



COMMISSION OF THE EUROPEAN COMMUNITIES

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2004/0223 (CNS)

Proposal for a

**REGULATION OF THE COUNCIL**

**establishing an Instrument for Stability**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

The rationale for the Instrument for Stability within the new architecture for the Community external assistance instruments is set out in the Communication from the Commission accompanying this proposal.

The proposal is based on Article 308 of the Treaty establishing the European Community, coupled with Article 203 of the Treaty establishing the European Atomic Energy Community. The Euratom legal base is required in order to cover the nuclear safety aspects of the proposal. The civilian aspects of crisis response would normally come within the scope of Articles 179 and 181a of the EC Treaty. However, the provisions relating to the financing of peace keeping, in particular, while clearly contributing to the objectives of Articles 179 and 181a, justify a legal basis in Article 308 of the Treaty. Moreover, Articles 179 and 181a are not legally compatible with Article 203 of the Euratom Treaty.

### **TITLE I – OBJECTIVES**

#### *Article 1*

#### *General objectives and scope*

Article 1 defines the general objectives of the Regulation and its geographic scope. The Regulation will apply to all third countries and territories.

#### *Article 2*

#### *Purpose*

The Regulation provides for the delivery of financial, economic and technical assistance in order to address three distinct issues:

- a) the provision of an effective and integrated response to crises and threats to human rights, democracy and the rule of law, with the overall aim of aiding the establishment or re-establishment of the conditions necessary to permit the effective implementation of the Community's development and economic cooperation policies, its neighbourhood policy and its pre-accession strategy.

The provisions of the Regulation in this regard have been developed in the light of the experience of the implementation of the Rapid Reaction Mechanism, the Africa Peace Facility, the Regulation concerning action against anti-personnel landmines and the European Initiative for Human Rights and Democracy, as well as the vast experience of crisis response under the existing 'geographic' financing instruments and international best practice. This article establishes a direct link between the delivery of assistance in crisis and the pursuit of the Community's development, economic cooperation and human rights policies. With the current exception of some elements of peace-support operations, most assistance delivered will qualify as DAC eligible.

The Regulation recognises that certain measures, which are relevant to crisis response, such as work addressing the problems of anti-personnel mines action,

while essential for ensuring the effective conditions for development, may be delivered through strategic programmes, as well as in response to crises.

Humanitarian aid cannot be delivered under this Regulation (see Article 13). Community humanitarian aid will continue to be delivered exclusively under the provisions of Regulation (EC) 1257/96. The Regulation requires the Commission to ensure the complementarity of Community humanitarian aid and the emergency response delivered under the Instrument for Stability;

- b) assistance to further the cooperation between the EU and third countries in relation to global and regional trans-border challenges affecting the security of the citizen.

The Regulation seeks to ensure that the Community can address a number of key challenges in the mutual interest of the Community and the partner country. The Regulation focuses on efforts to combat organised crime, terrorism and other trans-national threats to the rule of law, protection of strategic infrastructure and major unexpected threats to public health. Actions adopted under the Instrument for Stability will be complementary to those adopted under the three policy-driven instruments under normal conditions. The added value provided by the current instrument will be the possibility for rapid and concerted global action, for instance addressing the financing of terrorism, money laundering or tax fraud, and the ability to promote issues of particular concern to the Community and to address issues that partner countries may find difficult to prioritise in the context of the policy framework guiding the three new Community policy instruments;

- c) Help in safeguarding the population against critical technological threats and combat the proliferation of weapons of mass destruction.

The provisions of the Regulation in this respect build upon established Community practice in the field of nuclear safety and will enable the Community to support programmes tackling the new security challenges coming from the possible misuse of materials, equipment or technologies related to weapons of mass destruction and their delivery systems. This would, inter alia, help to ensure that the Community can meet its obligations under the G8 Global Partnership against the spread of weapons of mass destruction and related materials. Assistance in this respect will address issues that can be dealt with in the civilian domain and which do not have military or defence implications. By way of illustration such measures might include establishing the supporting infrastructure around nuclear/chemical weapons destruction plants: (access roads or railroads, electricity/water/gas supplies, but not the weapons decommissioning itself); support for environmental monitoring and public information; handling of the toxic residue resulting from decommissioning; reconversion of former chemical weapons plants into civil facilities; civilian retraining; support for the development of effective export control of dual use materials and support for specific border security measures to prevent the illicit trafficking of WMD related materials.

The inclusion of nuclear safety within the present Regulation (rather than in the geographic policy-driven instruments) is necessary given that such support may be required in several regions (e.g. the countries of the former Soviet Union will now be covered by both European Neighbourhood and Partnership Instrument, for Russia through to the Caucasus, and Development Cooperation and Economic Cooperation

Instrument, for Central Asia). It is also important to ensure a full coherence between the work to be done in relation to nuclear safety and that in relation to nuclear safeguards, with its security implications - this can best be handled within the context of one instrument. Finally, the legal constraints arising from the need to use Article 203 of the Euratom Treaty as a legal base in relation to nuclear safety, and the incompatibility of this Article with Articles 179 or 181a of the EC Treaty, make it necessary to concentrate all such activities under one instrument, using Article 203 of the EC Treaty and Article 308 of the EC Treaty.

- d) The Instrument for Stability also provides a basis to promote international action in support of the general objectives of the Regulation, including research and the training of civilian experts for deployment on EU crisis management missions.

The provisions of Article 2 represent essentially a codification and consolidation of Community competence established in an ad hoc and inconsistent manner in the existing geographic and sectoral Community financing instruments. They build on the approach pioneered under the Cotonou agreement, which provides an effective and integrated framework through which the EC can address not only development but also security and peace building and peace operations with partner countries.

