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**COMMISSION REGULATION (EC) No 2304/2002  
of 20 December 2002**

**implementing Council Decision 2001/822/EC on the association of the overseas countries and territories with the European Community ('Overseas Association Decision')**

(OJ L 348, 21.12.2002, p. 82)

Amended by:

		Official Journal		
		No	page	date
► <b><u>M1</u></b>	Commission Regulation (EC) No 1424/2007 of 4 December 2007	L 317	38	5.12.2007

Corrected by:

► **C1** Corrigendum, OJ L 8, 14.1.2003, p. 46 (2002/2304/EC)

**COMMISSION REGULATION (EC) No 2304/2002****of 20 December 2002****implementing Council Decision 2001/822/EC on the association of the overseas countries and territories with the European Community ('Overseas Association Decision')**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Decision 2001/822/EC <sup>(1)</sup>, and in particular Article 23 thereof,Having regard to the Internal Agreement between Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community Aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies <sup>(2)</sup>,Having regard to the Council Regulation on a Financial Regulation for the European Development Fund <sup>(3)</sup> (EDF Financial Regulation),

Whereas:

- (1) Decision 2001/822/EC (Overseas Association Decision) requires the Commission to adopt implementing provisions concerning Part III and Annexes II(A) to (D) in cooperation with the overseas countries and territories (OCT) within the framework of the partnership procedure. In particular, Article 4 lays down that OCT shall have primary responsibility for the preparation of Single Programming Documents (SPD) and cooperation programmes.
- (2) The provisions adopted by the Commission pursuant to Article 23 of the Overseas Association Decision should be consistent with the principles of sound financial management, partnership, complementarity and subsidiarity and ensure ownership by the OCT of the development process as well as adequate monitoring and auditing by the OCT themselves and the Commission.
- (3) Taking into account the specific needs, capabilities and constraints of the OCT, financial assistance should be granted to the OCT as budgetary support, provided the OCT management of public expenditure presents sufficient transparency, accountability and effectiveness. In addition, the public procurement procedures there should satisfy to the standards of the EDF Financial Regulation as to transparency and openness. Alternatively to budgetary support, financial assistance may be provided as support for projects or programmes when this is deemed to ensure a more effective or safer implementation.
- (4) Provisions should be established for the preparation of the SPD, its follow-up, audit, evaluation, review and implementation, as well as for reporting and financial corrections. Such provisions should cover the participation of the Commission in those activities. Subject to any necessary adaptation to the specific

<sup>(1)</sup> OJ L 314, 30.11.2001, p. 1.

<sup>(2)</sup> OJ L 317, 15.12.2002, p. 355.

<sup>(3)</sup> Not yet published — COM (2002)290 final, 11.06.2002.

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OCT situation, they should be consistent with the corresponding ones in the context of structural funds, in order to enhance and facilitate the effectiveness of the Commission participation.

- (5) In order to facilitate regional cooperation and integration between the OCT and the ACP countries, identical rules should in principle apply. However, taking into account the geographical situation of certain OCT, which in practice cannot establish close cooperation with ACP countries or other OCT, the possibility should also be provided for regional funds to be allocated at the request of only one OCT.
- (6) The measures provided for in this Regulation have been subject to consultation with the OCTs.
- (7) The measures provided for in this Regulation are in accordance with the opinion of the EDF-OCT Committee established by Article 24 of the Overseas Association Decision,

HAS ADOPTED THIS REGULATION:

## PART 1

**SUBJECT MATTER AND PRINCIPLES****▼M1***Article 1***Subject matter**

This Regulation lays down the procedures for the programming, implementation and control of the Community financial assistance to the overseas countries and territories (OCTs) managed by the Commission under the Tenth European Development Fund (EDF), in accordance with the provisions of the Overseas Association Decision and the Financial Regulation applicable to the 10th EDF.

**▼B***Article 2***Complementarity and partnership**

1. The programming, implementing, monitoring and evaluation of EDF support shall be carried out in close consultation between the OCT, the Member States concerned and the Commission.
2. The OCT shall ensure that all the actors of cooperation listed in Article 5(1), second and third indent of the Overseas Association Decision are adequately consulted during the programming process.
3. The OCT, the Member States concerned and the Commission shall promote coordination and consistency between both measures undertaken pursuant to this Regulation, measures undertaken with contributions from the Community budget, and operations undertaken by the European Investment Bank, other international institutions and the Member States concerned.

## PART II

**PROGRAMMABLE AND NON-PROGRAMMABLE AID**

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## CHAPTER 1

### *Programmable aid*

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#### *Article 3*

#### **Territorial programming**

Operations financed by non-repayable aid under the 10th EDF within the framework of the Overseas Association Decision shall be programmed as soon as possible after the entry into force of the Internal Agreement establishing the 10th EDF by means of the adoption of an SPD following the model in the Annex to this Regulation.

#### *Article 4*

#### **Preparation of the SPD**

1. The competent OCTs authorities shall prepare a proposal for the SPD following consultations with the widest possible range of stakeholders in the development process, and shall draw on lessons learned and best practices.

Each proposal for an SPD shall be adapted to the needs and specific circumstances of each OCTs. It shall identify results-oriented indicators to be monitored and promote local ownership of cooperation programmes.

2. The proposal for the SPD shall be the subject of an exchange of views between the OCTs and Member State concerned and the Commission, via, if applicable, the relevant Delegation.

The OCTs shall provide all the necessary information, including the results of any feasibility studies, to make the appraisal of the draft SPD by the Commission as effective as possible.

3. The 10th EDF financial allocation shall in principle be provided as budgetary support, save in exceptional and duly justified circumstances.

Where the conditions for budgetary support are not met, the SPD shall provide for measures to create the conditions for budgetary support.

Any divergences between the OCTs's own analysis and the Community's shall be noted.

#### *Article 5*

#### **Appraisal of the SPD by the Commission**

The Commission shall appraise the proposal for the SPD to determine whether it contains all the elements required and is consistent with the aims of the Overseas Association Decision, of this Regulation and of the relevant Community policies.

The Commission shall also appraise the proposal for the SPD to determine whether it contains all the elements required for the Commission to take the financing decision referred to in Article 20(4) of the Overseas Association Decision.

It shall inform the European Investment Bank of the draft received.

Without prejudice to Article 4(3), the Commission shall decide whether 10th EDF financial assistance is to be granted as budgetary support, subject to a preliminary assessment of the transparency, accountability and effectiveness of public expenditure management and of the openness and transparency of public procurement in accordance with the standards set out in the Financial Regulation applicable to the 10th EDF, or is to be granted as support for programmes or projects.

