

National co-financing of LIFE projects

NCP Networking workshop – Zagreb 1/2/2018

ABSTRACT

Following the presentation by the NCP of Slovenia, during the 1st session of the NCP Networking workshop that was held in Zagreb and was titled 'Experiences with national co-financing', this short report was prepared. The aim of this report was to contribute to the on-going action A13 'Identification of possible co-financing sources' of the LIFE14 CAP/GR/000003 project.

Introduction

It is commonly acknowledged among NCPs that co-financing of LIFE projects is one of the major problems that beneficiaries face during the preparation of a proposal and of course during implementation. The availability of co-funding sources is scarce, particularly during the financial crisis and the reduction of EU funding from 60 to 55% for the priority sector of Environment & Resource Efficiency and the Climate Action subprogramme, will deem this struggle even more difficult.

Member states have concluded that it is in their interest to support LIFE proposals or on-going projects, by filling in A8 forms initially and by providing financial support at a later stage. Although this practice is common, it is not practised in all member states and in those that is practised, there are several approaches and there is not one common successful recipe to this end.

Since the issue has been of many relevant discussions among NCPs and as time flows and new practices appear, it was decided by the Croatian NCP to include the subject in the NCP networking workshop in February. This report was drafted based on the notes taken during the session and on the material included in the presentation of the Slovenian NCP.

Slovenian experience

The Slovenian NCP presented firstly the legal basis on which the national co-financing of LIFE projects is eligible for the state. The first point is that according to the rules on the procedures for implementing the budget of the Republic of Slovenia, it is allowed to co-finance EU projects and the process for this is defined. This process entails tendering in the Official Gazette and it is time-consuming. Any possibility for additions or corrections is very difficult to occur once the tender is published. Resources for the co-financing come from the budget of the Republic of Slovenia, which is set for two years with an act, but is still revised yearly.

Another legal element that supports the co-financing process is the fact that the Ministry of Environment opened a specific budget line for the LIFE programme. Additionally, specific funds were reserved for this budget line e.g. the Nature Fund and the Clima Fund.

Co-financing LIFE in Slovenia – More details

Listed below are the steps that are followed each one or two years in Slovenia and allow the potential LIFE beneficiaries to receive co-financing by the state.

- Prioritisation
 - The Ministry of Environment defines the priorities for Nature, Environment, Climate, Awareness and Governance. These priorities act as starting points for the applicants that wish to receive state co-financing for their project.
- Open Tender in the Official Gazette
 - The tender, that describes the priorities as set by the Ministry, is published 1-2 months before the LIFE programme call. The tender also defines the percentage of state co-financing that will be available for each project category. This percentage varies according to the political priorities set by the Ministry. From 2008 to 2017 this percentage varied between 10-30%.
- Application
 - The potential beneficiaries prepare their proposal in e-proposal and once finished they submit it to the Ministry, along with all the supporting documents. The deadline for the submission of the proposal with the application and inline with the existing LIFE proposal submission deadlines, is at the beginning of August i.e. approximately 1½ month before submission to EC.
- Evaluation
 - The proposals are internally evaluated in the Ministry and if all paperwork is ok the proposal can include an A6 form in the proposal. The co-financiers A6 form states the amount that will be given to the project. It also states that this amount is based on a percentage and if any financial changes occur during the implementation of the project, the co-financing amount will change accordingly so as to remain to the fixed promised rate set in the tender.
- Contracting
 - Upon approval of the proposal by the EC the beneficiaries sign a contract with the Ministry that covers the co-financing aspects of the project. The contract covers the whole duration of the project.
 - In case of more than one national partners in the same project, the coordinating beneficiary is the signatory and the internal sharing of the funds is controlled by a partnership agreement.
 - Cash flow follows reporting to EC.

Difficulties in state co-financing

The Slovenian experience was also shared on the difficulties that are faced during the process of providing state funding to LIFE projects.

As it is common for ministries in many MS, the budget is annual or in some cases biannual, while on the contrary projects have an extended period of at least three years, while in some cases duration can reach up to six years. This might, in some cases, cause problems in the availability of funds for one specific year, in combination with previous financial commitments of the Ministry to older or newer projects.

Additionally, since the funding procedure is not a law of the country, it is usually subject to changing political decisions by the government or by other decision makers such as directors, heads of financial services etc.

Year	Amount of co-financing (%)	Priority area
2000 – 2007	Individual agreements with each project about the national co-financed share 5 - 45	Nature
2008 – 2011	20	All
2012	-	-
2013	30	All
2014 – 2016	10-20	All except the Environment
2017	10-20	All

The financial impacts of state co-financing LIFE projects in Slovenia

On February 2nd the Slovenian NCP presented the socio-economic impact of LIFE projects in Slovenia. The current state of LIFE in Slovenia is 49 projects since 1993. There are currently 16 on-going projects with a total budget of €47,700,000. According to the calculations of the Slovenian Capacity Building project, from the participants' contribution which is €31,246,098, a total of €7,993,565 goes back to the state as VAT, Social and Pension contributions. This amount is 13% higher than the state contribution to these projects which sums up to €7,057,951. It was therefore proven that it is for the benefit of the state to co-finance LIFE projects, since the return is higher, according to conservative calculations, assuming that the funds spent in the market create even more income to the state.