	obj 2	obj 5a	obj 5b	Total
Greece	202	-	-	-	202
Spain	675	94	1	79,5	849,5
France	19,5	72,5	-	73	165
Ireland	228	-	-	-	228
Italy	622	43	3	22	690
Portugal	168	-	-	-	168
United Kingdom	53	90	12	26	181
Denmark	-	53	2	-	55
Germany	-	108	20	110	238
Netherlands	-	3	1	-	4
Belgium	-	9	-	-	9
Luxembourg	-	-	-	-	-
TOTAL	1967,5	537	39	310,5	2854

The main areas covered are:

- the protection of natural resources, including water resources, and their exploitation;
- management of environmentally sensitive areas (biotopes), prevention of erosion and fires;
- environmentally-sensitive agricultural practices;
- infrastructure supporting development, especially in industrial and tourism areas (public transport, networks, etc.);
- management of household, industrial and toxic waste;
- water treatment;
- aid for clean technologies, including demonstration projects;
- training as a complement to the abovementioned operations.

The reform of the structural Funds allows the Commission, acting on its own initiative, to launch operations of Community interest which are not covered or are inadequately covered by the development plans of the Member States which were mentioned earlier. These initiatives can contribute either to the resolution of serious problems directly linked to the implementation of other Community policies which affect the regions' socio-economic situation, or to encourage regional application of Community policies, or again to contribute to resolving problems common to certain categories of region.

The ENVIREG Community Initiative, launched on 9th May 1990, concerns the environment and answers all three objectives. It aims to assist the least-favoured regions of the Community to deal with their environmental problems in order to place their social and economic development on a sustainable base. In addition it ought to encourage the realisation of certain aspects of Community environmental policy (notably the management of water and of urban and industrial waste) by helping the least-favoured regions to overcome these problems. Special attention is given to reducing pollution in coastal areas, especially Mediterranean, whose economy depends on tourism to a significant extent.

ENVIREG participates in the co-financing of equipment and infrastructure (or of their modernisation) which are necessary to achieve the objectives. At the same time it supports and encourages the development of the regional authorities' institutional capacity in environmental protection. Particular attention is given to the development of environmental management know-how, to the setting up of operations destined to improve depollution installation management, to expertise on the choice of solution to be envisaged and on the transfer of technology at the regional and Community levels.

The structural Funds' overall contribution to ENVIREG for the period 1990-93 is estimated to be ECU 500 million. The Community contribution to each operational programme put forward by the Member States concerned is a function of need in the relevant sectors as well as of the quality of the programmes submitted. One of the quality evaluation criteria which has been specified is the state of application of Community environmental policy in the sectors to be funded through ENVIREG, chosen for their relevance to economic development.

The operational programmes have all been submitted, the Commission is examining them and is collaborating with national authorities, in the partnership framework, to improve the definition of the measures foreseen.

Apart from ENVIREG, other Community Initiatives adopted since the reform of the Funds programmes can provide financial support for work to improve the environment:

- RECHAR can fund the rehabilitation and reuse of spoil heaps and the creation of green areas in areas severely degraded by coal mining activity.
- INTERREG can encourage cross-border cooperation on pollution control, waste disposal and environmental protection.
- STRIDE can be of importance for research linked to natural resources and environmental conditions in the regions concerned.
- REGEN funds gas networks in peripheral regions and thus contributed to reducing pollution linked to energy production.
- In the regions it concerns, REGIS foresees the establishment of "discovery tourism" beyond the areas of tourism concentration which is well integrated into the local fabric and which does not endanger biologically fragile areas.

Other programmes of Community interest launched before the reform of the Structural fund and now in the course of execution also include certain environmental aspects (RESIDER, RENAVAL and VALOREN).

### III.3 Energy

As in a lot of other cases, it is virtually impossible to determine whether it is the economic or the environmental dimension which has the upper hand in research work and demonstration projects relating to energy. Such activities therefore mainly provide indirect contributions to environmental protection.

Nonetheless, between 1987 and 1989 ECU 7.2 million was spent in the coal research programme on the reduction of air emissions, the gasification of coal to produce a cleaner fuel and more acceptable forms of disposal of mining waste and ash.

As regards demonstration projects, ECU 74.2 million has been spent on the gasification of solid fuels and on improving the combustion of those fuels.