### *Article 3* *Other initiatives*

This article is intended to provide the flexibility to allow the Community to respond in a timely way to future global challenges to stability and security that cannot be anticipated at this time. Assistance can be provided for under this Regulation where it responds to the established policy of the Council or commitments entered into by the EC. Before committing any funds to such initiatives the Commission is required to adopt policy framework, which shall first be submitted to the management committee (see Article 9).

## **TITLE II - PROGRAMMING AND ALLOCATION OF FUNDS**

### *Article 4* *Measures and programmes*

This article describes the three mechanisms through which support will be delivered under the instrument. Exceptional assistance measures and interim programmes are intended to respond to crisis situations. Multi-annual programmes will address long-term issues in the context of stable conditions for cooperation.

The article contains provisions intended to ensure the complementarity of assistance delivered under the Instrument for Stability and assistance delivered under the three policy-driven instruments. Thus, multi-annual programmes financed under the Instrument for Stability may be based on country or regional strategies adopted in the context of the Integrated Pre-Accession Instrument, the Development and Economic Cooperation Instrument and the European Neighbourhood Instrument. This establishes a single strategic programming bridging the core policy instrument and the added-value elements of the Instrument for Stability. The Commission may, however, also adopt specific regional or thematic strategies

under this instrument. This is intended to cover areas of cooperation that cannot be adequately addressed within the framework of the strategies adopted under the other external financing instruments (either because of the nature of the issue or its geographic scope). Such strategies are adopted after consultation with the management committee.

The article also contains provisions to ensure better integration of Community measures and measures adopted by the Council under the Common Foreign and Security Policy. This is particularly important for the effectiveness and impact of EU civilian crisis management operations, which often present aspects coming under both CFSP and Community responsibility. These provisions are further developed in Articles 5 (see below), 10 (decision making) and 19 (rules of participation and origin).

#### *Article 5*

##### *Special provisions relating to exceptional assistance measures and interim programmes*

This article sets out further specific provisions relating to exceptional assistance measures and interim programmes. Exceptional assistance measures are modelled on existing provisions under the EC Rapid Reaction Mechanism, with three important innovations designed to improve the linkages with the overall EU response and quality and coherence of follow-up measures. First, the provisions on informing the Council are strengthened by ensuring a constant dialogue with it before measures are adopted. This dialogue will be underpinned by the establishment of an information exchange system, modelled on the successful precedent established under the existing Humanitarian Aid Regulation. Second, the adoption of exceptional assistance measures triggers a new obligation to provide, within 9 months, a report containing a strategic overview of the planned Community response across the full range of its instruments. This report will place the Community response in the context of the overall international response and also identify measures to ensure coherence between EC and CFSP actions. Third, the adoption of exceptional assistance measures may now trigger the adoption of an 'interim response programme', which will build on the exceptional assistance measures and work towards the resumption of the normal conditions for the delivery of assistance. The interim response programme will be submitted to the consultative committee, and should ensure effective bridging between measures adopted under the Instrument for Stability and those adopted under the principle policy-driven instruments.

#### *Article 6*

##### *Special provisions applicable to peace-support operations*

This article contains measures that recognise the particular political sensitivity of peace-support operations and the need to ensure that decisions are taken which are consistent with the political orientations developed in the Council. Moreover, in order to promote close linkages between Community peace-support operations and the military and civilian capacities that can be mobilised under Title V of the Treaty on European Union, this article establishes a requirement on the Commission to draw to the attention of the Council any complementary measures that it may consider useful for adoption under the CFSP.

As under the Africa Peace Facility, UN endorsement in broad terms would be needed before launching any such operation, operations would be based on an agreement with a regional organisation and the country of operation and no direct financing of EU military activity would be permitted (see Article 13(2)).

The financing of military operations of third parties will create a responsibility to ensure independent monitoring of the conduct of forces. Under this Article the Commission is required to establish appropriate monitoring procedures.

*Article 7*  
*Multi-annual programmes*

This article sets out the basic requirements of the strategy papers specific to this instrument (see Article 4).

*Article 8*  
*Adoption of programming documents*

Strategy papers will be submitted to a management committee for opinion before adoption. Interim programmes are to be submitted to an advisory committee.

**TITLE III - IMPLEMENTATION**

Title III addresses a number of procedural issues that need to be addressed under the terms of the Financial Regulation. The provisions of Title III are broadly harmonised across the European Neighbourhood Instrument, the Development and Economic Cooperation Instrument and this Regulation. Differences between the texts reflect the specific characteristics of the individual external assistance instruments.

*Article 10*  
*Financing decisions*

Article 10 provides that Commission financing decisions, other than those concerning exceptional measures and interim programmes, will take the form of country and region-based action programmes adopted on an annual basis. This is in line with the new principles incorporated into the Community's most recent Regulations. The committee procedure will not be necessary for action programmes resulting from decisions taken by the Commission on the basis of multi-annual programming documents (i.e. strategy papers and multi-annual indicative programmes for partner countries and regions and thematic strategy papers) which have already been approved by the Member States in the management committee. The Commission must send the Member States the relevant programme within a month of taking its decision. The Commission may exercise its prerogative to make alterations to the action programmes where necessary. Contrary to usual practice, Article 10 enables measures not covered by action programmes to be adopted in the same way as action programmes. This may prove useful if the Commission wishes to set up funding quickly but the action programme has not yet been finalised in its entirety.

