Mapping EU public funding and Carbon Capture and Storage (CCS)

June 2015

Contents

Executive summary

There are a number of EU programmes that could be tapped for funding for the development of Carbon Capture and Storage (CCS), this memo provides an overview of the key funding streams and, where appropriate, recommendations for potential actions to leverage future funding. Please note that this covers the EU-led funding streams, not the potential co-funds available at Member State level.

In the past, funding programmes directed specifically at CCS including the European Economic Programme for Recovery and the NER300 have had very limited success in deploying CCS – it is therefore crucial for the long term roll out of CCS that the next frameworks are both well designed and well used.

The Multiannual Financial Framework Funds

Funding programmes generally fall under the recently adopted **multiannual financial framework (MFF)** for the period 2014-2020. The MFF sets the maximum annual amounts (ceilings) that can be spent by the EU in different policy areas (headings) over a period of at least 5 years.

There are a total of six headings, of which two contain funding programmes relevant for CCS:

1) 'Smart and Inclusive Growth', which includes two sub-headings: Competitiveness for growth and jobs, with the **Connecting Europe Facility (CEF)** and the **Horizon2020 programme**. Of these two, Horizon2020 focuses on research and the CEF on infrastructure projects.
2) 'Sustainable Growth', which includes the **LIFE programme.**

Of these, in terms of calls of relevance to CCS, there are several important opportunities due in September from the Horizon2020 programme and a call has just been launched by the LIFE programme for action grants which could cover some aspects of CCS programmes.

It is also worth noting the "Research Fund for Coal and Steel" (information here), which ZEP has had a role in when it comes to deciding the priorities. Here funds are made available *inter alia* for the reduction of CO_2 emissions from these technologies.

However, for several funds, additional preparatory work will need to take place in order for long term funding to become available. In such cases, WS has provided some recommendations as to which steps would now need to take place. On the **CEF,** for example, work is now ongoing to put in place the framework conditions that could allow CO_2 transport projects to be added to the next Project of Common Interest list in 2017.

In addition, under the economic pillar, when it comes to the **European Structural and Investment Funds (ESIF),** which cover the important regional funds, there is a clear issue to resolve in terms of the eligibility of CCS. This is because activities under Annex I of the ETS Directive are excluded. There may be potential under research headings, but work would also need to be carried out at Member State level as they develop their programmes. This implies that a clear vision for post-2020 funding for CCS will be important, since there could be opportunities when the ESIF is revised in 2017.

New funding frameworks

Several new funds are also featured here. This includes the fund which is considered to be the pre-eminent source of money for CCS, the **Innovation fund / NER400,** which is currently under development as the Commission reforms the EU ETS. There could also be money available through new funds structured under the ETS, such as the “Modernisation Fund”. The question is when the funding will be able to come into play.

A section has also been provided on the flagship programme of the Juncker Commission, **the European Fund for Strategic Investment**, which has not yet been fully finalised. It is as yet unclear how CCS projects could fit in this fund due to the necessity for the return on investment. In this context, we have also provided an explanation of the workings of the **European Investment Bank** which provides the backing and management for many European financial programmes.

Conclusion

In the period 2015 to 2020 there are a number of opportunities for CCS, including a potential major project to be constructed under the Connecting Europe Facility, research money available under Horizon2020 and the LIFE programme and potentially from the innovation fund, depending on the legislative process. In addition, it will be important to assess how the Member State co-funds could be used. Finally, should Member States be keen to drive a CCS project there might be other possibilities through certain budget lines in the Regional funds or the EFSI.

Please see further details on the key programmes below.

EU funding programmes and CCS

Connecting Europe Facility (CEF)

SUMMARY: The CEF is considered to present an important opportunity for a CCS infrastructure project, but only for the next call in 2017. In order to get to this point, however, several preparatory steps will need to be taken to set up the correct structures and criteria.