**▼B***Article 6***Regional programmes**

1. Articles 3 to 5 shall apply *mutatis mutandis* to the financial support for regional cooperation and integration under Article 3(2) of Annex II Aa to the Overseas Association Decision.

In its assessment of the proposals, the Commission shall take particular account of the anticipated impact on the integration of the beneficiary OCTs within the region to which they belong.

As far as possible, coordination shall be ensured with programmes at territorial level and with actions involving ACP countries and/or the outermost regions referred to in Article 299(2) of the Treaty. This may involve the identification of the priorities and specific resources for the purpose of strengthening cooperation with ACP countries and/or outermost regions, and the modalities for identifying and coordinating the selection of common interest actions.

Commitment of expenditure shall be preceded by a Commission financing decision covering support for projects and programmes.

2. In order to achieve an adequate scale and to increase efficiency, regional and territorial funds may be mixed for financing regional programmes with a distinct territorial component.

3. Articles 8 and 16 to 30 apply to regional programmes *mutatis mutandis*.

**▼B***CHAPTER 2****Non-programmable aid*****▼M1***Article 7***Use of the reserve**

1. The Commission shall allocate resources from reserve B for the purposes referred to in Article 3(4)(b) of Annex II Aa to the Overseas Association Decision on the basis of the mid-term review referred to in Article 22 of this Regulation. The Commission shall adjust the indicative amounts already allocated accordingly and inform the OCTs and the Member States of its decision regarding the new allocations.

2. For the purposes of committing the resources provided for in Article 28 and Annex II D of the Overseas Association Decision, any OCTs which considers itself to be eligible for the support provided for therein shall submit a complete request on the forms made available by the Commission and include all the information needed for it to be assessed.

The request shall be submitted to the Commission at the latest by the end of the year following the year for which the additional support is required.

The Commission shall inform the OCTs within the shortest possible time of its decision.

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PART III  
IMPLEMENTATION

*CHAPTER 1*

*Financial procedures*

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*Article 8*

**Commitments**

1. Expenditure on financial assistance for the OCTs shall be committed by the Commission in accordance with the Financial Regulation applicable to the 10th EDF.
2. Within the scope of the SPD, commitment of expenditure shall be preceded by a Commission financing decision covering in principle budgetary support, save in exceptional and duly justified circumstances.
3. Outside the scope of the SPD, expenditure under the non-allocated reserve B set aside in accordance with Article 3(4) of Annex II Aa to the Overseas Association Decision shall be committed by the Commission and implemented in accordance with the Financial Regulation applicable to the 10th EDF.

*Article 9*

**Paying agents**

The financial institutions in the OCTs with which the Commission opens accounts in accordance with the Financial Regulation applicable to the 10th EDF for the purposes of implementing cooperation with the OCTs shall exercise the functions of 'Paying Agents'.

Interest shall be payable on funds deposited with Paying Agents in the Community.

The Paying Agents shall receive no remuneration for their services and no interest shall be payable on deposited funds.

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*CHAPTER 2*

*Contracts*

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*Article 10*

**General regulations for contracts**

1. The procedures governing the award of contracts shall be indicated in the financing agreements.
2. Where financial assistance is granted by means of budgetary support, the procedures for public procurement of the OCTs in question shall apply.
3. In all other cases, award of contract shall follow the applicable provisions of the Financial Regulation applicable to the 10th EDF.

*Article 11***Tax and customs arrangements**

1. OCT shall apply for contracts implementing programmes or projects financed by EDF tax and customs arrangements no less favourable than the arrangements they apply to the most favoured States or international development organisations with which they have relations. For the purposes of determining the most-favoured-nation (MFN) treatment, account shall not be taken of arrangements applied by the OCT concerned to other OCT or ACP States, or to other developing countries.

2. Subject to paragraph 1, the following shall apply to contracts financed by the Community:

- (a) the contract shall not be subject in the beneficiary OCT to stamp or registration duties or to fiscal charges having equivalent effect, whether such charges already exist or are to be instituted in the future; however, such contracts shall be registered in accordance with the laws in force in the OCT and a fee corresponding to the service rendered may be charged therefor;
- (b) profits and/or income arising from the performance of contracts shall be taxable according to the internal fiscal arrangements of the OCT concerned, provided that the natural or legal persons who realise such profit and/or income have a permanent place of business in that State, or that the performance of the contract takes longer than six months;
- (c) enterprises having to import professional equipment in order to carry out works contracts shall, if they so request, benefit from the system of temporary admission as laid down by the national legislation of the beneficiary OCT in respect of the said equipment;
- (d) any professional equipment needed to carry out the tasks defined in a service contract shall be temporarily admitted into the beneficiary OCT in accordance with its national legislation free of customs duties, taxes or fiscal charges having equivalent effect where such duties and charges do not constitute remuneration for services rendered;
- (e) imports under supply contracts shall be admitted into the beneficiary OCT without customs duties, taxes or fiscal charges having equivalent effect. The contract for supplies originating in the OCT concerned shall be concluded on the basis of the ex-works price of the supplies, to which may be added such internal fiscal charges as may be applicable to those supplies in the OCT;
- (f) fuels, lubricants and hydrocarbon binders and all materials used in the performance of works contracts shall be deemed to have been purchased on the local market and shall be subject to fiscal rules applicable under the national legislation in force in the beneficiary OCT; and
- (g) personal and household effects imported for use by natural persons, other than those recruited locally, engaged in carrying out the tasks defined in a service contract, as well as members of their families, shall be exempt from customs or import duties, taxes and other fiscal charges having equivalent effect, within the limit of the national legislation in force in the beneficiary OCT.

3. Any matter not covered by paragraphs 1 and 2 on tax and customs arrangements shall remain subject to the legislation of the OCT concerned.

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## CHAPTER 3

*Management and executing agents*

## Article 12

**Implementing procedures**

Without prejudice to the procedures for implementing budgetary support referred to in Articles 8(2) and 10(2), programmes and projects financed according to this Regulation shall be implemented in accordance with Articles 13, 14 and 15.

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## Article 13

**Delegations**

1. Where the Commission is represented by a Delegation under the authority of a Head of Delegation, it shall inform the OCTs concerned accordingly. In such cases, the provisions of the Financial Regulation applicable to the 10th EDF concerning authorising officers and accounting officers by subdelegation shall apply.
2. The Head of Delegation shall be the main contact for the different actors of cooperation in the OCTs concerned. He shall cooperate and work closely with the Territorial Authorising Officer.
3. The Head of Delegation shall have the necessary instructions and delegated powers to facilitate and expedite all operation under this Regulation.
4. On a regular basis, the Head of Delegation shall inform the OCTs authorities of Community activities which may directly concern cooperation between the Community and the OCTs concerned.

