

# Association of the overseas countries and territories with the European Union ("Overseas Association Decision")

2012/0195(CNS) - 22/02/2016 - Follow-up document

The Commission presents a report on the implementation of the financial assistance provided to the overseas countries and territories (OCT) under the 11th European Development Fund through the application of the Overseas Association Decision (OAD).

To recall, the Union provides financial support to the OCTs in the context of the association mainly through the European Development Fund, with an amount of **EUR 364.5 million allocated under the 11th EDF-OCT for the 2014-2020 programming period.**

At this stage of implementation, the report's focus remains on programme orientation and design. As operational implementation accelerates and data become available, future reports will progressively address the outcomes and impacts of the assistance, as specified in the Decision.

**Programming process for the 11th EDF-OCT:** the OAD establishes a programming process which is specific to OCTs: specifically, programming is organised around a one-step process, the elaboration of a **programming document**, which has two components: a) the EU response strategy and, b) the action document(s). OCTs maintain the primary responsibility for the establishment of programming documents, including the priorities upon which their strategies are based and ensuring the necessary local consultation.

**Specific guidance** has been provided to the OCTs in support of various aspects of the programming process for the 2014-2020 period:

- detailed programming instructions specifically addressed to the OCTs have been drawn up, and have served as a basis to guide the countries and territories;
- the EU's budget support guidelines include specific guidance on the approval and management of budget support operations in the OCTs;
- in order to promote cooperation between OCTs, ACP/neighbouring countries and Outermost Regions, an orientation note was drawn up to encourage common projects funded by the EDF and the European Regional Development Fund (ERDF).

Furthermore, **extensive consultations** between OCTs and the Commission have been taken place. Specific seminars were subsequently held to allow a reflection on common priorities and objectives. Regional OCT conferences took place in the Pacific Ocean and in the Caribbean, and culminated in concrete proposals by OCTs regarding the potential concentration sectors. A partnership working party on environment and climate change was organised in January 2015.

The programming process is also being actively supported with the provision of **technical assistance**. To date, thirteen countries and territories have benefitted from such technical assistance, or are in the process of doing so.

**Situation in 2015:** the report notes that on the basis of these consultations and the technical assistance provided, **notable progress** has been achieved in 2015 in terms of the initial programming stages. For territorial allocations, **budget support** has been proposed as the implementation modality by most OCTs.

The proposed **concentration sectors** for the territorial allocations are markedly grouped around key themes, which broadly include:

- environmental issues, climate change, renewable energy and disaster risk reduction (accounting for 5 of the 16 OCTs with indicative territorial allocations and representing 21% of the total 11th EDF-OCT territorial allocations);
- social development (youth) or employment/professional inclusion and education/vocational training (accounting 5 out of 16 OCTs and representing 33% of 11th EDF-OCT indicative territorial allocations);
- sustainable tourism (accounting 3 out of 16 OCTs and representing 26% of 11th EDFOCT indicative territorial allocations);
- connectivity and accessibility/digital development (accounting 3 out of 16 OCTs and representing 20% of 11th EDF-OCT indicative territorial allocations).

The relevant proposals for concentration sectors are as follows:

- Caribbean: sustainable energy and marine biodiversity;
- Pacific Ocean: environment and sustainable management of natural resources (subsectors climate change and biodiversity);
- Indian Ocean: observation, management, conservation of terrestrial and marine ecosystem;
- thematic programme (all OCTs): sustainable use of natural resources. Subsectors include: a) Climate Change, including disaster risk reduction, and b) sustainable energy).

Under the OCT Investment Facility **a EUR 5 million allocation is managed by the EIB**, to finance interest subsidies and technical assistance (with 11th EDF-OCT funding). The EIB concluded one loan agreement with New Caledonia in 2015, providing an interest subsidy of EUR 20 million loan for a hospital modernisation project.

**Looking ahead:** building on the progress made so far, the Commission considers that the objective of adopting Financing Decisions and approving programming documents for the OCTs in the fourth quarter of 2016 **remains realistic**. In order to meet this timetable, however, OCTs must ensure that the draft programming documents submitted are of high quality, based on well-designed programmes and sound local policy and strategy frameworks. This is particularly important in the case of regional and thematic programmes, where **improved coordination** by the OCTs concerned will be required.