*Article 11*  
*Adoption of special measures not provided for in the strategy papers or multi-annual indicative programmes*

This article reflects similar provisions of the Development Cooperation and Economic Cooperation instrument, and is intended to allow for a measure of flexibility to meet

unforeseen needs that are not related to crisis in the long term assistance delivered under the Instrument for Stability (notably nuclear safety and global and regional trans-border challenges). Under Article 11 special measures not provided for in the strategy papers or multi-annual indicative programmes may be adopted to deal with unforeseen events. Decisions taken by the Commission involving amounts in excess of €15 million, outside the scope of multi-annual programming approved by the Member States, are to be subject to the committee procedure. Special measures not provided for in strategy papers or multi-annual indicative programmes will thus be adopted by the Commission in accordance with the procedure laid down by Article 3 of Decision 1999/468/EC, i.e. after receiving the opinion of the advisory committee composed of the representatives of the Member States and chaired by the Commission representative. The Committee must give its opinion on the special measures and the Commission must take the utmost account of it and inform the Committee how the opinion has been taken into account. The Commission may make adjustments to special measures using the same procedure. However, the Committee's opinion need not be sought for what are considered minor adjustments, referred to in Article 11(4).

#### *Article 12 Eligibility*

Article 12 specifies which bodies, organisations and institutions are eligible under the Regulation. It casts the net quite wide, in line with current practice. With regard to eligibility for Community grants, Article 12 must be read in conjunction with Article 19, which lays down the rules for taking part in public-procurement and grant procedures.

#### *Articles 13 and 14 Types of measures and support measures*

Without aiming to give an exhaustive list, Article 13 illustrates the kind of measures that can be financed under the Regulation, on the basis of current practice.

Article 14 enables the Regulation to be used to fund all support measures required for its implementation.

#### *Articles 15 and 16 Cofinancing and management arrangements*

In line with current practice and the donors' wish to see greater coordination between cooperation measures, Article 15 confirms that parallel or joint cofinancing may be arranged for measures. If it is, the Commission may, under Article 3, receive and manage funds from Member States (and in particular public and parastatal agencies), and any other non-member donor country or international or regional organisation. This provision enables the Commission to operate on an equal footing with other donors.

Article 16 stipulates that, for managing of implementation of measures financed under the Regulation, the Commission may choose between:

- direct centralised management or indirect centralised management by Community agencies or bodies set up by the Community (paragraph 2); or

- indirect centralised management by Member-State bodies (paragraph 3), in accordance with Article 54(2)(c)(i) of the Financial Regulation that authorises this option where the basic act provides for it.

*Article 17*  
*Budget commitments*

Article 17 stipulates that budget commitments are to be made by Commission decisions concerning: the relevant action programmes; special measures not provided for in the strategy papers or multi-annual indicative programmes; and support measures. Under the Article, budget commitments can be spread out over a number of years in annual instalments. Article 76 of the Financial Regulation authorises this where the basic act provides for it.

*Article 18*  
*Protection of the financial interests of the Community*

Article 18 lays down measures designed to protect the Community's financial interests. In particular, it enables the Community to carry out necessary checks on implementation.

*Article 19*  
*Participation in public-procurement and grant procedures, and rules of origin*

Article 19 lays down the conditions of access to public-procurement and grant procedures connected to implementation of the Regulation. At present, the provisions are in line with the "Proposal for a European Parliament and Council Regulation on access to Community External Assistance"<sup>1</sup>, the purpose of which is to amend the Regulations that are the legal basis for the main Community aid instruments in order to untie more aid. Under Article 19(2), when a third country opens up its public-procurement and grant procedures to EC Member States, the Commission may decide to allow that country to take part in Community public-procurement and grant procedures. Article 19 may be amended in the light of the Council and Parliament conclusions when the Regulation comes to be reviewed.

Given the specific nature of the instrument and the challenges it addresses, as well as the accent it puts on trans-border challenges, the article permits the Commission to extend eligibility to countries with traditional economic, trade or geographical links to the partner country concerned. This provision is modelled on existing provisions within the Meda Regulation.

Moreover, eligibility can be extended further in crisis situations necessitating the adoption of exceptional assistance measures or interim programmes. In such cases there is an overriding need for flexible eligibility procedures and rules of origin and restrictive eligibility rules have in the past created obstacles to effective cooperation with other international actors and the speed and efficiency of Community action.

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<sup>1</sup> COM(2004) 313 of 26 April 2004.



*Articles 20, 21 and 22*  
*Prefinancing, grants and funds made available to the European Investment Bank or other financial intermediaries*

Articles 20, 21 and 22 detail some of the technical points connected with implementing some of the measures provided for in Article 13. Notably:

Article 20 stipulates that interest on prefinancing is to be made available to the beneficiaries. The Financial Regulation authorises this where the basic act provides for it.

Article 21 indicates that natural persons may receive grants, in line with article 114 of Regulation (EC) 1605/2002, which allows this possibility if the legal base provides for it.

Article 22 stipulates what kind of provisions the Commission must adopt on a case by case basis when it decides to make funds available to the European Investment Bank or other financial intermediaries.

*Article 23*  
*Evaluation*

Article 23 requires the Commission to conduct regular evaluations of what has been achieved by geographical and thematic policies and programmes and sector-based policies, and how effective programming has been.

#### **TITLE IV - FINAL PROVISIONS**

Title IV sets out the customary provisions relating to annual reporting to the European Parliament and the Council on implementation of the Regulation (Article 24), Committee procedure (Article 25), review of the Regulation (Article 26), repeal of existing Regulations (Article 27) and the date of entry into force (Article 28). The Regulation will apply from 1 January 2007.

The Regulation provides for both the use of consultative committees and management committees, in line with the approach of the Development and Economic Cooperation Regulation. Management committees are submitted strategy documents governing long-term assistance. Consultative committees are consulted where particular flexibility is required in the design and implementation of the programme.