Introduction

- The CEF supports the development of trans-European networks in energy (TEN-E), transport (TEN-T), and telecommunications (eTEN). It aims to facilitate the construction of Projects of Common Interest (PCIs) that would not be initiated by the market without support (see here for EC Memo).
- In 2013, the Regulation on "Guidelines for trans-European energy infrastructure" (available here) was adopted. Its aim is to ensure that strategic energy networks and storage facilities are completed by 2020 and it identified 12 priority corridors and areas covering electricity, gas, oil and carbon dioxide transport networks.
- Carbon Capture and Storage is included among the '*Priority Thematic Areas'* and the Regulation specifically refers to the development of a Cross-border carbon dioxide network and infrastructure between Member States ' *in view of the deployment of carbon dioxide capture and storage'.*
- The Regulation allows the Commission to adopt every two years a list of key energy infrastructure PCIs which help Member States integrate their energy markets. Storage facilities, both for electricity and gas, may also apply for a PCI status providing they fulfil the eligibility criteria.
- Once selected as a PCI the projects benefit from accelerated licensing procedures, improved regulatory conditions, and under certain conditions access to financial support totalling EUR 5.85 billion from the Connecting Europe Facility (CEF). PCIs are only funded for CAPEX, not OPEX. However preparation activities, including studies, can be funded.
- In October 2013 a list of key infrastructure projects was adopted (see here for the list) and in 2014 €647 million was allocated in grants. A new list of projects should be adopted by autumn this year and a total of €650 million in grants is planned for PCIs in 2015. Please note that the funding for each project ranges from around €100,000 for a technical study to circa €295 million for the Lithuania-Poland Gas interconnection.
- As a consequence, infrastructure for CO_2 transport may be eligible for funding as an energy infrastructure project. This would require the project to be recognised as a Project of Common Interest (PCI). It has to benefit at least two Member States, contribute to market integration, further competition, enhance security of supply, and reduce CO2 emissions.
- Currently work is ongoing in DG Energy to assess how a project on CO_2 infrastructure could be practically implemented.

The European Fund for Strategic Investments (EFSI)

SUMMARY: The EFSI is a flagship initiative, aimed at stimulating growth and jobs, but although CCS has been identified as a key breakthrough technology by the Task Force it is considered a high risk investment area. The fund is now in the process of being adopted by the institutions and some initial projects could soon be launched. It will be important to assess whether in fact some CCS projects could be envisaged, for example from UK proposals. As CCS develops further, it may be that this could provide funds in the long term.

- The Regulation establishing the EFSI was tabled by the Commission on 13 January 2015. The Investment will have the aim to unlock public and private investments in the real economy of at least €315 billion over the next three years (2015-2017).
- This will be a joint effort between the European Investment Bank (EIB) and the European Commission. Member States, National Promotional Banks, regional authorities and private investors will also be encouraged to contribute.
- According to the text, the Commission will establish a Guarantee fund of €16 billion under the EU budget while the EIB will commit €5 billion for a total of €21 billion at EU level.
- From this initial sum, the fund will aim to mobilise extra private finance in specific sectors and areas with an expected multiplier effect of 1:15 in real investment in the economy to achieve the total amount planned of €315 billion.
- Of this amount, €240 billion will be allocated to 'Strategic Investments of European Energy' in energy, transport, broadband, education, research and innovation. Funding will be accessible for companies having up to 3,000 employees, with a focus on SMEs.

Task Force on Investment in the EU

- A first list of potential projects eligible for funding was put together by the **Task Force on Investment in the EU**, composed of experts from the Commission, the EIB and Member States and presented to the European Council.
- The final Report presented mapped a total of €1.3 trillion of potential investments and it also identified a number of projects of European importance currently developed under different EU initiatives.
- The Report contained an annex listing potential projects 'showcased' by Member States that could potentially fall under the scope of the new investment fund. However, the list has been removed from the EU institutions' websites, apparently under pressure by Member States themselves who argued that it created confusion and show funding commitments towards the projects identified.
- According to the report, preference will be given to projects with higher risk bearing capacity, covering new products and providing new delivery modes in cooperation with National Promotional Banks and private sector financial institutions.
- The criteria for the selection will be EU added value (i.e. projects in support of EU objectives and consistent with EU policy priorities such as, for example, the 2030 climate and energy package, Europe 2020 Strategy and other long-term EU strategic priorities); economic viability, potential of leveraging other sources of funding, size and scalability. There will be no definitive list of projects that will be guaranteed financing by the EFSI.

