



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank you for the Opinion of the German Bundesrat on the Commission proposal for a LIFE Programme {COM(2011) 874 final} and more generally for your interest and support for this Programme. Let me also apologise for the delay in transmitting this reply. The Opinion raises a number of constructive comments that will certainly feed into the negotiations with the European Parliament and the Council, both on this specific instrument and the overarching MFF framework.

As regards the concerns on the need to reinforce the provisions on forest monitoring, the Commission would like to recall that Article 10 point (c) and Article 11 point (c) of the Commission's proposal specifically refer to the monitoring of the state of the environment, which, implicitly, includes forests. In this context, it will be for the LIFE Committee to decide how and in which priority areas forest monitoring should be included in the different funding options provided for by the proposed Regulation.

Regarding the issue of the ineligibility of certain costs, the aim of the Commission proposal is to find a solution to the difficulty experienced by beneficiaries in providing correct evidence supporting VAT and staff costs, while keeping the same leverage effect for a programme of this size. The Commission estimates that one project out of three faces significant problems in providing VAT certificates. In addition, staff costs represent 50% of all financial errors leading in some cases to recovery orders of about €1 million for otherwise successful projects. The Commission has carried out a detailed analysis of 503 projects financed between 2007 and 2009 that shows that the Commission proposal is comparable to the present system. In fact, the results indicate that the percentage of projects that would receive less support (between 2% and 8%) would be negligible compared to the benefits this measure would bring to beneficiaries in terms of simplification. In short, the system proposed will be neutral or even beneficial for almost all categories of applicants in terms of the financial support received from the EU.

As regards the deletion of a specific financing rate dedicated to priority habitats and species, this is justified by the low number of these projects, the difficulty they face in fully justifying their right to a higher rate and the fact that many of these actions will fall under the so-called integrated projects and will therefore benefit from an 80% financing rate.

*Mr Wienfried KRETSCHMANN
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The Commission takes note of additional elements that the Bundesrat suggests could be included in the future Regulation. In this context the Commission would note that through multiannual work programmes the Commission proposal intends to provide enough flexibility to adapt the LIFE Programme to future challenges while ensuring an appropriate participation of Member States in its implementation.

Finally, the Commission takes note of the Bundesrat's concerns about the concept of geographical balance. This new concept - intended only for integrated projects - aims at replacing the old system of national allocations which has proven to be ineffective and creates distortive effects. In fact, the mid-term evaluation of LIFE+ shows that national allocations risk undermining the quality of projects, have favoured large Member States and have a perverse effect on smaller Member States. For this reason, for traditional projects, quality should be the only determining factor, ensuring that the best EU projects are financed. However, because integrated projects focus on implementation, and it is the genuine interest of the Commission to have examples from all over the EU and all sectors, a distributional element that does not undermine project excellence is helpful. This is the justification for introducing geographical balance only for Integrated Projects. This approach would also respond to the critical observations by the EU Court of Auditors regarding the national allocations system. The Commission aims to ensure that all EU Member States have a true sense of ownership of the LIFE Programme and ensure a fair distribution of funds and it considers this can be achieved in a transparent way by defining criteria through a delegated act.

The Commission hopes that these clarifications address the comments and concerns raised in the Opinion submitted by the Bundesrat and looks forward to continuing our constructive political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*