Proposal for a

## **COUNCIL REGULATION**

### **establishing an Instrument for Stability**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 203 thereof,

Having regard to the proposal from the Commission,<sup>2</sup>

Having regard to the opinion of the European Parliament,<sup>3</sup>

Whereas:

- (1) In order to make the Community's external aid more effective, a new framework has been devised for the planning and provision of assistance. Regulation (EC) No ... of the European Parliament and of the Council of ... will set up a Pre-Accession Instrument to cover Community assistance for candidate countries and potential candidate countries.<sup>4</sup> Regulation (EC) No ... of the European Parliament and of the Council of ... will introduce a European Neighbourhood and Partnership Instrument<sup>5</sup>. Regulation (EC) No ... of the European Parliament and of the Council of ... is aimed at development cooperation and economic cooperation with the other third countries<sup>6</sup>. The present Regulation is a complementary instrument aimed at addressing crisis situations and certain global long-term challenges to peace and stability and civilian security and safety.
- (2) The Community is a major provider of economic, financial, technical, humanitarian and macro-economic assistance to third countries. The promotion of stable conditions for human development and the promotion of human rights, democracy and fundamental freedom remains one of the prime objectives of the full range of Community external assistance instruments.
- (3) The UN Millennium Declaration identifies freedom from violent conflict as a central pre-requisite for human development; UN General Assembly resolution 57/337 of July

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<sup>2</sup> OJ C [...], [...], p. [...].

<sup>3</sup> OJ C [...], [...], p. [...].

<sup>4</sup> OJ L [...], [...], p. [...].

<sup>5</sup> OJ L [...], [...], p. [...].

<sup>6</sup> OJ L [...], [...], p. [...].

2003 recognises that peace and development are mutually reinforcing, and that respect for human rights and fundamental freedoms is one of the key elements for the prevention of armed conflict; thus security and stability and the prevention of violent conflict is vital to development and the reduction of poverty, and measures to address this contribute to the achievement of the millennium development goals and the objectives of the agreements concluded between the Community, the Member States and third countries;

- (4) The European Council has committed the European Union to becoming an effective player in crisis management and the prevention of violent conflict. The EU Programme for the Prevention of Violent Conflicts underlines the “political commitment to pursue conflict prevention as one of the main objectives of the EU’s external relations”. Community financing instruments have a major contribution to make to the this goal and to the development of the Union as a global player.
- (5) The report of the Panel on United Nations Peace Operations called upon regional and subregional organisations to develop peace keeping capacity. In response the Commission and the Council issued a statement on 17 November 2003 relating to the creation of the Africa Peace facility. The experience gained with the facility can inform similar arrangements with other regional and sub-regional organisations, in line with the emphasis on effective multilateralism set out in the European Security Strategy.
- (6) The EU will contribute to international peace and security in accordance with the principles of the United Nations Charter.
- (7) The Cotonou Partnership Agreement provides for an integrated framework for both security and development, and the Instrument for Stability should build on this approach.
- (8) Programmes to address the problems of anti-personnel mines, small arms and light weapons have a development impact as well as an impact on human security and political stability. The 2004 review conference of the Mine Ban Treaty, which entered into force on 1 March 1999, adopted an action plan representing a renewed commitment to ending the suffering caused by antipersonnel mines.
- (9) Council Decision 2001/792/EC, Euratom of 23 October 2001 establishing a Community mechanism to facilitate reinforced cooperation in civil protection assistance interventions<sup>7</sup> provides for the deployment of civil protection specialists to third countries in response to natural or man-made disasters. The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Reinforcing the Civil Protection Capacity of the European Union<sup>8</sup> identifies the need for funds to be mobilised rapidly in support of such actions.
- (10) The European Council Declaration on Combating Terrorism of 25 March 2004 called for counter-terrorist objectives to be integrated into external assistance programmes. Moreover, the EU Millennium Strategy on the prevention and control of organised

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<sup>7</sup> OJ L 297, 15.11.2001, p. 7.

<sup>8</sup> COM(2004) 200 final.

crime, adopted by the Council on 27 March 2000, calls for closer cooperation with third countries.

- (11) There is a particular need for the EU to be able to take measures which will permit it to support the promotion of nuclear safety and security in third countries, to combat the proliferation of weapons of mass destruction, and to address other technological threats to safety and security and major unforeseen public health risks with a trans-national impact. The European Council of 12 December 2003 adopted an EU Strategy against proliferation of weapons of mass destruction.
- (12) There is a need to finance accompanying measures in support of the objectives of this Regulation, including training, research and support for the implementation of international agreements.
- (13) In order to fulfil international commitments entered into by the Community and to contribute fully to the external policies of the EU, the Community must ensure that its external assistance instruments are fully adapted to these objectives.
- (14) Experience has shown that post-crisis stabilisation requires a sustained and flexible engagement from the international community, and that special attention needs to be given in the first years after a crisis, during which time many countries return to a crisis situation. Moreover, partner countries undergoing crisis situations may not have the institutional capacity or governments enjoying full international political recognition to allow them fully to participate in the setting of assistance priorities.
- (15) Implementation of programmes of assistance in times of crisis and political instability require specific measures to ensure flexibility in decision-making and budget allocation, as well as enhanced measures to ensure coherence with bilateral aid and mechanisms for the pooling of donor funds, including the delegation of public authority tasks through indirect centralised management.
- (16) The resolutions of the European Parliament and Conclusions of the Council following the Commission's Communications on the Linking of Relief, Reconstruction and Development<sup>9</sup> emphasise the need to ensure effective bridging between operations financed from different EC financing instruments in the context of crisis.
- (17) Experience has shown that in order to address the above issues in an effective and timely manner specific financial resources and financing instruments are required that can work in a manner complementary to humanitarian aid and long term cooperation instruments.
- (18) In addition to the measures agreed with partner countries in the context of the policy framework for cooperation established under the Integrated Pre-accession Instrument, the European Neighbourhood and Partnership Instrument and the Development Cooperation and Economic Cooperation Instrument, the Community must be able to provide assistance that supports the fundamental values and key policy priorities of the European Union and new policy initiatives of the international community relating to the maintenance of peace, political stability, and security from organised crime,

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<sup>9</sup> COM(2001) 153.

proliferation of weapons of mass destruction and related materials, major technological threats and epidemics.