Governance of the EFSI – the steering board

- As for the governance of the fund, the EFSI will have a steering board that will set the overall strategy, investment policy and risk profile of the fund to be included in a set of investment guidelines to be adopted.
- It will be composed of Members from the Commission and the EIB only and take decisions by consensus, while regularly consulting stakeholders.
- An independent investment committee will select the projects. It will be chaired by a managing director and bring together eight independent experts. Decisions will be taken by simple majority and any project supported by the EFSI will require approval also by the EIB.
- Member States can contribute to the EFSI in guarantees or cash, while third parties can contribute only in cash.
- Third parties, including member states' national promotional banks, will be able to co-finance projects together with the EFSI, either on a project-by-project basis or through investment platforms. To date Luxembourg, Germany, France, Italy, Spain and Poland have contributed to the fund.
- Regarding the identification of new projects, a European investment advisory hub will provide advisory support for the identification, preparation and development of projects across the EU and manage a European investment project portal to improve investors' knowledge of existing and future projects.

State of play and next steps

- An agreement on the final text of the regulation between Parliament and Council was reached after intense negotiations last 28 May 2015. The ECOFIN Council is expected to ratify the agreement on 19 June and Parliament´s plenary is scheduled to vote on 24 June. At a more technical level, the Commission and the EIB are working on the investment guidelines and the selection of the members of the investment committee. The Commission expects the plan to start funding the first projects in early autumn.
- Meanwhile, on 22 April 2015, the first projects and transactions earmarked to benefit from the EFSI guarantee fund were approved by the Boards of the European Investment Bank (EIB) and the European Investment Fund (EIF). These first projects cover investment in healthcare research in Spain, expansion of a key airport in Croatia, the construction of 14 new healthcare centres across Ireland and backing for industrial innovation in Italy.
- On May 19 2015, the EIB approved 21 projects to support renewable energy and strategic infrastructure projects, including four projects earmarked for support from the EU budget guarantee under the EFSI and subject to agreement by the European Commission.

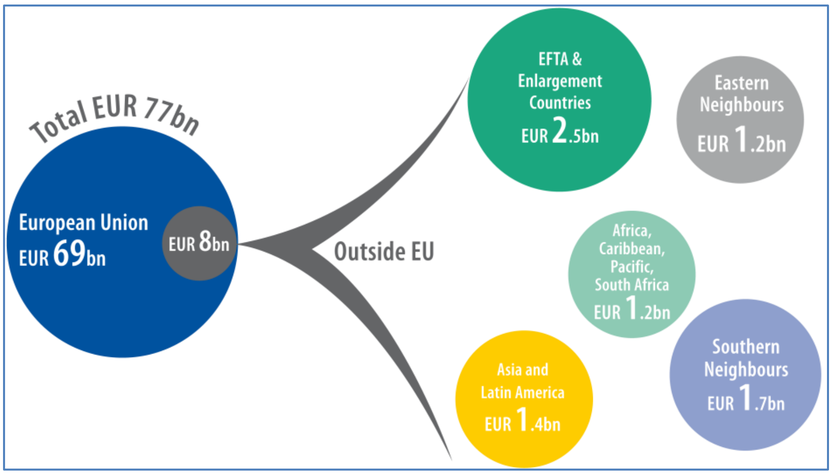
CCS and the EFSI

- The final report by the Task Force on investment in the EU (see above) identifies CCS among 'the most important break-through technologies with prospects for high economic returns that are ready for implementation' (p.33), being also one of the new energy technologies identified in the European Strategic Energy Technology Plan (SET-Plan).
- CCS is mentioned as one of the high risk investment areas, particularly because of costs and regulatory uncertainty and the report sees the public private partnerships or co-investments through equity, mezzanine and/or debt as a solution to invest on large-scale CCS demonstration projects. It also provides one example of a CCS Project in the UK and investment barriers (p.35) that is currently under appraisal by the EIB for funding.

The European Investment Bank (EIB)

SUMMARY: The EIB is the EU's bank and provides finance and expertise for investment projects, including on climate action and strategic infrastructure. Of relevance to CCS it plays an important role in managing several key funds such as (in the future) the EFSI and currently the NER300 as well as being a source for loans.