## Article 14

**Territorial Authorising Officer**

1. The Government of each OCTs shall appoint a Territorial Authorising Officer to represent it in all operations financed from the resources of the EDF managed by the Commission and the Bank. The Territorial Authorising Officer shall appoint one or more deputy Territorial Authorising Officers to replace him when he is unable to carry out his duties and shall inform the Commission of this appointment. Wherever the conditions regarding institutional capacity and sound financial management are met, the Territorial Authorising Officer may delegate his functions for implementation of the programmes and projects concerned to the body responsible within the OCTs administration. The Territorial Authorising Officer shall inform the Commission of any such delegation.

When the Commission becomes aware of problems in carrying out procedures relating to the management of EDF resources, it shall, in conjunction with the Territorial Authorising Officer, make all contacts necessary to remedy the situation and take any appropriate steps.

The Territorial Authorising Officer shall assume financial responsibility only for the executive tasks entrusted to him.

Where EDF resources are managed in a decentralised way and subject to any additional powers that might be granted by the Commission, the Territorial Authorising Officer shall:

- (a) be responsible for the coordination, programming, regular monitoring and annual, mid-term and end of-term reviews of implementation of cooperation, and, if applicable, for coordination with donors;



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- (b) in close cooperation with the Commission, be responsible for the preparation, submission and appraisal of programmes and projects;
  - (c) prepare tender dossiers and, where appropriate, the documents for calls for proposals;
  - (d) submit tender dossiers and, where appropriate, documents for calls for proposals, to the Commission for approval before launching invitations to tender and, where appropriate, calls for proposals;
  - (e) in close cooperation with the Commission, launch invitations to tender and, where appropriate, calls for proposals;
  - (f) receive tenders and, if applicable, proposals, and transmit copies of tenders to the Commission; preside over the opening of tenders and decide on the results of their examination within the period of validity of the tenders, taking account of the time required for approval of contracts;
  - (g) invite the Commission to the opening of tenders and, if applicable, proposals and notify the Commission of the results of the examination of tenders and proposals for approval of the proposals for the award of contracts and grants;
  - (h) submit contracts and programme estimates and any addenda thereto to the Commission for approval;
  - (i) sign the contracts and addenda thereto approved by the Commission;
  - (j) clear and authorise expenditure within the limits of the funds assigned to him; and
  - (k) during the execution operations, make any adaptation arrangements necessary to ensure the proper execution of approved programmes or projects from the economic and technical viewpoint.
2. The Territorial Authorising Officer shall, during the execution of operations and subject to the requirement to inform the Commission, decide on:
- (a) technical adjustments and alterations to programmes and projects in matters of detail so long as they do not affect the technical solution adopted and remain within the limits of the reserve for adjustments provided for in the financing agreement;
  - (b) changes of site for multiple-unit programmes or projects where justified on technical, economic or social grounds;
  - (c) imposition or remission of penalties for delay;
  - (d) acts discharging guarantors;
  - (e) purchase of goods, irrespective of their origin, on the local market;
  - (f) use of construction equipment and machinery not originating in the OCTs, Member States or ACP States provided there is no production of comparable equipment and machinery in the OCTs, Member States or ACP States;
  - (g) subcontracting;
  - (h) final acceptance, provided that the Commission is present at provisional acceptance, endorses the corresponding minutes and, where appropriate, is present at the final acceptance, in particular where the extent of the reservations recorded at the provisional acceptance necessitates major additional work; and
  - (i) hiring of consultants and other technical assistance experts.
3. In addition the Territorial Authorising Officer shall:

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- (a) draw up and, after obtaining the approval of the Monitoring Committee, submit to the Commission the annual implementation report;
- (b) carry out the mid-term review referred to in Article 22;
- (c) ensure that those bodies taking part in the management and implementation of EDF programmes maintain either a separate accounting system or an adequate accounting code for all transactions relating to the assistance; and
- (d) take any necessary measures to ensure the implementation of Articles 16, 19, 24 and 30.

4. When the annual implementation report referred to in Article 21 is submitted, the Commission and the Territorial Authorising Officer shall review the main outcomes of the previous year.

After this review, the Commission may make comments to the Territorial Authorising Officer. The Territorial Authorising Officer shall inform the Commission of any action taken on these comments. Where in duly substantiated cases the Commission considers that the measures taken are inadequate, it may make recommendations to the OCTs and the Territorial Authorising Officer for adjustments aimed at improving the effectiveness of the monitoring or management arrangements, together with the reasons for any such recommendations.

On receiving any such recommendations, the Territorial Authorising Officer shall subsequently demonstrate the steps taken to improve the monitoring or management arrangements or shall explain why no such steps have been taken.

**▼B***Article 15***Regional stakeholders**

1. Proposals for a regional programme shall be submitted by:
  - (a) at least two OCT Territorial Authorising Officers; or
  - (b) exceptionally, one OCT Territorial Authorising Officer where only one OCT is involved in an action mentioned in Article 16(1)(b) to (e) of the 'Overseas Association' Decision.
2. Regional programmes shall be implemented by the Territorial Authorising Officer or organisation designated in the proposal.

## PART IV

**MONITORING, REVIEW, AUDITING AND EVALUATION***CHAPTER 1****Monitoring****Article 16***OCT responsibility**

1. Without prejudice to the Commission's responsibility for implementing the Community financial support, the OCT shall take responsibility in the first instance for the financial control of such support.

To that end, the Territorial Authorising Officer shall:

- (a) set up and implement management and control arrangements in such a way as to ensure that Community funds are being used efficiently

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and correctly. Appropriate internal and external financial controls are to be carried out in accordance with internationally accepted audit standards by the competent financial control authority, which must be independent for the purposes of performing this function;

- (b) provide the Commission with a description of these arrangements;
- (c) guarantee that assistance is managed in accordance with all the applicable rules and that the funds placed at their disposal are used in accordance with the principles of sound financial management;
- (d) certify that the declarations of expenditure presented to the Commission are accurate and that they result from accounting systems based on verifiable supporting documents;
- (e) present to the Commission, when each programming period is wound up, a declaration drawn up by a person or department having a function independent of the designated managing authority. This declaration shall summarise the conclusions of the checks carried out during previous years and shall assess the validity of the application for payment of the final balance and the legality and regularity of the transactions covered by the final certificate of expenditure. The OCT may attach their own opinion to this certificate if they consider it necessary;
- (f) cooperate with the Commission to ensure that EDF resources are used in accordance with the principles of sound financial management;
- (g) prevent, detect and correct irregularities, notify these to the Commission, in accordance with the rules, and keep the Commission informed of the progress of administrative and legal proceedings;
- (h) recover any amounts lost as a result of an irregularity detected and, where appropriate, charge interest on late payments;
- (i) take all the necessary measures to ensure compliance with the provisions of the indicative programme, including that the timetable of commitments and disbursements agreed at the time of programming is met; and
- (j) investigate any causes of delay in implementation and propose suitable measures to remedy the situation.