- (19) Humanitarian aid shall be delivered solely under Council Regulation (EC) 1257/96.
- (20) The 2001 “Guidelines for strengthening operational coordination between the Community, represented by the Commission, and the Member States in the field of external assistance” emphasise the need for enhanced coordination of EU external assistance.
- (21) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission.<sup>10</sup> Strategy documents governing long-term assistance should be submitted to a management committee. A consultative committee should be consulted where particular flexibility is required in the design and implementation of the programme.
- (22) The establishment of a new instrument for stability makes it necessary to repeal Regulation (EC) No 1724/2001 of the European Parliament and of the Council of 23 July 2001 concerning action against anti-personnel landmines in developing countries; Council Regulation (EC) No 1725/2001 of 23 July 2001 concerning action against anti-personnel landmines in third countries other than developing countries; Council Regulation (EC) No 381/2001 of 26 February 2001 creating a rapid-reaction mechanism; Council Regulation (EC) No 2046/97 of 13 October 1997 on north-south cooperation in the campaign against drugs and drug addiction; Council Regulation (EC) No 2258/96 of 22 November 1996 on rehabilitation and reconstruction operations in developing countries; 2001/824/EC, Euratom: Council Decision of 16 November 2001 on a further contribution of the European Community to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund; Regulation (EC) No 2130/2001 of the European Parliament and of the Council of 29 October 2001 on operations to aid uprooted people in Asian and Latin American developing countries; Council Regulation (EC) No 1080/2000 of 22 May 2000 on support for the United Nations Interim Mission in Kosovo (UNMIK) and the Office of the High Representative in Bosnia and Herzegovina (OHR).
- (23) The objectives of the action to be taken cannot be sufficiently achieved by the Member States acting alone, given the need for concerted multilateral response in the areas defined in this Regulation, and taking account of the scale and global effects of the measures provided for herein. The Community may therefore adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty establishing the European Community. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to attain these objectives.
- (24) The Treaties do not provide, for the adoption of this Regulation, powers other than those of Article 308 of the Treaty establishing the European Community and Article 203 of the Treaty establishing the European Atomic Energy Community,

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<sup>10</sup> OJ C184 17.7.1999, p. 23.

HAS ADOPTED THIS REGULATION:

## **TITLE I – OBJECTIVES**

### *Article 1*

#### *General objectives and scope*

The Community shall finance measures to promote peace and stability and assure the safety and security of the civilian population in third countries and territories in line with the provisions of this Regulation.

Such measures shall in particular support the policies of the EU relating to:

- the delivery of an effective, timely and integrated response in order to prevent, attenuate or address the consequences of crisis situations, severe political instability or violent conflict;
- major challenges to the establishment or preservation of the rule of law in third countries, including the fight against regional or trans-border challenges such as organised crime, trafficking and terrorism;
- major technological threats with potential trans-border impact, including the promotion of nuclear safety and the fight against the proliferation of weapons of mass destruction;
- the development of peace-keeping and peace-support capacity in partnership with international, regional and sub-regional organisations.

This Regulation also establishes a framework for response to new policy initiatives supported by the European Union in line with the objectives of the Regulation, complementing actions which may be undertaken under the other external financial instruments.

### *Article 2*

#### *Purpose*

In pursuit of the objectives of this Regulation the Community shall provide financial, economic and technical assistance complementary to any assistance that is normally provided for under the Humanitarian Aid instrument, the Integrated Pre-accession instrument, the European Neighbourhood and Partnership instrument and the Development Cooperation and Economic Cooperation instrument in order to:

- a) help establish or re-establish in third countries the essential conditions necessary to permit the effective implementation of the Community's development and economic cooperation policies and programmes. This may include inter alia support for:
  - civilian measures undertaken by international and regional organisations, state and non-state actors designed to facilitate a peaceful resolution of disputes, prevent the emergence or intensification of violent conflict, limit its territorial spread, and promote the reconciliation of the parties, including negotiation and

mediation efforts and monitoring and implementation of peace or ceasefire agreements between the parties;

- military monitoring and peace-keeping or peace-support operations (including those with a civilian component) conducted by regional and sub-regional organisations and other coalitions of states operating with United Nations endorsement; measures to build the capacity of such organisations and their participating members to plan, execute and ensure effective political control over such operations;
- the mobilisation of measures in response to natural or man-made disasters, including the use of civil protection resources in the absence of or to complement EU humanitarian assistance;
- the disarmament, demobilisation and reintegration of combatants, addressing the issue of child soldiers and security sector reform;
- measures to address the problems posed by anti-personnel mines, unexploded ordnance or other explosive devices, small arms and light weapons and other harmful remnants of war, including the clearance and destruction of stockpiles, assistance to the victims of such devices, and risk-awareness programmes;
- measures in response to crisis situations to safeguard, re-start or establish the conditions under which sustainable economic and social development can take place, including inter alia support to the operation of internationally-mandated interim administrations and their actions, and other initial measures to establish and support democratic, pluralistic state institutions, effective civilian administration at national and local level, an independent judiciary, good governance and law and order;
- measures in response to crisis situations to promote and defend the respect of human rights and fundamental freedoms, democratic principles and the rule of law, and of the principles of international law (including support to special national and international criminal tribunals, truth and reconciliation commissions and mechanisms for the legal settlement of human rights claims and the assertion and adjudication of property rights), and to stimulate the development of civil society and its participation in the political process, including measures to promote an independent and professional media;
- measures in response to crisis situations for the rehabilitation and reconstruction of key infrastructure, housing, public buildings and economic assets, including essential productive capacity, and for the re-starting of economic activity and the generation of employment;
- such other measures as may be required to facilitate the effective transition from measures in response to crisis situations to the normal conduct of cooperation in the framework of the medium and long-term external development and economic cooperation strategies and programmes of the Community.