- The EIB is the European Union's bank and provides finance and expertise for investment projects which contribute to EU policy objectives.
- In 2014, the European Investment Bank lent €77 billion in projects in support of the objectives of the European Union: €69 billion in the Member States of the Union and €8 billion in the partner countries. Please find the full list of projects here and a list of projects to be financed here (523 entries).
- Its main priorities are: 1) Innovation and skills, 2) Access to finance for smaller businesses, 2) Climate action and 3) Strategic infrastructure.
- More than 90% of its activity is focused in Europe, but it also supports the Union's external development policies. With the European Investment fund (EIF), a specialised entity providing SME risk finance, it is part of the EIB Group. The EIB is the majority EIF shareholder with the remaining equity held by the European Commission and other European private and public bodies.
- The EIB funds its operations by borrowing on the capital markets through bond issues rather than drawing on the EU budget and enjoys decision-making independence within the EU's institutional system.



- In general, the EIB finances one third of each product, but the loan can also cover up to 50% of an activity.
- The EIB has three decision-making bodies: the Board of Governors (composed by the 28 Ministers designated by each Member State), the Board of Directors (appointed by the Board of Governors and decides on loans, guarantees and borrowings), the Management Committee (the permanent collegiate executive body) and an independent Audit Committee.
- In a nutshell, the EIB's three main activities can be summarised as **'Lending'** (project loans, intermediate loans, venture capital, microfinance, equity), **'Blending'** (unlocking sums from the EU budget) and **'Advising'** (assistance to project management, administration and implementation).
- Financing decisions by the EIB follow a **Project Cycle** (visual here) that is divided in four steps: **applying for a loan**, **project appraisal**, **procurement**, **monitoring**.

Applying for a loan

- In order to apply for a loan there are no specific formalities: '*project promoters are required simply to provide the Bank's Operations Directorate with a detailed description of their capital investment together with the prospective financing arrangements and the required documentation'*.

- Discussions on a proposed project can take place in any form (telephone, meeting, email).
- The Project promoter has to provide the EIB sufficient information to allow the EIB to assess the suitability of the project with the EIB's lending objectives and make sure that it is in line with environmental and procurement standards.
- The appraisal of a project is carried out by the EIB's teams of engineers, economists and financial analysts, in close cooperation with the promoter.
- The assessment criteria are tailored to each specific project and the results are included in the project report to the Board of Directors for a financing decision. An eligible project has to contribute to EU economic policy objectives. These can range from the promotion of economic and social cohesion to the development of EU transport and telecommunication or energy networks.
- As for procurement procedures, the EIB verifies that a fair process of international tendering takes place according to procedures set out in the EIB Guide to Procurement.
- The monitoring of projects is divided into three steps: the financial monitoring, the physical monitoring and the ex-post evaluation. The EIB carries out the whole process to ensure that the physical execution of the project is in accordance with the contract and evaluates the results of the investment.

The EIB and the EFSI

- Even before the political agreement reached by the Commission, the European Parliament and the Council on the Regulation of European Fund for Strategic Investments (EFSI), the EIB expanded its financing for sectors and project types to be targeted by the new investment fund.
- The EIB will **host and manage** the new fund which will complement existing EIB group lending and *expand its current lending to projects with higher than average risk profile.*
- As highlighted in the section on the EFSI in this memo, the EIB has already approved a series of loans under the EFSI.
- All of these Projects will be submitted to the European Commission and the newly established governance bodies of the EFSI to determine whether the EU guarantee can be used to back them.
- The EIB Group is committed to taking the projects on its balance sheet even if the guarantee should be found not to apply

The EIB and CCS

- The EIB has a key role in advising the Commission with the implementation of the NER300 initiative, the world's largest funding programme for carbon capture and storage demonstration projects.
- A specific cooperation agreement details the respective roles of the two institutions in implementing the NER300 Decision.
- The EIB is mainly involved in the *'Monetisation'* of the 300 million EU allowances set aside in the New Entrants Reserve of the EU Emissions Trading System for the initiative and, more importantly, in the appraisal of projects submitted for funding.
- To date the Commission, made two calls for proposals under the NER300 initiative. The EIB carried out the technical and financial due diligence of the projects and advised the Commission in deciding on the assignment of the funding for respectively 23 and 19 projects. Please find more information here and here.
- At present, the EIB is currently appraising the 300 million GBP funding awarded under the NER300 to the WHITE ROSE CCS project. The project consists of the design, implementation and operation of a large-scale (up to 450 MW gross) coal-fired power plant, adjacent to an existing power station in Selby, North Yorkshire (UK). By using oxy-fuel combustion technology, the project is designed to capture 90% of its CO_2 emissions (2 Mt/year). Further information on the project is available here.