2. Each year an audit plan and a summary of the findings of the audits carried out shall be sent to the Commission.

Audit reports will be at the disposal of the Commission.

#### *Article 17*

#### **Coordination**

1. The Commission and the OCT, represented by the Territorial Authorising Officer, shall cooperate and coordinate plans, methods and implementation of checks so as to maximise the usefulness of the checks carried out. They shall immediately exchange the results of the checks carried out.

2. At least once a year the following shall be examined and assessed:

- (a) the results of the checks carried out by the OCT and the Commission;
- (b) any comments made by other national or Community control bodies or institutions;

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(c) the financial impact of any irregularities noted, the steps already taken or still required to correct them and, where necessary, adjustments to the management and control systems.

3. Following the examination and assessment under paragraph 2, and without prejudice to the measures to be taken immediately by the OCT under Article 16, the Commission may make observations, particularly regarding the financial impact of any irregularities detected.

These observations shall be addressed to the Territorial Authorising Officer of the OCT concerned and be accompanied, where necessary, by requests for corrective measures to remedy the management shortcomings found and address those irregularities detected which have not already been corrected.

The OCT shall have the opportunity to comment on these observations.

*Article 18***Monitoring Committees**

1. A Monitoring Committee shall supervise the implementation of each SPD.

The OCT authorities shall set up the Monitoring Committee no more than three months after the approval of the SPD.

2. The Monitoring Committee shall be chaired by the Territorial Authorising Officer or his representative.

A representative of the Commission, and, where appropriate, of the European Investment Bank, may participate in the work of the Monitoring Committee in an advisory capacity.

The authorities or bodies designated by the OCT, the Commission, the Member State concerned and, where appropriate, the European Investment Bank and/or any other co-financing institution shall be represented in the committee. Where regional and local authorities and private enterprises are responsible for the implementation of a project and where they are directly concerned by a project, they shall also be represented in such committees.

3. The Monitoring Committee shall draw up its own rules of procedure within the institutional, legal and financial framework of the OCT concerned and agree on them with the Territorial Authorising Officer.

4. For the meetings of the monitoring committee the Territorial Authorising Officer shall submit progress reports in accordance with the standard model provided by the Commission. The report shall be received by the Commission 15 working days ahead of the scheduled meeting.

5. In order to verify the effectiveness and quality of the implementation of assistance the Monitoring Committee shall:

- (a) periodically review the progress made towards achieving the specific objectives of the SPD;
- (b) examine the mid-term review referred to in Article 22 before it is sent to the Commission;
- (c) consider and approve the annual and final implementation reports before they are sent to the Commission;
- (d) consider and approve any proposal to amend the contents of the SPD.

*Article 19***Monitoring indicators**

The Territorial Authorising Officer and the Monitoring Committee shall carry out the monitoring by reference to indicators specified in the SPD.

The indicators shall take account of the indicative methodology made available by the Commission.

They shall relate to the specific character of the projects and their objectives and show:

- (a) inputs, outputs, outcome and as far as possible impacts;
- (b) the stage reached in assistance in terms of physical implementation;
- (c) the progress of the financing plan.

*CHAPTER 2**Review**Article 20***Review process**

1. Financial cooperation shall be sufficiently flexible to ensure that operations are kept constantly in line with the objectives of the Overseas Association Decision and take account of any changes occurring in the economic situation, priorities and objectives of the OCT concerned, in particular by means of the annual implementation report and the mid-term or, if applicable, the annual review SPD referred to in Article 21(5).

2. In the exceptional circumstances referred to in the provisions on humanitarian and emergency assistance, the review may be carried out at the request of either Party.

*Article 21***Annual implementation report**

1. The Territorial Authorising Officer shall submit annual implementation reports to the Commission within three months of the end of each full year of implementation from the adoption of the SPD.

2. The annual implementation report on the SPD shall consist of a joint assessment of the implementation of the programme and take into account the results of the relevant activities of monitoring and evaluation.

3. This report shall be made locally and shall be finalised between the Territorial Authorising Officer, the Monitoring Committee and, if applicable, the Head of Delegation concerned within a period of 60 days.

4. It shall in particular include an assessment of:

- (a) the results achieved in the focal sector(s) measured against the identified targets and impact indicators and sectoral policy commitments;
- (b) any projects and programmes outside the focal sector(s) and/or part of multi-annual programmes;
- (c) the use of any resources set aside for non-State actors;

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(d) the effective implementation of current operations and the extent to which the timetable for commitments and payments has been met; and

(e) any extension of programming to cover the years ahead.

5. Where appropriate, an annual review shall be carried on the basis of the report at the occasion of a partnership meeting, as laid down in Article 7 of the Overseas Association Decision.

**▼M1***Article 22***Mid-term review**

1. The mid-term review shall be organised to examine the initial results of the SPD, their relevance and the extent to which the targets have been attained.

It shall also assess the use made of financial resources and the operation of monitoring and implementation.

2. The mid-term review shall be carried out under the responsibility of the Commission, in cooperation with the Territorial Authorising Officer and the Member State concerned.

The mid-term review shall be carried out in general between 30 and 42 months after the entry into force of the Internal Agreement establishing the 10th EDF.

A different deadline may be set in the SPD, in particular in respect of the indicators adopted in the case of budgetary support.

The mid-term review shall be carried out by an independent assessor, submitted to the Monitoring Committee and then sent to the Commission.

3. The Commission shall examine the relevance and quality of the review on the basis of criteria defined in the SPD, including in respect of the EDF financial allocation.

**▼B***CHAPTER 3**Audits**Article 23***Audits**

1. Without prejudice to checks carried out by beneficiary countries, the Commission and the Court of Auditors may, through their own staff or duly authorised representatives, carry out on-the-spot technical or financial audits, including sample checks and final audits on the operations financed by the EDF and on management and control systems at a minimum of one working day's notice.

The Commission shall give notice to the OCT concerned with a view to obtaining all the assistance necessary. Officials or servants of the OCT concerned may take part in such checks. The Commission may require the OCT concerned to carry out an on-the-spot check to verify the correctness of one or more transactions. Commission officials or servants may take part in such checks.

2. The beneficiary countries shall assist the Commission services and the Court of Auditors in the performance of audits relating to the utilisation of EDF resources.