The Commission shall ensure that measures adopted are consistent with the Community's overall strategic policy framework for the partner country, and in particular with the objectives of its development and economic cooperation policies and programmes adopted pursuant to Articles 179 and 181a of the Treaty establishing the European Community.

- (b) further the cooperation between the EU and third countries in relation to global and regional trans-border challenges affecting the security and fundamental rights of the citizen.

Such measures may in particular:

- strengthen the capacity of law enforcement and judicial authorities in the fight against terrorism and organized crime, including trafficking, the effective control of illegal trade and transit and other areas of cooperation in the field of justice and home affairs;
- strengthen the international framework for the protection of human rights and support international action for the promotion of democracy;
- address the security and safety of international transport and energy operations and infrastructure, including passenger and freight traffic and energy distribution;
- respond to sudden major threats to public health, such as epidemics with a potential trans-national impact;
- support the strengthening of national legal frameworks and international cooperation in the above fields, including the exchange of information, risk/threat assessment and other relevant forms of cooperation;

Such measures may be adopted under this Regulation where they respond to an urgent need, depend on delivery through global or trans-regional strategies and mechanisms for the sake of efficiency or effectiveness and are not otherwise implemented within the policy and programming framework of the Regulations on Development Cooperation and Economic Cooperation,<sup>11</sup> European Neighbourhood and Partnership Instrument<sup>12</sup> or the Integrated Pre-accession Instrument.<sup>13</sup>

- (c) help safeguard countries and populations against critical technological threats, and combat the proliferation of nuclear, chemical, biological and radiological weapons and related materials, equipment and expertise. This may *inter alia* include support for:

- the promotion of nuclear safety, notably to help promote transfer of safety culture, including the safe design, operation and maintenance of nuclear power plants or other nuclear installations, the safe transport, treatment and disposal of nuclear waste, and the remediation of former nuclear sites;

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<sup>11</sup> OJ L [...], [...], p. [...].

<sup>12</sup> OJ L [...], [...], p. [...].

<sup>13</sup> OJ L [...], [...], p. [...].



- the establishment and implementation of nuclear safeguards, including the proper accounting and control of fissile materials, the control of illicit traffic in potentially dangerous materials and the installation of modern logistical, evaluation and control equipment;
  - the reduction of stockpiles of fissile material or weapons-related chemical and biological agents, and the enhanced safety and security of installations handling such materials or their precursors;
  - the conversion of weapons-related industries and production facilities and defence-related research programmes to civilian use, including support for the conversion and alternative employment of weapons-related scientists and for remediation of former weapons-related sites;
  - the effective control and detection of illicit traffic in potentially dangerous materials, including through the installation of modern logistical evaluation and control equipment;
  - the development and enforcement of effective export controls on dual-use goods;
  - the establishment of effective disaster-preparedness, emergency-planning, civil protection and clean-up measures in relation to possible major environmental incidents, for example in the nuclear sector or in relation to other industries where there is a potential for major environmental incidents with international implications;
  - the promotion of international cooperation in the above fields, including exchange of information, risk/threat assessment and other relevant forms of cooperation.
- (d) promote the ratification, implementation and monitoring of international agreements and Treaties, and the development of effective international policies and practices in line with the objectives of this Regulation. Such measures may include research and analysis, early warning systems, including for the prevention of conflict, and training for civilian crisis management.

*Article 3*  
*Other initiatives*

The Community may adopt measures to support other policy initiatives where such measures contribute to the general objectives of this Regulation set out in Article 1 and or respond to commitments entered into by the Community has in international fora or established policy of the Council.

## TITLE II – PROGRAMMING AND ALLOCATION OF FUNDS

### *Article 4*

#### *Measures and programmes*

1. Community measures under this Regulation shall be carried out through exceptional assistance measures or interim response programmes, or multi-annual programmes.
2. Exceptional assistance measures shall respond to a situation of crisis or extreme urgency or a threat to democracy, or the rule of law, or human rights and fundamental freedoms, where the effectiveness of the measures is particularly dependent on rapid or flexible implementation. The Commission may also adopt exceptional assistance measures in order to deliver Community measures alongside measures adopted by the Council under Title V of the Treaty on European Union relating to the Common Foreign and Security Policy.
3. Exceptional assistance measures may be followed by an interim response programme. Interim response programmes shall consist of measures designed to contribute to the establishment or restoration of the essential conditions necessary for normal implementation of the external cooperation programmes of the European Union. They may, moreover, address situations of protracted political instability, situations arising out of unresolved conflicts, major post-conflict challenges and situations where the Community has invoked the essential elements clauses of international agreements with third countries or of other basic acts governing external assistance, provided that this is consistent with any appropriate measures adopted by the Council.
4. Multi-annual programmes shall consist of measures designed to address long-term issues in the context of stable conditions for cooperation. Such programmes shall be based on:
  - a) regional and thematic strategies specific to this instrument adopted in line with the provisions of article 7, or
  - b) the country, regional or thematic strategies adopted under the Council Regulations establishing the Development Cooperation and Economic Cooperation Instrument, the Integrated Pre-accession Instrument, and the European Neighbourhood and Partnership Instrument.

### *Article 5*

#### *Special provisions relating to exceptional assistance measures and interim programmes*

1. The Commission shall maintain a constant dialogue with the Council on its planning of exceptional assistance measures under this Regulation. It shall take account of the approach adopted by the Council both in its planning and subsequent implementation of such measures, in the interests of the coherence of EU external action. Where the Commission adopts exceptional assistance measures in accordance with Article 4(2) above it shall inform the Council forthwith of the nature, objectives and financial amounts of the measures adopted.