European Structural and Investment Funds

SUMMARY: The European Structural and Investment Funds is the second largest budgetary line of the EU MFF but it does not currently apply to activities listed in Annex I of the ETS Directive – unless – the project comes under a research line related to installations or parts of installations used for research, development and testing of new products to enable the shift to a low-carbon economy.

General provisions

- The European Structural and Investment Funds (ESIF) represent the second largest budgetary line of the EU Multiannual Financial Framework (MFF); for the 2014-2020 period, the budget allocated to the Funds amounts to a total of €376 billion.
- All the Funds are regulated by a common legislative framework (the Common Provisions Regulation 1303/2013), which sets out the overall objectives and priorities that the Funds will pursue.
- As established by Article 9 of the Common Provisions Regulation, "in order to contribute to the Union strategy for smart, sustainable and inclusive growth (…) each ESI Fund shall support (…) shift towards a low-carbon economy in all sectors".
- In turn, the specific regulations for each the Funds translate this thematic objective into investment priorities, based on which Member States propose their Operational Programmes to be co-financed by the EU Funds.

European Regional Development Fund

- The structure of the European Regional Development Fund (ERDF) is defined by Regulation 1301/2013; the overall objective of the ERDF is to redress "the main regional imbalances in the Union through the sustainable development and structural adjustment of regional economies, including the conversion of declining industrial regions and regions whose development is lagging behind".
- It is significant that Article 3.3(b) of the ERDF Regulation clearly states that "the ERDF shall not support (…) investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to the ETS Directive 2003/87/EC". This means that many CCS installations could therefore be excluded.
- However, the ERDF's investment priorities under the objective "shift towards a low-carbon economy in all sectors" include "promoting research and innovation in, and adoption of, low-carbon technologies".
- Moreover, the exclusion of the activities listed in the ETS Directive does not include "installations or parts of installations used for research, development and testing of new products", making these activities eligible for ERDF funding within the areas of research, technological development and innovation. Under this investment priority, the "research and innovation strategies for smart specialisation" could potentially offer a basis for ERDF funding in support of R&D activities related to Carbon Capture and Storage.
- Under the current legislative framework, smart specialisation strategies are defined as "national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business needs in order to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts".
- Moreover, besides the financial support that Member States can claim under research and development, the general use of the European Structural and Investment Funds must be seen as a complement (rather than as a support basis) for the commercial roll-out of Carbon Capture and Storage projects.

- While the ERDF Regulation excludes funding for projects aimed at the reduction of GHG emissions from sectors covered by the EU ETS, the General Provisions Regulation provides strategic guiding principles in order to achieve "an integrated development approach using the ESI Funds coordinated with other Union instruments and policies" (Common Strategic Framework, Annex I of the Regulation 1303/2013). As part of these principles, the General Provisions Regulation states that "Member States shall ensure that financing from the ESI Funds is coordinated with support from the NER300 Programme, which uses the revenues from auctioning 300 million allowances reserved under the new entrants reserve of the European Emissions Trading Scheme".

Funding foreseen under the reform of the Emissions Trading System

SUMMARY: The funds foreseen under the ETS are seen to be the pre-eminent funds for CCS. Unfortunately, the NER300 did not run as planned and only one CCS project was awarded funding. It will be key for the next generation of funding to lead to a number of successful projects. The framework for this funding will come in July in the form of the EU ETS Reform.