The THERMIE programme (European technologies for energy management) will back projects implementing new energy technology. Work will be carried out in such fields as the rational use of energy, use of solar energy, biomass, geothermal energy, hydro power and wind power and ecological techniques for processing coal and other solid fuels where the estimated necessary budget for 1990-92 is ECU 350 million.

#### III.4 The European Investment Bank (EIB)

The EIB can finance projects in a large number of fields provided that they are technically and economically viable. They must contribute directly or indirectly to increased economic productivity and assist regional development or present a Community interest to several Member States or the Community as a whole.

In the environmental field, public and private investment projects eligible for funding include infrastructure for water supply - installations to supply water, to collect and treat waste water, to remove effluent and produce drinking water - site restoration, waste treatment or installations to protect sea waters. The EIB can also fund specific pollution control projects.

According to the 1988 annual report, EIB funding for investment projects intended specifically to protect or improve the environment rose to over ECU 1.2 billion, i.e. 14.3% of all financing, against an average of 9.3% between 1984 and 1987.

In 1989 assistance for investments designed specifically to protect or improve the environment and living conditions rose to ECU 1.7 billion, representing some 15% of the Bank's funding. Other investments also had a beneficial effect on the environment.

The table below shows a sectoral breakdown in the eleven recipient countries:

EIB funding in 1989 (ECU million)

Water conservation and management	899
Waste management	150
Atmospheric pollution control	337.4
Soil conservation	61.3
Other	102
Similar urban development projects	178.3
Total	1 728

Following an agreement negotiated with the Commission, the EIB automatically assesses environmental impact when examining the projects it receives, checking that they comply with national and Community legislation in this field.

In 1988 the European Investment Bank and the World Bank worked together on drawing up an environmental programme for the Mediterranean in order that they might increase the scope and effectiveness of their work.

This programme has resulted in a regional study which has determined the main problems and allowed the identification of the main areas of priority action.

At the beginning of 1990 the operational phase of this joint action began with the creation of a specific instrument to provide technical assistance (the METAP programme), bringing together the EIB, the World Bank, the Commission of the European Communities (via MEDSPA) and the United Nations Development Programme.

As regards demonstration projects, ECU 74.2 million has been spent on the gasification of solid fuels and on improving the combustion of those fuels.

#### IV. FINANCIAL INSTRUMENTS PROVIDING ASSISTANCE IN NON-MEMBER COUNTRIES

Mention should also be made of the financial instruments which have provided or could provide assistance for environmental work in non-member countries.

#### IV.1 Non-member countries in the Mediterranean

- (a) The financial protocols to the bilateral agreements between the Community and Mediterranean non-member countries were renewed in 1987. These protocols expire on 31st October 1991. One of the components of the renewed Mediterranean policy concerns the fourth generation of financial protocols with the Southern and Eastern Mediterranean countries. In the indicative programmes which fix the specific objectives of financial and technical cooperation as well as actions foreseen under the protocols, the use of budgetary resources for environmental protection is only foreseen in a number of cases (for example sewerage and waste water treatment in Egypt).

In addition, Egypt has invoked its financial protocol with the Community in a project to set up and manage a nature reserve on the Red Sea; Malta has planned a general pollution control project, through which it would install pollution control equipment.

- (b) The Community budget also includes specific appropriations to support scientific cooperation within the framework of the Community's agreements with non-associated countries which have not signed a financial protocol.

This instrument has funded several environmental research projects and exchanges of researchers with the two eligible countries: Israel and Yugoslavia which have benefitted from ECU 0.6 and 1.7 million respectively.

- (c) In December 1990, the Council adopted the Commission's proposals for a revamped Mediterranean policy (1992-1996) which actions in favour of the environment are included amongst the priority objectives.

For operations promoting multilateral and regional or sub-regional cooperation in the Mediterranean, the Council has accepted an indicative five-year financial perspective of at least ECU 230 million of which an important part will be given to environmental operations such as demonstration projects or training and information activities.

Lastly, as regards the EIB's work outside the protocols, the Council has accepted a global financial envelope of ECU 1-8 billion of which at least ECU 350 million will be for the environment. These loans may also enjoy interest rate subsidies of 3% from appropriations available outside the protocol.