Within nine months of adopting exceptional measures, the Commission shall provide a report to the Council and the European Parliament. This report shall give an overview of the existing and planned Community response, including the contribution to be made from other Community financing instruments, the status of existing country or regional strategies referred to in Article 4(4)b above, any measures taken by the Community to facilitate political dialogue, and the Community's role within the broader international and multilateral response. It shall also identify any specific measures it considers necessary to ensure coherence between Community action and measures planned or adopted under Title V of the Treaty on European Union.

2. The Commission may within the period of nine months referred to in the second subparagraph of paragraph 1 adopt an interim response programme, in accordance with Article 4(3) above, building on the exceptional measures adopted and paving the way for the resumption of normal cooperation if this is possible.

Where the Commission has conducted an ad hoc revision of its country or regional strategies in response to one of the situations described in Article 4(2) or 4(3) above, such strategies shall provide the basis for the interim programme.

Within two years of adopting an interim response programme the Commission shall assess whether conditions continue to justify having recourse to financing under this Regulation. In making this assessment it will consider, in particular, whether the country's assistance needs can now adequately be addressed within the policy framework guiding the delivery of assistance under the other Community external assistance instruments. The Commission shall report on its conclusions to the committee referred to in Article 25.

The Commission may adopt an interim response programme without first having adopted exceptional assistance measures.

3. To facilitate the dialogue referred to in paragraph 1 and to enhance the effectiveness and consistency of Community and national exceptional assistance measures, the Commission may take any measure necessary to promote close coordination between its own activities and those of the Member States, both at decision-making level and on the ground. To that end, the Member States and the Commission shall operate a system for exchange of information.

#### *Article 6*

##### *Special provisions applicable to peace-support operations*

1. indirect centralised management by Member-State bodies (paragraph 3), in accordance with Article 54(2)(c)(i) of the Financial Regulation that authorises this option where the basic act provides for it. Measures providing support for the deployment of peace keeping forces and peace support operations as provided for under article 2 above, and any accompanying measures, shall be adopted as exceptional assistance measures.

Before adopting such measures the Commission shall at an early stage seek the views of Member States in the competent bodies of the Council, also indicating any complementary measures that it may consider useful for adoption by the Council.

The Commission shall establish that operations are consistent with the principles and objectives of the United Nations, and in particular that any deployment of peace-keeping forces or peace-support operations has received a UN endorsement defined in broad terms. Peace enforcement operations shall require a UN mandate.

The Commission shall establish procedures to ensure the effective independent monitoring of the conduct of forces engaged in military monitoring or peace-keeping operations financed by the Community and shall ensure regular reporting to the Council.

2. The Commission may on its own initiative adopt preparatory measures relating to peace-support operations, including fact-finding missions. The Commission shall inform the Council at an early stage before financing any such preparatory measures and shall take account of the views of the Council in the subsequent implementation of such measures.
3. Measures providing long-term support for capacity-building work in the field of military peace-keeping shall be adopted as multi-annual programmes. The Commission shall keep the Council regularly informed about the implementation of such programmes.

#### *Article 7*

##### *Multi-annual programmes*

1. Where the Commission adopts regional or thematic strategy papers specific to this instrument in accordance with Article 4(4)(b) above, these shall be established for a period of up to seven years with a view to providing a coherent framework for donor and partner-country coordination.
2. In drawing up the strategy papers referred to in paragraph 1 the Commission shall ensure they are consistent with strategies and measures adopted under Community country and regional programmes. In addition, joint consultations shall be carried out between the Commission, Member States and other donors where appropriate, in order to ensure that the cooperation activities of the Community and the Member States are complementary. Other stakeholders may be associated where appropriate.

Strategy papers shall be reviewed and revised as necessary, and normally at their mid-point.

3. Multi-annual indicative programmes may be drawn up in connection with regional strategy papers. Indicative programmes shall set down the selected areas of cooperation for financing, and define specific objectives, expected results and performance indicators. They shall set out indicative financial allocations (overall and for each priority area, in the form of a range where appropriate).

The indicative programmes shall be updated as necessary taking into account any review of the relevant strategy papers. In exceptional cases, adjustment of multi-annual allocations may be applied in the light of special circumstances, such as crisis situations or exceptional performance.

*Article 8*  
*Adoption of programming documents*

1. The strategy papers and multi-annual indicative programmes referred to in Article 7, and any revisions thereof, shall be adopted in accordance with the procedure referred to in Article 25 in conformity with the procedure laid down in Article 25(2).
2. The interim response programmes referred to in Article 4(3), shall be adopted by the Commission in accordance with the procedure foreseen in Article 25(3).

Those programmes may be extended in accordance with that procedure.

*Article 9*  
*Adoption of new policy initiatives*

Before adopting measures provided for under article 3, the Commission, acting in accordance with the procedure laid down in Article 25(2), shall adopt guidelines identifying the policy framework to which the measures correspond, the financial means to be allocated and their complementarity with assistance delivered under other EC external aid instruments in support of such objectives.

### **TITLE III - IMPLEMENTATION**

*Article 10*  
*Financing decisions*

1. For measures to be undertaken in accordance with Articles 5, 6.1, or 6.2 the Commission shall adopt the necessary financing decisions. The Commission shall inform the Committee within 72 hours of the decisions taken.
2. For measures to be undertaken in accordance with Articles 6(3) or 7, the Commission shall adopt annual Action Programmes on the basis of the strategy papers referred to in Article 4(4).
3. Exceptionally, for instance in cases where an action programme has not yet been adopted, the Commission may, on the basis of the strategy papers and multi-annual indicative programmes referred to in Article 7, adopt measures not provided for in an action programme under the same rules and procedures as apply to action programmes.
4. The action programmes shall specify the objectives pursued, the fields of intervention, the expected results, the management procedures and the total amount of financing planned. They shall contain a description of the operations to be financed, an indication of the amounts allocated for each operation and an indicative implementation timetable.
5. The Commission shall send the action programmes to the Member States for their information within one month of adopting its decision.