*Article 24*

**Audit trail**

1. OCT management and control systems shall provide a sufficient audit trail, in accordance with the conditions laid down in each financing agreement.
2. A sufficient audit trail is present where:
  - (a) accounting records kept at the appropriate management level provide detailed information of expenditure actually incurred in EDF-financed operations. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date and method of payment. The necessary documentary evidence (e.g. invoices) is attached;
  - (b) the technical specifications and financial plan of the operation, progress reports, the documents concerning the grant approval and tendering and contracting procedures, and reports on inspections of the products and services financed are also kept at the appropriate management level;
  - (c) in the case of computerised transfer of accounting data, all the authorities and bodies concerned obtain sufficient information from the lower level to justify their accounting records and the sums reported upwards, so as to ensure a sufficient audit trail from the total summary amounts certified to the Commission down to the individual expenditure items and the supporting documents at the level of the final beneficiaries and the bodies and firms carrying out the operations;
3. the Territorial Authorising Officer shall take any measures needed to implement this Article.

*CHAPTER 4*

*Evaluation*

*Article 25*

**Evaluation**

1. The evaluation of the SPD shall cover the utilisation of resources, the effectiveness and efficiency of the assistance and its impact and shall draw conclusions and recommendations, using notably evaluation results already available.

It shall cover the factors contributing to the success or failure of implementation and achievements and results, including their sustainability.

2. Evaluations of the SPD shall be the responsibility of the Commission, in coordination with the Monitoring Committee.
3. The evaluation programme should be outlined in the SPD.

Evaluations shall, in particular:

- (a) provide regular and independent assessments of the Fund's operations and activities by comparing planned results and objectives with actual achievements; and thereby
- (b) enable OCT, Member States and the Commission to feed the lessons of experience back into the design and execution of future policies and operations.
4. The results of the evaluation shall be made available to the public.

**▼B***Article 26***Evaluation procedures**

Without prejudice to evaluations carried out by the OCT or the Commission, evaluations of programmes, projects or other activities implementing the SPD may be performed jointly by the OCT and the Commission, in cooperation with the Member State concerned.

## PART V

**FINANCIAL ADAPTATIONS****▼M1***Article 27***Adaptation of EDF allocations**

Using the results of monitoring, audit and evaluations as a basis and taking account of the comments of the Monitoring Committee, the Commission may adjust the amounts and conditions of the initial SPD on its own initiative or on a proposal from the OCTs concerned in the light of the current needs and performance of that OCTs and taking due account of the latest available statistical data for that OCTs.

This adaptation shall normally take place on the occasion of the mid-term review referred to in Article 22 or, in the case of irregularities, in the shortest possible time, in accordance with the procedure laid down in Article 24 of the Overseas Association Decision.

**▼B***Article 28***Suspension of payments**

1. The Commission shall suspend the payments and, stating its reasons, request that the OCT submit its comments and, where appropriate, carry out any corrections, within a specified period of time where, after completing the necessary checks, it concludes that:

- (a) an OCT has not complied with its obligations; or
- (b) all or part of the SPD justifies neither part nor the whole of the EDF contribution; or
- (c) there are serious failings in the management or control systems which could lead to systemic irregularities.

2. The period of time within which the OCT concerned may respond to a request to submit its comments and, where appropriate, make corrections, shall be two months, except in duly justified cases where a longer period may be agreed by the Commission.

3. Where the OCT objects to the observations made by the Commission, the OCT and the Member State concerned shall be invited to a partnership meeting by the Commission, in which all sides shall try to reach an agreement on the observations and the conclusions to be drawn from them.

Whenever the OCT objects to the observations made by the Commission and an ad hoc partnership meeting takes place, the three-month period under paragraph 5 within which the Commission may take a decision shall begin to run from the date of the partnership meeting.

4. Where the Commission proposes financial corrections, the OCT shall be given the opportunity to demonstrate, through an examination



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of the files concerned, that the actual extent of irregularity was less than the Commission's assessment.

Except in duly justified cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in paragraph 1.

The Commissions shall take account of any evidence supplied by the OCT within the time limits.

5. At the end of the period set out in paragraph 2, the Commission shall, where no agreement has been reached and the OCT has not made the corrections, take account of any comments made by the OCT and Member States and decide within three months to:

- (a) reduce the payments; or
- (b) make the financial corrections required by cancelling all or part of the EDF allocation.

6. Without prejudice to paragraphs 1 to 5, the Commission may, after due verification, suspend all or part of an interim payment where it finds that the expenditure concerned is linked to a serious irregularity which has not been corrected and that immediate action is needed.

The Commission shall inform the OCT concerned of the action taken and the reasons for it. Where, after five months, the reasons for the suspension persists or the OCT concerned has not notified the Commission of the measures taken to correct the serious irregularity, the provisions laid down in Article 30 shall apply.

**▼M1***Article 29***Recovery and repayments**

1. Any repayment due to be made to the Commission shall be made by the due date indicated in the order for recovery drawn up in accordance with the Financial Regulation applicable to the 10th EDF. This due date shall be the last day of the second month following the issuing of the order.

2. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date referred to in paragraph 1 and ending on the date of actual payment. The rate of such interest shall be one and a half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

3. The Territorial Authorising Officer shall keep an account of amounts recoverable from payments of Community assistance already made, and ensure that the amounts are recovered without unjustified delay.

The beneficiary shall repay any amount to be recovered, together with interest received on account of late payment, by deducting the amounts concerned from its next statement of expenditure and request for payment to the Commission, or, where this is insufficient, by making a refund to the Community.

The Territorial Authorising Officer shall send the Commission a statement once a year of the amounts awaiting recovery at that date, classified by the year of initiation of the recovery proceedings.



PART VI  
**FINAL PROVISIONS**

*Article 30*

**Information and publicity**

1. OCT shall ensure that adequate publicity is given to the EDF programmes with a view to:
  - (a) making the general public aware of the role played by the Community in relation to those programmes;
  - (b) making potential beneficiaries and professional organisations aware of the possibilities afforded.
2. Beneficiary countries shall ensure, in particular, that directly visible display panels are erected showing physical projects financed by the Community, together with the Community logo, and that representatives of the Community institutions are duly involved in the most important public activities connected with EDF-supported programmes.

*Article 31*

**Entry into force**

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

▼ **M1***ANNEX*

**STANDARD STRUCTURE FOR SINGLE PROGRAMMING  
DOCUMENTS FOR OVERSEAS COUNTRIES AND TERRITORIES  
UNDER THE 10TH EDF**

The full text, including the executive summary and chapters 1 to 6, should be limited to at most 15 pages (Word Count) plus annexes.

