

LIFE RESOURCE EFFICIENCY PROJECTS – CONCEPT NOTES WRITING WORKSHOP Q&A SUMMARY

□ General questions about LIFE

ⓔ What are the opportunities and the requirements to apply in the LIFE program?

LIFE is the **European programme for the Environment and Climate Action**. It funds projects in the areas of Resource efficiency, Nature & biodiversity, Climate change mitigation and adaptation and Climate & Environmental Governance and Information.

To be eligible to LIFE funding, projects have to meet the **following criteria**:

- Contributing to the objectives set in the LIFE regulation
- Falling within the scope of priority areas set out in in the LIFE regulation
- Taking place in the EU (except under specific circumstances)
- Corresponding to one of the LIFE project types: pilot, demonstration, best practice or information awareness and dissemination. NB: Resource efficiency projects should correspond to pilot or demonstration projects
- Not focusing on research or being dedicated to the construction a large infrastructure.

ⓔ What are the main evaluation criteria for application (UN2030 or others?)

The evaluation criteria set **at the concept note stage** are:

- The overall quality of the proposal - minimum pass score is 5 out of 20,
- The overall EU added value - minimum pass score is 10 out of 30.

At the full proposal stage:

- Technical coherence and quality - minimum pass score is 10 out of 20
- Financial coherence and quality (including value for money) - minimum pass score is 10 out of 20
- Extent and quality of the contribution to the specific objectives of the LIFE regulation - minimum pass score is 10 out of 20
- Sustainability (continuation, replication, transfer potential): minimum pass score is 8 out of 15
- Bonus points can also be provided based on
 - The contribution to the project topics (up to 10 points)
 - Synergies/green public procurement/ecolabel/uptake of EU-research results (up to 11 points) and transnationality (up to 4 points)

ⓔ It is not clear how universities can finance practically half of project? This is the main problem for us.

The maximum rate of EU contribution to the project is 55% of the eligible costs. Regarding the remaining 45%:

- The coordinating beneficiary and each associated beneficiaries must financially contribute to the project (there cannot be a beneficiary not contributing at all to the project financially);
- Co-financiers can also contribute to the project (for example national/regional fundings).

It should also be noted that within the consortium, the share of EU contribution can vary among the beneficiaries. One beneficiary may have 70% of its budget share funded by the European contribution, as long as it is counterbalanced by other beneficiaries share and that at the project level, the rate of EU contribution does not exceed 55%.

e Will the conditions for financing be changed? Life climate has different conditions than Life Nature, for example, on the eligibility for equipment, will they be unified?

The European Commission has already announced for 2020 call for proposals a few administrative simplifications, such as the eligibility rules for durable goods, which are now closer to what already existed for some beneficiaries under the Nature & Biodiversity priority area. We might expect in the next European multi-annual budget (2021-2027) further simplifications and harmonisations between sub-programmes and priority areas, however at this stage there are no formal confirmations.

e Is it mandatory to have partners in LIFE project? If yes, is there a minimum and/or maximum number of partners that have to be involved?

There are **no obligations to have associated beneficiaries to submit a LIFE proposal**. You need to demonstrate that the consortium implementing the project has the required skills and expertise to do so.

If the coordinating beneficiary does not need other partners to implement the project, it is completely possible to submit a proposal alone.

There are also **no maximum number of partners**, as long as the partnership proposed is relevant for the project implementation.

e Does partnership must be proved by a signed agreement?

If the project is accepted and funded by the European Commission, members of the project consortium will then have to sign a partnership agreement setting the conditions of cooperation. Guidance and a template are available on this link: https://ec.europa.eu/easme/sites/easme-site/files/partnership_agreements2014.pdf

The **project partnership agreement is therefore signed after the LIFE grant agreement, at the beginning of project implementation**. It is not expected when submitting the concept note nor the full proposal.

□ Specific requirements for private commercial entities

e What are the requirements for private companies who want to apply for the LIFE program projects?

Private project coordinators are required to provide **additional financial annexes** at the stage of submission of the full proposal, to provide evidence that they *“have stable and sufficient sources of funding, to maintain his activity throughout the period for which the grant is awarded and to participate in its funding”*:

- Simplified financial statements (template provided in the LIFE application package)
- Most recent balance sheet and profit and loss account
- Where a statutory audit is required by the national law, or where the total EU contribution requested is above EUR 750 000, the last audit report produced by an approved external auditor
- In all other cases, a self-declaration on the validity of the accounts (template provided in the LIFE application package).

A **financial check** is then performed by the European Commission. For private organisations, a proposal will be rejected if:

- The audit report has not given an unqualified opinion, or
- It is concluded that the coordinating beneficiary does not have the financial capacity to cover its share of co-financing, or
- It is concluded that the coordinating beneficiary does not have the capacity to manage the financial amounts provided for in the proposal budget

The financial viability check also serves to **determine if a financial guarantee** is required to cover fully or partially the EU pre-financing payment. The following ratios are verified for private commercial organisations. A financial guarantee is requested if less than two of them are respected:

- $(\text{Total grant requested} / \text{Number of project years}) / \text{Shareholders' equity} = \text{should be lower than } 1$
- $\text{Current assets} / \text{Current liabilities} = \text{should be higher than } 1$
- $\text{Total debts} / \text{Total assets} = \text{should be lower than } 0,8$
- There should be a positive operational profit.