- As laid out by the European Council Conclusions on the 2030 climate and energy framework, adopted in October 2014, the European Commission is currently drafting the reform of the Emissions Trading System.
- Key elements will include the Innovation and Modernisation Fund.
- The Innovation Fund is considered to be the primary fund for supporting the development of CCS technology. It is the successor to the NER300 and is intended to be the main funding mechanism of low-carbon technologies during Phase 4 (2021-2030) of the Emissions Trading System (ETS).
- Discussions on the exact mechanisms will form part of the legislative debate on the ETS review. The legislation should be proposed before the summer (likely July) and will then be scrutinised under the Ordinary Legislative Procedure by the Council and the Parliament.
- However, both the Member States and the European Parliament have given certain indications on the preferred elements of the fund. These can be found in the European Council conclusions on the 2030 climate and energy framework adopted in October 2014 (see here). The intended scope is expected to include CCS for the power sector as well as Energy Intensive Industries. Please see below for an overview of the potential structures.
- The preliminary agreement reached between Parliament and Council on the Market Stability Reserve proposal (MSR) also gives an idea of potential additional funding opportunities for CCS projects (see here). Plenary is expected to vote on 6 July and, following endorsement by Council, the Commission is expected to propose the ETS review shortly after. Legislative discussions will likely last another 2 years.

Innovation Fund (NER400) as per the Council conclusions:
- It should be focussed on 'Low carbon demonstration'.
- It should include 400 million allowances
- It should build on the NER300 for CCS and RES but there should be an extension of the scope to low carbon innovation in industrial sectors. It should be open for projects in all EU Member States.
- Currently we understand that the Commission is thinking along the lines of beginning the NER400 in 2018, which in conjunction with a potential recycling of unused NER300 funds, could bridge the gap between now and 2020.

Modernisation Fund as per the Council Conclusions:
- This fund should focus on 'Modernising energy systems in lower income Member States' – GDP less than 60% of EU average (currently 10 Member States but this should be reviewed in 2024).
- 300 million allowances
- Member States to manage the fund, but EIB involved in the selection of projects.

Solidarity allowances in Council conclusions:
- 10% of total auctionable allowances.
- For 'solidarity, growth and interconnections' in Member States with lower incomes.

Additional innovation funding in the MSR agreement:

- The full agreement is yet to be fully confirmed and we understand that there are issues with this agreement.
- ETS review to consider fund of 50 million allowances for ‘low carbon industrial innovation projects’.
- To operate before 2021 and to supplement projects under NER300.

Horizon2020

SUMMARY: Horizon2020 is a key funding source for CCS R&I. Several projects have been launched this year. In addition a new section of calls will open formally in mid-September for 2016 -2017 (when the info day is scheduled), which will likely include a number of lines on CCS.

- The Horizon2020 programme provides funding from basic research to market innovation. Horizon 2020 is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness (see here for the regulation). The primary goal is to ensure Europe has world-class science, barriers to innovation are removed and collaboration between the public and private sectors is facilitated in order to deliver innovation.
- The programme has three sections: Societal Challenges, Excellent Science, and Industrial Leadership. 'Secure, Clean and Efficient Energy' is categorised under societal challenges. The total funding for energy projects is €5.4 billion in the period up till 2020, with 85% earmarked for non-fossil fuel energy research. The remaining 15%, constituting €750 million, may be used for CCS funding, but also for shale gas, flexible operation of power plants etc. However, it also includes hydrogen.
- The 2014-2015 work programme was split into three focus areas, including 'Low Carbon Technologies' (see here for the programme) and included two calls relating to CCS (see here and here). The deadline for both calls was 3 September 2014. Results were expected at the end of 2014 and the second stage of the proposal process had a deadline of March 2015.
- The SINTEF led Gateway project has been confirmed as a beneficiary (details here), which) to define a subsequent initiative, referred to as the Pilot Case, providing a model for establishing a European CO2 infrastructure project, targeting a gateway transferring CO2 from source to sink. The gateway will form the first leg of a cross-border network, allowing multiple sources and multiple sinks. b) to make profound assessments of the substantial funding needs and available resources. c) to solicit strong actions by the partners involved (member states of the EU and other countries) with a three-step approach (Berlin model).
- Similarly to the previous one, the 2016-17 programme of the Societal Challenge 3 “Secure, Clean and Efficient energy” should also include a “Competitive low-carbon energy” category and a number of calls for CCS.
- An information day will be held on 14 and 15 September (programme here) to present the programme and for in-depth session on various elements including CCS. Registration will open in June.