#### IV.2 Countries of Central and Eastern Europe

Under the PHARE programme, which received ECU 500 million in 1990, ECU 102.5 million will be spent on environmental projects, broken down as follows:

Poland	ECU 22 million
Hungary	ECU 25 million
ex East Germany	ECU 20 million
Budapest regional centre	ECU 2 million
Czechoslovakia	ECU 30 million
Bulgaria	ECU 3.5 million

The operations involved deal principally with pollution control of the air in Poland, air, water, waste and energy in Hungary and Czechoslovakia and water, air and waste in the former GDR.

In 1991 PHARE will receive ECU 820 million, not yet broken down by country or by activity.

#### IV.3 Countries of Latin America and Asia (LAA)

Funds allocated to the environment as part of the Community's cooperation with the LAA countries come from the budgetary appropriations earmarked for:

- cooperation on development aid;
- economic cooperation;
- ecology in the developing countries.

It is impossible to estimate how much is spent on environmental protection from these budgetary appropriations, it being difficult to separate development activities from those dealing with the environment.

As for the future direction of cooperation with the LAA countries, as defined in the Commission's communication to the Council covering the period 1991-2000, priority has been given to increased environmental protection. To this end at least 10% of the economic, financial and technical cooperation budget should be used for environmental purposes, i.e. some ECU 275 million. It should also be stressed that cooperation projects will automatically be subject to impact studies.

#### **IV.4 The countries of Africa, the Caribbean and the Pacific (ACP)**

Ever since the decision to give food security the priority in the 3rd Lomé Convention, the Community placed emphasis in its assistance to ACP countries on environmental and natural resource protection which forms the basis of their development potential. Unfortunately, it has not been possible to distinguish clearly between projects designed to protect the environment and natural resources and those aimed at rural development and thus to establish environmental expenditure.

In any event, projects funded between 1986 and 1989 which included a "fight against desertification and environmental protection" component represented commitments of about one billion ECU.

For the future Lomé IV contains a strong joint commitment by the Community and the ACP states to increasing the attention given to the environment in the allocation of the 12 billion ecu available under the Convention. Lomé IV identifies five major environmental priorities; the protection of water resources, the preservation of tropical forests and biological diversity, the promotion of a better balance between urban and rural areas, urban problems and appropriate control of locusts. Already the environmental priority is being reflected in the negotiations on National Indicative Programmes being conducted with each ACP state.

#### **IV.5 Ecology in the developing countries**

Between 1988 and 1990, ECU 20.8 million were committed in the framework of the "Ecology in developing countries" budget line. These commitments cover research, feasibility studies and demonstration projects concerning desertification, tropical forests, biodiversity conservation, marine environment, urban and methodological problems.

#### **V. NATIONAL BUDGETARY RESOURCES**

Data on national budgetary resources for environmental protection has been taken from a compendium published by the OECD in 1986 and from further data taken from the statistical offices of certain Member States.

The minimal data available, recalculated in ECU at 1985 prices, is set out in Annex 3.

These data do not take account of measures in the form of direct tax incentives favouring environmental investments widely used by certain States, notably Germany, Belgium, France and Luxembourg.

This data should be treated with extreme caution:

- (a) the definition of environmental expenditure varies from country to country, which makes comparison quite arbitrary, even if figures are available for the same year;
- (b) it is impossible to extrapolate a tendency from Table 3 for those Member States on which no data is available, since the nature of the problems involved, the priorities attributed and the funds available vary widely from one country to another;
- (c) it is difficult to pinpoint Community-wide trends given the limited amount of data on annual expenditure from only a limited number of countries.

Subject to the above reservations, it appears that overall national environmental expenditure (national budgets plus private or business expenditure) rose between 1985 and 1988 both in nominal value and as a percentage of GNP. The same trend is generally apparent in respect of the share borne by State budgets.

## VI. CONCLUSIONS

Even though expenditure has often only been programmed rather than committed for many of the operations cited, the following conclusions can nevertheless be drawn.

The procedures in force and the degree of synthesis inherent in the programming process sometimes make it difficult to assess the sum allocated to environmental measures. For example, "the rehabilitation of industrial wasteland" heading found in several objective 2 programmes of the Regional Fund includes an environmental element which is the restoration of land to make it usable, but often also comprises other costs associated with site re-use (service infrastructure and superstructures). Similarly, a measure to exploit water resources in an objective 1 region includes an environmental part concerning the protection of water quality and resource management as well as water collection and abstraction operations which account for most of the expenditure.