If the ratios diverge significantly from the threshold, proposals can be rejected.

e What are the requirements for the amount of the working capital funds?

The requirements set by the LIFE programme are described in the above question.

It is usually advised that beneficiaries have sufficient turnover and cashflow regarding their share in the project, because despite the EC pre-financings, they might need to pay in advance some costs. However, this will be verified by the European Commission when evaluating proposals and should not prevent you from submitting a proposal.

e In what cases the bank guarantee is required? For example, the applicant is private company. Does it should have some funds frozen in bank account? Does it should have some reserve for the implementation of the project, especially if the partner's share of the project value is rather considerable as compared to company's turnover.

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e There are four criteria for financial selection according to Evaluation Guide. The question is: should the organization comply at least with any of them or with all of them?

The organisation does not necessarily need to comply with all of them but this will be taken into account regarding the decision to reject or not the proposal or to request a financial guarantee from the beneficiary.

e Are the same criteria for applicant and his partner?

Additional financial annexes above listed are submitted by the coordinating beneficiary only (and only if it is a private entity), and it is mainly the coordinating beneficiary's financial viability and capacity to manage the grant that will be assessed by the European Commission.

However the LIFE Evaluation guide does state that *"the European Commission will utilise all the information at its disposal to assess whether the applicant and the associated beneficiaries fulfil the selection and the exclusion criteria."*

□ Financial support to local initiatives

e What are the financial reporting requirements for organisations implementing local initiatives? How does the Coordinating Beneficiary reports the expenditures of local initiatives (just a total amount or detailed expenses)?

The LIFE beneficiary must ensure that the local organisation abides by the following articles of the LIFE grant agreement:

- II.3 - Communication between parties
- II.4 - Liability for damages
- II.5 - Conflict of interests
- II.7 - Processing of personal data
- II.8 - Visibility of Union funding
- **II.27 - Checks, audits and evaluation.**

As the beneficiary local organisations can be submitted to checks, audits and evaluation, specific documentation must be requested from them to be able to provide assurance over the declared expenditures.

The **grant contract signed between the LIFE beneficiary and the local organisation will define the supporting documentation** expected by the LIFE beneficiary from the local organisation. The supporting documentation will **depend on the type of activities** implemented by the local organisation. For instance:

- If activities undertaken by the local organisation are paid for on a lump sum basis, there should be documentation proving the implementation of the activities (invoice, detailed report, etc.)
- If activities undertaken by the local organisation are paid for depending on how many people were reached by the activity, there should be documentation proving how many people benefited from the activity, such as attendance lists to trainings, etc.
- If the activities are paid for depending on how much time was spent on the project by the local organisation, there should be timesheets or equivalent documentation provided by the local organisation.

e How do we pay for the organisations implementing local initiatives? For example, is a 100% advance payment possible?

Again, **this is the grant contract signed between the LIFE beneficiary and the local organisation/third party that will set the conditions of implementation, including payment schedule.** It should be appropriate regarding the activities to be undertaken and the local organisation capacity. It will all depend on the local circumstances.

e May private sector (for example, IT company with an idea to develop some IT tools) implement a local initiative?

Financial support can be included in the LIFE project as long as it is relevant regarding the project objectives. There are no particular restrictions related to the status of beneficiaries.

e Please provide some recommendations on selection of local initiatives (so that the process is transparent, but the administrative burden for both sides is not too high).

The criteria for granting financial support must be transparent and any conflict of interest must be avoided. The process for selecting local organisations could consist in:

- An **open call for proposals**, published via local media/relevant local networks.
- The call can be short and simple but must specify the expected activities, selection criteria and the categories of entities that can apply.
- As a third party cannot benefit from more than EUR 20 000, the requested proposals may be short and simple as well.

- The process should include a conflict of interest check of the bidders.

□ Prototype & exploitation plan

🕒 **If a prototype is planned to be produced within Life project, then the exploitation plan must be prepared as some kind of “after life” plan, or it must be already submitted with the Life application?** As the LIFE project will help you testing your prototype, **the exploitation plan in itself is not expected in your LIFE application.** At the application stage, you just need to demonstrate that you have included in your action plan the building up of this exploitation plan. This exploitation plan will **have to be included in your After-LIFE plan.**

🕒 **Is the exploitation plan needed for the prototype?**

One very important requirement of the LIFE programme is the **sustainability of funded projects**. They need to comprise a strategy aiming at continuing the main project actions after the end of the LIFE grant, and aiming at replicating and transferring the project results, as much as possible.

For projects consisting in testing a prototype, the sustainability of the project usually translates into:

- The building up of a **credible business plan** – for close to market projects
- The building up of a **comprehensive exploitation plan** – for non-close to market projects.

These elements are compulsory.