



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 8 March 2012

**Interinstitutional File:
2011/0428(COD)**

**7380/12
ADD 1**

**ENV 190
ENER 87
CADREFIN 128
CODEC 580**

ADDENDUM to the NOTE

from: General Secretariat
to: Council

No. prev. doc.: 6820/12 ENV 140 ENER 68 CADREFIN 108 CODEC 465
No. Cion prop. 18627/11 ENV 976 ENER 410 CADREFIN 207 CODEC 2445
- COM(2011) 874 final

Subject: Proposal for a Regulation of the European Parliament and of the Council on the establishment of a Programme for the Environment and Climate Action (LIFE)
- Orientation debate
= Compilation of Member States' replies

Delegations will find in the Annex the replies received from CZ and PT to the Presidency questions, contained in document 6820/12, for the orientation debate on the LIFE proposal in the Council (Environment) on 9 March 2012.

CZECH REPUBLIC

Input of the Czech Republic into the discussion on geographical balance and simplification of the new LIFE Regulation

- The success of the new LIFE Regulation is highly dependent on the cooperation of the Member States. The interest and motivation of the Member States to implement a working system of integrated projects arises from their ability to use funds granted by the programme. For this reason, the Czech Republic supports the preservation of national allocations based on the principle of geographical balance for both integrated and traditional projects. Criteria for national allocations may be set on the basis of the criteria that are currently used under the LIFE+ programme. These criteria must be set in the text of the Regulation.
- As far as simplification is concerned, the Czech Republic would like to unify the financial rules of the new LIFE programme with other European financial mechanisms. The Czech Republic is ready to accept the compromise proposal of the Danish Presidency to keep the eligibility of VAT and permanent staff costs and at the same time to decrease the proposed co-financing rates from the current 70-80% accordingly. In such a case we are inclined to support the German proposal to set a principle of fixed amounts of work for staff instead of working hours based on time sheets, and to introduce flat rates.

PORTUGAL

Question 1

Against this background and bearing in mind the differing views amongst Member States, the Presidency would propose to proceed on the basis of the current proposal, but amended to incorporate directly in the Regulation specific criteria for the setting of geographical balance for Integrated Projects. These criteria would then be developed in the forthcoming negotiations on the proposal.

- Do Ministers agree with this approach as a basis for further negotiations?

The concept of geographical balance will play a key role in the application of the principles of solidarity and effort-sharing in the next LIFE Programme, and therefore should not be adopted by delegated act but should instead be included in the text of the Regulation. Portugal considers that for transparency reasons, and due to the fact that the concept represents an essential element of the Programme, it needs additional clarification through the inclusion of specific criteria in the Regulation. Therefore we support the Presidency's proposal to develop the appropriate criteria in the forthcoming negotiations on the Regulation, and in that regard we believe that the criteria currently set in Article 6(2)(a) and (b) of Regulation 614/2007 constitute an adequate basis for discussion.

However, Portugal considers that the concept of geographical balance should not only apply to integrated projects but also to the selection of traditional projects. The distinction between integrated and traditional projects in this respect does not seem justified. To limit the application of the concept only to integrated projects would mean that a considerable amount of LIFE resources would be allocated without taking into consideration the principles of solidarity and effort-sharing.

Question 2

Against this background, and as a basis for further discussions, the Presidency would propose to keep the eligibility of VAT and permanent staff costs and at the same time decrease the proposed co-financing rates accordingly, while exploring further simplification options, including the use of lump sums and flat rates.

Do Ministers agree with this approach as a basis for further negotiations?

Portugal recognises the need to simplify the verification system; however, this should not work to the disadvantage of fair and equitable effort-sharing between Member States, nor should it take place through measures that could discourage applications.

Portugal opposes the exclusion of the eligibility of VAT and permanent staff costs. Excluding VAT would cause a significant discrimination between Member States according to their VAT rates, and a disparity in the co-financing required from the Member States for the execution of LIFE objectives. The exclusion of permanent staff could cause significant difficulties for the implementation of projects due to current administrative and financial constraints, and also put at risk the stability of ownership and the quality of LIFE projects. The increased co-financing rates do not seem to be enough to compensate for the proposed changes in eligibility.

Portugal believes it is essential to keep the eligibility of VAT and permanent staff costs and therefore we would be willing to consider a compromise solution that may involve amending the co-financing rates.

In Portugal's view it is also important to ensure the application of the 80 % co-financing rate to projects for priority habitats and species, in order to ensure that at least the EU intervention remains at the same level as today, in line with the information provided by the proposal's Impact Assessment.