LIFE programme

Summary: The LIFE Programme aims to contribute to the shift towards a resource-efficient, low-carbon and climate-resilient economy. They have just launched a call for proposals for Action Grants which includes CCS in its scope – but only where infrastructure forms a small part of the overall project and where it is not the main focus of the project. The Programme aims to encourage synergies with Horizon2020 and will score transnational project highly, in cases where it is essential to guarantee climate objectives. The maximum EU co-financing rate is 60 percent of the total eligible project costs for 2014-2017. The most recent call closes on 15 September at 16:00.

- The LIFE Programme aims to improve the implementation of EU environment and climate policy and legislation (see here for the Regulation). Of relevance to CCS, the programme seeks to contribute to the shift towards a resource-efficient, low-carbon and climate resilient economy.
- Compared to Horizon2020, the focus of the 'LIFE sub-programme for climate' priority area 'Climate Change Mitigation', the funding pillar relevant to CCS, is less on research and more on supporting demonstration, pilot and best practice projects. These are so-called 'Traditional Projects'.
- There are annual calls for proposals. Currently, there is a call for proposals for LIFE Action grants (see here for more information). The call covers proposals for both environment and climate action sub-programmes. The Executive Agency for Small and Medium-Sized Enterprises (EASME) is responsible for managing the call for traditional projects and capacity building projects.
- The total budget for the 2014-2020 period is €3.4 billion. During that period the Contracting Authority plans to launch one call for project proposals per year.
- There are two programming periods: 2014-2017, and 2018-2020. The first multi-annual work programme runs from 2014 until 2017 and foresees a total budget of €449.2 million for the climate action sub-programme, with 10 percent going towards governance and information and the rest divided equally between mitigation and adaptation.
- The total budget for this call is €240,811,337, with €56,670,000 allocated for the climate action sub-programme and €184,141,337 for the environment sub-programme.
- There is no minimum size for project budgets. In the past large projects over €5 million have been financed several times, while small projects below €500,000 are rarely selected typically due to low added value.
- Member States may, on a voluntary basis, provide support to applicants (National Contact Points can be found here).
- The main focus for projects under the Climate Change Mitigation priority area should be to contribute to the transition towards a low emission and climate-resilient economy. While CCS is included under actions for the priority area, the construction of CCS infrastructure is outside of the scope of the Programme.
- Types of Action Grant projects eligible for funding under the Climate Change Mitigation priority are best practice, demonstration, and pilot projects.
- The deadline for proposals is 15 September 2015 (4pm Brussels time) with individual grant agreements expected to be signed in May-June 2016, and the earliest possible starting date for projects 15 June 2016. For 'Traditional Projects' applicants must use the eProposal tool available here.
- There is no predetermined duration for projects, but most projects run for 2-5 years. Extensions are granted only under exceptional circumstances. Beneficiaries are encouraged to include an appropriate safety margin, e.g. 6 months, in their timeline.
- The maximum EU co-financing rate is 60% of the total eligible project costs for 2014-2017 (on average €1-2 million EU finance). The coordinating beneficiary and any associated beneficiaries are expected

to provide a ‘reasonable’ financial contribution to the project budget. Where public bodies are involved as coordinating and/or associated beneficiaries in a project, the sum of their financial contributions to the project budget must exceed (by at least 2%) the sum of their salary costs charged to the project for personnel who are not considered ‘additional’.

- The beneficiaries must inform the Contracting Authority about any related funding they have received from the EU budget, as well as any related on-going applications for funding from the EU budget. In addition, at the project revision stage, the national authority may also be required to indicate the steps taken to ensure the coordination and complementarity of LIFE funding with other EU funding programmes.
- The LIFE Programme encourages the uptake of the results of environmental and climate-related research and innovation of Horizon 2020 in projects, and offers co-financing opportunities for projects with clear environmental and climate benefits that ensure synergies between the LIFE Programme and Horizon 2020.
- Projects dedicated to the construction of large infrastructure fall beyond the scope of the LIFE Programme. These are projects where the cost of a “single item of infrastructure” exceeds €500,000. CCS projects where infrastructure forms a small part of the overall project, and where it is not the main focus of the project, are still eligible.
- While selecting the projects to be co-funded, the Contracting Authority will pay particular attention to transnational projects, when transnational cooperation is essential to guarantee climate objectives. If such evidence can be provided, the proposal will be considered for a higher scoring in the project selection process and will therefore have a higher chance of being selected for co-funding.