**PART A: COOPERATION STRATEGY****Executive summary**

SPDs should begin with a half-page executive summary. This should include the major political, institutional, economic, social or environmental challenges for the OCTs in the medium and long term, the main objective of the SPD, the principal reasons for the choice of focal area and the overall distribution of funds.

**Chapter 1: EC cooperation objectives**

In this section, the broad EC cooperation objectives are explicitly stated, as determined by the EC Treaty, the Overseas Association Decision, international agreements and the recent Statement on EC Development Policy.

**Chapter 2: Assessment of the political, economic, social and environmental situation**

Major domestic policy developments/issues and relevant aspects of the external context should be covered, including the political situation, trade aspects, the economic and social situation, environmental aspects and, finally, the sustainability of current policies and medium-term challenges.

This should be an analytical and not merely descriptive exercise. The analysis should be dialogue-driven, prepared in close cooperation with other donors (if applicable) and involving non-governmental actors.

Wherever relevant, special attention should be paid to the implementation of international good governance principles in the financial, tax and judicial areas, and to the extent and the calendar of reforms in this connection.

In the same way, special attention should be paid to the availability of up-to-date statistical data.

**Chapter 3: Policy agenda of the OCTs**

This section should provide a concise statement of the aims and objectives of the government, as set out in official policy documents, in medium- or long-term plans, reform strategies or development programmes. This should be completed by an indication as to how the government proposes to achieve these objectives.

**Chapter 4: Assessment of past and ongoing EC cooperation**

This section should contain a brief account of the results and 'lessons learnt' from past and ongoing EC cooperation. Recommendations from relevant evaluations of the OCTs, specific sectors or projects should be considered.

A coherence paragraph (EC policy mix) should assess the linkages between the SPD and other Community policies, resources and instruments. Programmes of EU Member States and other donors (if applicable) should be outlined. Particular attention should be paid to coordination between territorial and regional programmes and to cooperation with ACP countries and the outermost regions referred to in Article 299(2) of the Treaty.

**Chapter 5: Response strategy**

This section should set out the strategic choices for EC cooperation, specifying on which area/sector assistance will concentrate. That choice should flow logically from:

- EC policy objectives,
- an analysis of the OCTs situation and its development strategy, determining the relevance and sustainability of the support strategy,
- conclusions reached in the context of any policy mix/coherence analysis exercise,
- the indicative volume of funds available,
- lessons learnt from past and ongoing EC activities,

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- complementarity with assistance from other major donors and the OCTs Government's own programmes. Community assistance should be focused in areas where it has comparative advantages or particular expertise.

This section should also contain a concise institutional capacity assessment and, where appropriate address the possible needs for institutional and capacity development actions, or, if necessary, support for actions to strengthen governance, including in the financial, tax and judicial areas wherever relevant.

Where support for programmes or projects is proposed as the financing modality, the exceptional and duly justified circumstances that would not allow assistance to be provided as budgetary support should be described. If the conditions for budgetary support are not met, a description should be provided of which measures will be carried out to ensure that the conditions for budgetary support are created.

**PART B: TERRITORIAL PROGRAMME****Chapter 6: Territorial programme**

This Chapter is a presentation of the OCTs territorial programme, which is based on and fully consistent with the strategic analysis. The territorial programme is an integral part of the SPD and should be composed of the following sections:

*OPTION A: SECTOR POLICY SUPPORT PROGRAMME**Identification*

Title			
Total cost	<i>Specify: EC contribution and if applicable contribution of the beneficiary OCTs (and of other donors, if applicable)</i>		
Aid method/ management mode	Sector Policy Support Programme: — sector budget support (centralised management), — pool fund (centralised (direct or indirect)/decentralised/or joint management), — project mode (centralised (direct or indirect)/decentralised/joint management).		
DAC-code		Sector	

**1. Rationale and OCTs context****Economic and social situation**

Key conclusions from the assessment of the macroeconomic situation, in particular the medium to long term outlook.

If budget support is used as financing modality, indicate the following:

- macroeconomic situation: structure of GDP; recent economic performance and expected trends, covering GDP growth and inflation; public finances, fiscal deficit, debt burden and amount of arrears; share of spending in key sectors; balance of payments current and capital account, reserves; monetary situation; role of external assistance in the economy; relationship with the International Monetary Fund,
- profile and trends in poverty: evolution of real GDP per head of population; consistency between rate of growth and challenge of poverty reduction; results of poverty surveys; situation of main social indicators compared to other countries; evolution of indicators of recent years (where available),
- that the relevant eligibility criterion for Budget Support is fulfilled, namely that a sufficiently stable macroeconomic situation exists.

**Cooperation policy of the beneficiary OCTs**

Main policy, strategic priorities and orientations:

- the main features of national development policy and strategy (analysis of current situation, statement of policy and strategy, action plan(s), medium-term financial perspectives and budget, performance measurement, monitoring and evaluation),
- the realism of the policy and strategy (for example links between growth and poverty reduction, strategic orientations),

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- ownership of policy and strategy by Government in general and sector Ministry specifically.

**G o v e r n m e n t S e c t o r P r o g r a m m e**

Origin and status of the Government sector programme:

- main findings of the assessment of the sector policy and the sector budget and its medium-term financial perspectives (if available) as well as the link with the territorial strategic framework,
- assessment of the institutional capacity,
- overall framework for monitoring implementation of sector policies and strategies.

If budget support is used as a financing modality, provide key conclusions on the assessment of public financial management:

- the quality of the existing public financial management system including any specific public financial management sector issues and reforms,
- an assessment of the process of improvements in public financial management.

If budget support is used, indicate that the relevant eligibility criteria are fulfilled:

- a well defined sector policy and,
- a well defined programme to improve public financial management.

**L e s s o n s l e a r n t**

Reference to reviews, assessments, monitoring results and evaluations of relevant previous actions.

**C o m p l e m e n t a r y a c t i o n s**

General overview of ongoing EC actions, actions of other donors and/or of the beneficiary OCTs complementary to the present one.

**D o n o r c o o r d i n a t i o n**

Description of the coordination process with the beneficiary OCTs and/or other donors, notably Member States.

**2. Description****O b j e c t i v e s a n d e x p e c t e d r e s u l t s**

Objectives and key elements of the Government sector programme and the objectives of the present Sector Policy Support Programme in relation to that programme.

Results anticipated from the Government sector programme and from the Sector Policy Support Programme; specific activities to be undertaken under the Sector Policy Support Programme.

**S t a k e h o l d e r s**

Description of main stakeholders, including beneficiaries; consultation of civil society and other partners; ownership and assessment of institutional capacity.

**R i s k s a n d a s s u m p t i o n s**

Identification of main risks and overview of mitigating measures; elements evidencing the sustainability of the proposed action. If Budget Support is used as the financing modality, risks with respect to eligibility criteria should be mentioned.