The review nevertheless enables certain general findings and considerations to be given, especially as concerns the evolution of expenditure. What it does not allow so well is to appreciate the impact of the Community Support Framework obligation to give priority to the achievement of the objectives of environmental legislation where it is lacking. This provision is seen as an answer to the obligation expressed in Article 130R of the Treaty to incorporate the needs of environmental protection in the Community's other policies. However, the tightness of the timetable for the preparation of funding applications mean that the Monitoring Committees will have special responsibility in this respect.

## 1. The trends in expenditure

Until 1987 the contributions from the various financial instruments towards environmental measures totalled about ECU 60 million per annum, half of this figure being for research and half for the funding of Regional Fund projects or programmes.

Since 1988 there has been a considerable increase in expenditure at the Community as well as the national levels. All the financial instruments are concerned but the increase is particularly significant in the various structural Funds. Between 1988 and 1993 expenditure on the environment should total almost ECU 4 billion, that is around ECU 650 million per annum, 90% being investment expenditure and 10% funds for research or demonstration projects. In addition, annual investments funded by the EIB could be between ECU 1.5 and 2 billion.

The budgetary resources available to the Community action programmes specifically aimed at environment policy remain marginal. They amounted to ECU 19 million in 1990 out of a total of ECU 48 million for the environmental part of Chapter 66 of the Commission's budget. They will rise to ECU 64,5 million out of 104 million in 1991.

The resources allocated to research, to actions in favour of forests (fight against acid rain and the prevention of fires), as well as to actions financed under the live "Ecology in the LDCs amount to some ECU 50 million per annum.

Turning to the national budgets, the fragmentary data available, which is confined to a few Member States only, would seem to indicate an upward trend in the already substantial amounts committed.

This upward trend in public spending on the environment should continue or even accelerate over the next few years. It results from the growing awareness of the gravity of the environmental problems affecting a large proportion of the Community's territory and the rest of the planet. This trend cannot be reversed until the safeguard of the environment and the need for more rational use of natural resources are genuinely integrated as objectives of the various economic policies, and when the environmental costs of activities are passed on in the prices, charges or taxes paid by the producers and consumers of goods and services.

It should also be stressed that even taking into account all the expenditure at Community level directly or indirectly concerned with the environment, the amounts involved are no more than marginal in relation to the costs considered necessary to resolve all the Community's environmental problems.

2. A large number of funding sources and instruments conditioned by the specific objectives and constraints of the policies they support

The amounts committed for the environment at Community level come from numerous sources of funding which differ, sometimes considerably, in their conception, objectives, geographical scope and implementation and financial procedures, as well as in the administrative arrangements for the granting of aid and for project or programme monitoring. The dispersion is often very great for a given financial instrument. For example, in the case of research, measures which may have an environmental impact are scattered among 14 different programmes.

Any operation financed by the existing Structural funds must be part of an economic and social development strategy for the sector of activity or region directly concerned.

The activity of these Funds, especially that of the Regional Fund, is also largely circumscribed, geographically speaking, by the recognized and legitimate need to channel a significant proportion of the funds available to certain regions, in particular the less favoured regions.

It is true that an environmental measure is always based on the concern to guarantee the continuity of the economic and social development process. However, it cannot often guarantee that the benefits of a given investment will actually materialize in the region in which it has been made. This is particularly true of many of the operations designed to safeguard the biological heritage or to reduce water and air pollution. For example, an operation in the south of the Community to safeguard a biotope may constitute a handicap for the local economy since it limits the scope for the development of tourism, but it may on the other hand be very profitable for a pharmaceutical business in a country in the north of the Community which uses the biotope's plant resources. Where air and water pollution is concerned, it may sometimes be the case that even the Community level is an inadequate framework for coherent and effective action and to ensure the balanced sharing of burdens and benefits between the various parties concerned. That is why international negotiations have been launched to coordinate action to deal with problems such as the greenhouse effect and the depletion of the ozone layer.

Together, the expenditure in question makes a real contribution to improving the environment, but it is not conceived as specific functional underpinning for Community environment policy. Its main aim is not to answer that policy's objectives and priorities in a systematic or coherent way.

3. The increase in environmental expenditure is not necessarily synonymous with the integration of environmental objectives into other policies

The increase in expenditure on measures concerning the environment reflects a growing awareness of environmental problems and is therefore a positive factor. It is also an indication of the will to integrate environmental objectives into other Community policies.

However, genuine integration cannot be confined to those activities directly concerned with environmental protection. Nor can it be confined to compliance with the provisions laid down by the legislation in force. It supposes that environmental concerns figure among the factors giving rise to and determine the overall strategy for the policy which the financial instrument concerned is there to serve. For example, when it comes to financing a motorway, it is not enough to make sure that the environmental impact provisions in force are complied with. The decision should take more into account the balance between various modes of transport in terms of the nuisance they cause or with a view to making a better use of non-renewable energy sources.

Even when it is a question of financing a measure which directly concerns the environment, compliance with the legislation in force does not guarantee that Community environment policy guidelines or priorities will be taken into account. Let us take the example of a Member State which proposes to construct a toxic waste incineration unit. The unit satisfies an economic need as a facility which, among other things, allows the establishment of new businesses which may produce such waste. However, if environmental concerns had genuinely been taken into account, it would have been possible to combine prevention, recycling and reuse facilities with a, possibly different, waste disposal measure.

Bad environmental choices, just like bad economic choices, may jeopardize development prospects and hence the long-term profitability of investments. Environmental considerations are becoming increasingly decisive factors in consumer choice, whether in housing, tourism, leisure or consumer products are concerned. This is now clear to the more dynamic and far-sighted businessmen. Taking these factors into account in the definition of development strategies reflects not only a concern to improve the environment in the Community but also the interests of countries and regions now trying to catch up.

As a result it is necessary to maintain the effort to integrate the environment into the activity of the different Community financial instruments, effort in which the Commission plays a role, as well as those responsible, nationally or regionally, for programme definition and implementation. such an effort is not limited to the development of some new activities to be undertaken by the different financial instruments, but translates into a new approach to the evolution of these instruments activities as a whole.

**ERDF CONTRIBUTION BEFORE THE REFORM**  
(ECU million)

**1. Funding of projects**

	1985	1986	1987	1988	TOTAL
Coastal protection	3.8	1.2	6.7	11.2	22.9
Improvement and protection of groundwater	11.4	29.5	6.7	7.2	54.8
Site protection and improvement	0.3	9.3	4.4	9.1	23.1
Waste incineration and recycling	8.0	2.8	6.1	9.8	26.7
Pollution control	-	2.6	1.3	3.7	7.6
<b>TOTAL</b>	<b>23.5</b>	<b>45.4</b>	<b>25.2</b>	<b>41</b>	<b>135.1</b>

**2. Funding of programmes**

Since 1975 the ERDF has co-financed multiannual programmes including measures relating to the protection of the environment.

The ERDF finances measures to improve run-down industrial or urban sites through the "textiles", "steel" and "shipbuilding" non-quota programmes. In addition, a number of programmes financed by the ERDF since 1985 include a sub-programme or measures relating to the protection of the environment.

However, the programme approach means that we are unable to pinpoint the nature of each of the projects in this field being financed through these programmes, though the funding tables do give an idea of the ERDF's contribution to environmental protection through sub-programmes or measures. This estimated funding totals ECU 70 million for the period from 1985 to 1987 and ECU 55 million for 1988.

**STRUCTURAL FUND CONTRIBUTION THROUGH THE CSFs**  
**(ECU million)**

**Objective 1 regions**

The structural Fund contribution towards environmental protection concerns the following areas in particular:

- waste collection and treatment,
- water treatment,
- improvement of coastal areas and river basins,
- reafforestation for protection, for production and for groundwater protection,
- the protection, preservation, development and utilization of natural resources,
- problems relating to expanding urban centres, industrial zones and areas of major tourist concentration.