**C r o s s c u t t i n g i s s u e s**

Environmental sustainability, gender equality, good governance and human rights.

**3. Implementation issues****I m p l e m e n t a t i o n m e t h o d**

Choose the relevant option in accordance with the selected financing modality:

- centralised management,

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- joint management through the signature of an agreement with an international organisation,
- decentralised management through the signature of a financing agreement with an OCTs (in case of partly centralised implementation and partly decentralised implementation, use this option).

In case of decentralisation of procurement contracts and grant award procedures:

- the Commission controls *ex ante* the contracting procedures for procurement contracts > EUR 50 000 and *ex post* for procurement contracts < EUR 50 000,

or

- the Commission controls *ex post* the contracting procedures (full decentralisation can only be chosen if the criteria of decentralisation set out in the Financial Regulation are fully met).

In case of decentralisation of payments (only possible where the award procedures for the relevant contracts have been decentralised):

- through the programme estimates, payments are decentralised for operating costs and contracts up to the following ceilings,

Works	Supplies	Services	Grants
< EUR 300 000	< EUR 150 000	< EUR 200 000	≤ EUR 100 000

or

- the payments are fully decentralised (full decentralisation can only be chosen if the criteria of decentralisation set out in the Financial Regulation are fully met).

#### Procurement and grant award procedures

The following is to be inserted without modification for those activities for which EC procedures apply: ‘All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.’

The following is to be inserted without modification if the agreement with an international organisation foresees the use of its own rules and procedures, which comply with the international standards set: ‘All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.’

If rules and procedures other than EC procedures apply, these procedures should be specified and fulfil criteria set out in the Financial Regulation.

#### Budget and calendar

Indicative breakdown of overall amount by main components, including evaluation, audit and visibility. Where appropriate, specify also the contribution of the beneficiary OCTs per budget item and whether this contribution is in kind or in cash.

Where possible, indicate proportions of financing reserved for grants and for procurement contracts; for contracts, indicate type of procurement (services, supply, works), and for grants, indicate the main category of intended beneficiaries.

If applicable: Give indicative timeframe for launching the procurement procedures or the call for proposals.

If budget support is used as the financing modality, provide indicative calendar for disbursements in months, distinguishing between fixed and variable tranches, where appropriate.

Indicate operational duration indicated in months as from signature of Financing Agreement (contract or other implementing agreement if no Financing Agreement is signed).

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## Performance monitoring and criteria for disbursement

Description of performance monitoring arrangements.

Performance indicators for the Sector Policy Support Programme; coherence with the overall government sector programme performance assessment framework; process of performance monitoring; means of verification; steps to strengthen performance measurement (as appropriate).

Where budget support or pool funding is chosen as the financing modality: general conditions for disbursement of all tranches; areas in which specific conditions for disbursement of individual tranches will be defined.

Input, output, outcome, and, as far as possible, impact indicators should be identified for policy areas covered by the focal area. Indicators should take into account the SMART criteria (specific, measurable in the short/medium term, achievable, realistic and time-bound) and include a starting level, a target and a clear time-horizon, to allow for comparisons at the time of annual, mid- and end-of-term reviews.

## Evaluation and audit

Description of evaluations (mid-term, final, *ex post*) and audit arrangements.

## Communication and visibility

Description of communication and visibility activities.

## OPTION B: GENERAL BUDGET SUPPORT

## Identification

Title			
Total cost	EC contribution		
Aid method/ management mode	General budget support — centralised management		
DAC-code		Sector	

## 1. Rationale and OCTs context

## Economic and social situation

Macroeconomic situation: structure of GDP; recent economic performance covering GDP growth and inflation; public finances, fiscal deficit, debt burden and amount of arrears; share of spending in key sectors; balance of payments current and capital account, reserves; monetary situation; role of external assistance in the economy; summary of the main past and expected trends in macroeconomic variables; description of the relationship between the partner country and the International Monetary Fund; any special topics of macroeconomic interest specific to the OCTs.

Profile and trends in poverty: evolution of real GDP per head of population; consistency between rate of growth and challenge of poverty reduction; results of poverty surveys; situation of main social indicators compared to other countries; evolution of indicators of recent years (where available).

Indicate that the relevant eligibility criterion for budget support is fulfilled, namely that a stability-oriented macroeconomic policy is in place or under implementation and that this policy should be supported by the EC.

## Cooperation policy and strategy of beneficiary OCTs

Main policy and strategic priorities and orientations:

— OCTs policy and strategy:

- the main features of the OCTs policy and strategy (analysis of current situation, statement of policy and strategy, action plan(s), medium-term financial perspectives and budget, performance measurement, monitoring and evaluation),
- realism of the policy and strategy (for example links between growth and poverty reduction, strategic orientations),
- ownership of policy and strategy;

— performance measurement: the existence of a monitoring process with performance indicators to measure achievement of objectives; coherence

**▼ M1**

with the Millennium Development Goals and political and economic approximation to the EU; existence of a programme to ensure the quality of performance indicators used,

- indicate that the relevant eligibility criterion for budget support is fulfilled, namely that a well defined development or reform policy and strategy is in place or under implementation and this policy should be supported by the EC.

**Sector policies (where appropriate)**

Overview of the characteristics of the main sectors and the sector policies in the priority areas addressed by this programme.

**Public finance**

Main public finance issues in two key areas:

- public financial management,
  - assessment of the quality of the existing Public Financial Management system,
  - assessment of the process of improvements in Public Financial Management, including the OCTs authorities' commitment to improve Public Financial Management performance; the relevance and degree of implementation of the reform strategy; the relevance and degree of coordination and implementation of the capacity development programmes in the area of public financial management,
  - indicate that the relevant eligibility criterion for budget support is fulfilled, namely that a credible and relevant programme to improve the management of public finances exists;
- national budget and medium-term financial perspectives: the size of budget support in relation to the budget; the type and coverage of the budget (including structure of budget income and expenditure; coherence between OCTs policy and strategy and budget allocations and expenditure; budget strategy (including fiscal sustainability, debt sustainability, budget rules, financing strategies); any work on value for money; and status of any medium-term financial perspectives (including coverage, extent of integration or not into budget process, extent of reorientation in line with policies and strategies).

**Lessons learnt**

Summary of lessons learnt, including results of reviews, assessments, monitoring and evaluations of previous actions relevant to this specific programme.

**Complementary actions**

General overview of ongoing EC actions, actions of other donors and/or of the beneficiary OCTs complementary to the present one.

**Donor coordination**

Description of the coordination process with the beneficiary OCTs and/or other donors, notably Member States.