The geographical distribution of funds (in ECU million) is as follows:

		% of total Community contribution to CSF
Greece	202	3.8
Spain	675	8.8
France	19.5	2.7
Ireland	228	8
Italy	622	10
Portugal	168	2.9
United Kingdom	53	9.6
<b>TOTAL</b>	<b>1 967.5</b>	<b>6.7</b>

Objective 2 regions

Environmental protection operations financed here concern not only the rehabilitation of industrial land and urban regeneration, but also:

- the processing and recycling of industrial waste,
- water treatment,
- information, demonstration, advice and promotion regarding clean technologies in SME and pilot projects in this area,
- aid for "non-polluting" investment or investment helping to improve the environment,
- promotion of public transport,
- the creation and preservation of natural parks.

The geographical distribution of funds (in ECU million) is as follows:

	New operations	Existing operations	Total	% of total Community aid to CSFs
Denmark	53	2	7.3	24.3
Germany	108.3	8.1	116.4	34.7
France	72.5	36.6	109.1	18.1
Italy	43.1	2	45.1	20.4
Netherlands	2.8	2.6	5.4	7
United Kingdom	90.3	51.4	141.7	10.4
Belgium	9	5.2	14.2	7.9
Spain	94.1	3.7	97.8	13.3
<b>TOTAL</b>	<b>425.4</b>	<b>111.6</b>	<b>537</b>	<b>15.1</b>

The above figures are an estimate of the Community's contribution towards environmental protection. It is very difficult to determine the total contribution of the structural Funds provided for in Objective 2 CSFs to fund industrial land rehabilitation, urban regeneration and environmental protection in the strict sense of the term. On the one hand, new operations planned in these fields are spread among the various priority sectors; in addition, we should mention assistance of this nature being provided in operations which are already under way (IMP, NPCI, IDO CP, non-quota) but which form an integral part of the CSFs concerned.

**Objective 5b regions**

Environmental protection and conservation of the natural heritage constitute a development priority in rural areas.

For the same reasons as were given in respect of the Objective 2 regions, it is very difficult to determine the exact contribution of the structural Funds to environmental protection.

The following is an estimate (in ECU million) of contributions from the various CSFs:

	New operations	Existing operations	Total	% of total Community aid to CSFs
Belgium	-	n.a.	-	-
Netherlands	-	n.a.	-	-
Spain	79.5	-	79.5	27.9
Italy	22.0	-	22.0	5.7
France	65.3	7.8	73.1	10.1
Germany	99.5	10.5	110.0	2.9
Denmark	-	-	-	-
United Kingdom	-	25.8	25.8	7.4
Luxembourg	-	-	-	-
<b>TOTAL</b>	<b>266.3</b>	<b>44.1</b>	<b>310.4</b>	<b>11.9</b>

CONTRIBUTION FROM THE JOINT RESEARCH CENTRE  
(ECU million)

<u>Year</u>	<u>Amount committed</u>		<u>Total</u>
	Frame.prog.	Scientific and technical support	
1987	29.9	0.6	30.5
1988	33.2	4.2	37.4
1989	35.8	4.8	40.6
1990 (forecast)	38	7.4	45.4

Framework Programme activities relate to:

- environmental protection (air pollution, water quality, chemicals, chemical waste, etc.);
- remote sensing monitoring of land and sea environments;
- industrial hazards (analysis, prevention and management of hazards, taking account also of the human factor).

The scientific and technical support activities relate chiefly to:

- air quality and air pollution (management of the central laboratory for the implementation of directives, European pollutant evaluation system);
- the European inventory of existing chemical substances;
- the major accidents project, including the preparation of a Major Accident Reporting System;
- monitoring of background radiation;
- applications of remote sensing in the CORINE project and in the monitoring of coastal areas.

**CONTRIBUTIONS FROM ENVIRONMENTAL R&D PROGRAMMES**  
(ECU million)

Framework prog.	1987	1988	1989	1990 <sup>1</sup>	1987 - 1990
1984 - 1987	26.9	16.4	3	4.2	50.5
1987 - 1991	-	-	9.3	98.5	107.8
1990 - 1994	-	-	-	0	0
<b>TOTAL</b>	<b>26.9</b>	<b>16.4</b>	<b>12.3</b>	<b>102.7</b>	<b>158.3</b>

The three specific programmes of technological R&D on the environment being financed by the Community are:

- STEP, which covers specific research topics relating to environmental protection, cultural heritage, major technological hazards and fire safety, dealing with them in the following nine research areas:
  - . environment and human health
  - . assessment of risks associated with chemicals
  - . atmospheric processes and air quality
  - . water quality
  - . soil and groundwater protection
  - . ecosystem research
  - . protection and conservation of Europe's cultural heritage
  - . technologies for environmental protection
  - . major technological hazards and fire safety
  
- EPOCH, which looks at climatology and natural hazards in the following four research areas:
  - . past climates and climate change
  - . climate processes and models
  - . climatic impacts and climate-related hazards
  - . seismic hazard
  
- MAST, which deals with marine science and technology and is intended to help create a scientific and technological basis for the exploration, use, management and protection of European coastal and regional waters through the following research activities:
  - . coastal zone science and engineering
  - . marine technology and supporting initiatives
  - . basic and applied marine science research.

<sup>1</sup> Budgetary allocation including appropriations carried over from 1989

**CONTRIBUTION FROM ECSC RESEARCH**  
(ECU million)

<u>Year</u>	<u>Amount committed</u>	<u>Subject</u>
1986 - 1990	12.81	<ul style="list-style-type: none"><li>- air pollution</li><li>- pollution of fresh and salt water</li><li>- waste problems and waste utilization</li><li>- impact study</li><li>- noise pollution</li></ul>

Although activities undertaken within the framework of Article 55 of the ECSC Treaty are not primarily environmental in aim, certain research projects do in fact cover environmental problems.

The above figures are the best possible estimate and give an idea of the environmental contribution from this budget.

CONTRIBUTION FROM THE "ENERGY" BUDGET  
(ECU million)

	1987	1988	1989
(1) <u>"Coal" research programme</u>			
- reduction of gaseous emissions and suspended particles	0.17	1.35	1.41
- optimal use of mining waste and coal ash	0.46	0.18	0.46
- gasification of coal	1.04	0.92	1.23
(2) <u>Demonstration programme</u>			
- combustion of solid fuels	15.75	22.48	14.64
- gasification of solid fuels	14.86	3.07	3.45

The budget for demonstration programmes on energy and for coal technology research programmes (ECSC) provides only an indirect contribution to environmental policy. A lot of demonstration or research projects on energy have environmental implications, but it is difficult to say whether it is economics or ecology which carries more weight.

Budgetary resources for environmental actions within the Community (in ECU millions)

	85	86	87	88	89	90	91	92	93	94	Programmes		
											Value (Mécus)	Duration (years)	
<b>Research</b>													
-Environmental programmes (STEP/EPOCH/MAST)												162	4
-JRC												137	4
-New env. progr. (including JRC direct action)												518	4
-ECSC												12,8	6
<b>Demonstration for the environment</b>													
MEDSPA												62,6	9
NORSPA												13,5	4
ACE Technology)												59,6	5
ACNAT )													
<b>Coal</b>												74,3	3
<b>Structural Funds</b>													
ERDF old												260	4
ERDF objective 1												1967,5	5
objective 2												537	3
ENVIREG												500	4
EAGGF 5a												39	5
5b												310	5
forests												58	6
<b>Third countries</b>													
Ecology in developing countries												20,8	3

The total identifiable amount allocated to environmental actions is ECU 4409 million. The part committed after 1989 is considerably greater than that committed prior to 1989 (about ECU 650 million a year compared to about ECU 135 million a year).

**NATIONAL ENVIRONMENTAL EXPENDITURE**  
(ECU million)

**1. Total expenditure**

	1985		1986		1988	
	ECU m	% GNP	ECU m	% GNP	ECU m	% GNP
Germany	11 480	1.52	-	-	16 610	1.78
France	6 950	0.86	7 090	0.86	9 910	1.27
Netherlands	1 960	1.26	-	-	2 680	1.50
United Kingdom	7 430	1.25	-	-	-	-

**2. Public expenditure**

	1985		1986		1988	
	ECU m	% GNP	ECU m	% GNP	ECU m	% GNP
Germany	5 910	0.78	-	-	8 190	0.86
Denmark	620	0.77	660	0.82	-	-
France	4 520	0.56	4 630	0.56	5 250	0.69
Italy	890	0.13	1 290	0.13	-	-
Netherlands	1 480	0.95	-	-	1 680	0.94
United Kingdom	3 720	0.62	-	-	-	-

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