**2. Description****Objectives**

Overall Objectives: derived from the OCTs policy and strategy, this usually covers a contribution to broad development objectives and Millennium Development Goals, such as growth, poverty reduction, security and good neighbourliness, integration in the world economy, economic partnership.

Purpose (specific objective): derived from the OCTs policy and strategy, this refers to particular aspects of the overall strategy. It is often related to improving macroeconomic stability, public financial management, implementation of reforms and improvements in the performance of government and social services.

**Expected results and main activities**

Expected results: this is often related to the better functioning of the public or general government sector and the goods and services it supplies, as well as improvements in the framework for public policy and public expenditure. These goods and services would be those that contribute towards the



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overall objectives, such as those related to poverty reduction and Millennium Development Goals.

Activities cover the issues related to policy dialogue, capacity development activities, monitoring of conditions for disbursement of budget support. Means (or inputs) will refer mainly to the financial support provided by budget support, indicating the size of this support in relation to key macro-economic variables.

#### Stakeholders

Description of main stakeholders, including beneficiaries; consultation of civil society and other partners; ownership and assessment of institutional capacity.

#### Risks and assumptions

Identification of main risks, notably with respect to eligibility criteria and overview of mitigating measures.

#### Crosscutting issues

Environmental sustainability, gender equality, good governance and human rights.

### 3. *Implementation issues*

#### Budget and calendar

Total budget and indicative calendar for disbursements in months, distinguishing fixed/variable tranches where appropriate.

Operational duration indicated in months as from signature of Financing Agreement.

Budget allocations for complementary support measures for the action.

#### Budget support modalities

Specify: direct/indirect; targeted/non-targeted; medium-term/short-term policy and strategy (as appropriate).

#### Procurement and grants award procedures

Only for complementary support like technical assistance, audit, evaluation. To be inserted without modification: 'All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.'

#### Performance monitoring and criteria for disbursement

Description of performance monitoring arrangements, general conditions for disbursement of all tranches, specific conditions for disbursement of individual tranches. Input, output, outcome, and, as far as possible, impact indicators should be identified for policy areas covered by the focal area. Indicators should take into account the SMART criteria (specific, measurable in the short/medium term, achievable, realistic and time-bound) and include a starting level, a target and a clear time-horizon, to allow for comparisons at the time of annual, mid- and end-of-term reviews.

#### Evaluation and audit

Description of evaluations (mid-term, final, *ex post*) and audit arrangements.

#### Communication and visibility

Description of communication and visibility activities.

▼ M1*OPTION C: PROJECT APPROACH**Identification*

Title			
Total cost	<i>Specify: EC contribution and if applicable contribution of the beneficiary OCTs (and of other donors, if applicable)</i>		
Aid method/ management mode	Project approach — centralised (direct or indirect)/decentralised/joint management		
DAC-code		Sector	

1. *Rationale*

## Sector context

Characteristics and policies of concerned sector or thematic area (at regional level, where appropriate) and main problems the project is intended to address.

## Lessons learnt

Reference to reviews, assessments, monitoring results and evaluations of previous actions, relevant to this specific project.

## Complementary actions

General overview of ongoing EC actions, actions of other donors and/or of the beneficiary OCTs complementary to the present one.

## Donor coordination

Description of the coordination process with the beneficiary OCTs and/or other donors, notably Member States.

2. *Description*

## Objectives

Overall objectives and purpose (specific objective) of the EC support.

## Expected results and main activities

Strategy selected to remedy identified problems the project is intended to address; description of expected results and indication of the way they will be achieved.

## Stakeholders

Description of main stakeholders, including beneficiaries; consultation of civil society and other partners, where appropriate; ownership and assessment of institutional capacity.

## Risks and assumptions

Identification of main risks and overview of mitigating measures, including conditions to be met prior to and during implementation; elements evidencing the sustainability of the proposed action.

## Crosscutting issues

Environmental sustainability, gender equality, good governance and human rights.

3. *Implementation issues*

## Implementation method

Choose the relevant option in accordance with the selected financing modality:

- centralised management,
- joint management through the signature of an agreement with an international organisation,
- decentralised management through the signature of a financing agreement with an OCTs (in case of partly centralised implementation and partly decentralised implementation, use this option).

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Indicate the tasks (procurement and grant award procedures/payments) which are foreseen to be centralised or decentralised, and the contracting and paying authority(ies).

In case of decentralisation of procurement contracts and grant award procedures:

— the Commission controls *ex ante* the contracting procedures for procurement contracts > EUR 50 000 and *ex post* for procurement contracts < EUR 50 000,

or

— the Commission controls *ex post* the contracting procedures (full decentralisation can only be chosen if the criteria of decentralisation set out in the Financial Regulation are fully met).

In case of decentralisation of payments (only possible where the award procedures for the relevant contracts have been decentralised):

— through the programme estimates, payments are decentralised for operating costs and contracts up to the following ceilings:

Works	Supplies	Services	Grants
< EUR 300 000	< EUR 150 000	< EUR 200 000	≤ EUR 100 000

or

— the payments are fully decentralised (full decentralisation can only be chosen if the criteria of decentralisation set out in the Financial Regulation are fully met).

#### Procurement and grant award procedures

The following is to be inserted without modification for those activities for which EC procedures apply: ‘All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.’

The following is to be inserted without modification if the agreement with an international organisation foresees the use of its own rules and procedures, which comply with the international standards set: ‘All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.’

If rules and procedures other than EC procedures apply, these procedures should be specified and fulfil criteria set out in the Financial Regulation.

#### Budget and calendar

Indicative breakdown of overall amount by main components, including evaluation, audit and visibility. Where appropriate, specify also the contribution of the beneficiary OCTs per budget item and whether this contribution is in kind or in cash.

Where possible, indicate proportions of financing reserved for grants and for procurement contracts; for contracts, indicate type of procurement (services, supply, works), and for grants, indicate the main category of intended beneficiaries.

If applicable, give indicative timeframe for launching the procurement procedures or the call for proposals.

Foreseen operational duration indicated in months as from signature of Financing Agreement (contract or other implementing agreement if no Financing Agreement is signed).

#### Performance monitoring

Description of performance monitoring arrangements; overview of key indicators measuring progress. Input, output, outcome, and, as far as possible, impact indicators should be identified for policy areas covered by the focal area. Indicators should take into account the SMART criteria (specific, measurable in the short/medium term, achievable, realistic and time-bound)

▼ M1

and include a starting level, a target and a clear time-horizon, to allow for comparisons at the time of annual, mid- and end-of-term reviews.

Evaluation and audit

Description of evaluations (mid-term, final, *ex post*) and audit arrangements.

Communication and visibility

Description of communication and visibility activities.