### *Article 11*

#### *Adoption of special measures not provided for in the strategy papers or multi-annual indicative programmes*

1. In the event of unforeseen needs or circumstances, the Commission shall adopt special measures not provided for in the strategy papers or multi-annual indicative programmes provided for in Article 4(4). Where the cost of such measures exceeds EUR 15 million, the Commission shall adopt them after consultation with the committee set up in accordance with Article 25, under the procedure provided for by Article 25(3). The committee shall lay down in its rules of procedure special rules on consultation which shall enable the Commission, where necessary, to adopt special measures by an emergency procedure.
2. Special measures shall specify the objectives pursued, the areas of activity, the expected results, the management procedures used and the total amount of financing planned. They shall contain a description of the operations to be financed, an indication of the amounts allocated for each operation and an indicative implementation timetable.
3. The Commission shall send the special measures to the Member States for their information within one month of adopting its decision.
4. The procedure laid down by Article 25(3) need not be used for amendments to special measures such as those making technical adjustments, extending the implementation period, reallocating appropriations within the forecast budget, or increasing or reducing the size of the budget by less than 20% of the initial budget, provided the amendments do not affect the initial objectives set out in the Commission Decision.

### *Article 12*

#### *Eligibility*

1. The following shall, inter alia, be eligible for funding under this Regulation:
  - a) partner countries and regions and their institutions;
  - b) decentralised bodies in the partner countries, such as regions, departments, provinces and municipalities;
  - c) joint bodies set up by the partner countries and regions and the Community;
  - d) international organisations, including regional organisations, UN bodies, departments and missions, international financial institutions and development banks, in so far as contribute to the objectives of this Regulation;
  - e) the following entities and bodies of the Member States, partner countries and regions and any other third country in so far as they contribute to the objectives of this Regulation:
    - public and parastatal bodies, local authorities or administrations and consortia thereof;

- companies, firms and other private organisations and businesses;
  - financial institutions that grant, promote and finance private investment in partner countries and regions;
  - non-state actors as defined in paragraph 2;
  - natural persons.
2. Non-state actors eligible for financial support under this Regulation shall include: non-governmental organisations, organisations representing indigenous peoples, local citizens' groups and traders' associations, cooperatives, trade unions, organisations representing economic and social interests, local organisations (including networks) involved in decentralised regional cooperation and integration, consumer organisations, women's and youth organisations, teaching, cultural, research and scientific organisations, universities, churches and religious associations and communities, the media and any non-governmental associations and independent foundations likely to contribute to the objectives of this Regulation.

*Article 13*  
*Types of measures*

1. Community financing may take the following forms:
- projects and programmes;
  - sectoral or general budget support, where the partner country's arrangements for managing public fund are sufficiently transparent, reliable and effective, and where proper sectoral or macro-economic policies have been put in place by the partner country and approved by its main donors, including international financial institutions where applicable;
  - sectoral support;
  - in exceptional cases, sectoral and general import-support programmes, which may take the form of (a) sectoral programmes for imports in kind, (b) sectoral import programmes providing foreign currency to finance imports for the sector in question or (c) general import programmes providing foreign currency to finance general imports, covering a wide range of products;
  - funds made available to the European Investment Bank or other financial intermediaries on the basis of Commission programmes, with a view to providing loans (to support investment and development of the private sector, for example), risk capital (in the form of subordinated or conditional loans) or other temporary minority holdings in business capital, and contributions to guarantee funds in accordance with Article 22;
  - debt-relief programmes;
  - grants to fund measures;
  - grants to cover operating costs;

- funding for twinning programmes between public institutions, national public bodies or private-law entities with a public-service mission of a Member State and those of a partner country or region;
  - contributions to international funds, in particular those managed by international or regional organisations;
  - contributions to national funds set up by partner countries and regions to attract joint financing from a number of donors, or contributions to funds set up by one or more donors for the purpose of the joint implementation of operations;
  - human and material resources required for effective administration and supervision of projects and programmes by partner countries and regions.
2. Community assistance shall not be used to finance:
- a. the procurement of arms or ammunition;
  - b. recurrent military expenditure;
  - c. military training for combat operations, other than training in non-combat skills required for the participation in complex peace support operations or security sector reform;
  - d. costs relating to the deployment of the military forces of the Member States, with the exception of the costs of military personnel deployed as advisors to regional or sub-regional organisations or other coalitions of states preparing or undertaking peace keeping operations, and coming under the operational command of such organisations, and other costs related to the institutional development of peace support capacities by third countries.
3. Activities covered by Council Regulation (EC) 1257/96 of 20 June 1996 concerning humanitarian aid<sup>14</sup> and eligible for funding thereunder may not be funded under this Regulation;

*Article 14*  
*Support measures*

1. Community financing may cover expenditure associated with the preparation, follow-up, monitoring, auditing and evaluation activities directly necessary for the implementation of this Regulation and the achievement of its objectives, e.g. studies, meetings, information, awareness-raising, training and publication activities, expenditure associated with computer networks for the exchange of information and any other administrative or technical assistance expenditure that the Commission may incur for the management of the programme. It shall also cover expenditure on administrative support staff employed at Commission Delegations to manage projects funded under this Regulation.

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<sup>14</sup> OJ L 163, 2.7.1996, p. 6



2. None of the support measures are necessarily covered by multi-annual programming and may therefore be financed outside the scope of strategy papers and multi-annual indicative programmes. However, they may also be financed under multi-annual indicative programmes. The Commission shall adopt support measures not covered by multi-annual indicative programmes in accordance with Article 11.

*Article 15  
Cofinancing*

1. Measures financed under this Regulation are eligible for cofinancing from the following, inter alia:
  - Member States, and in particular their public and parastatal agencies;
  - other donor countries and in particular their public and parastatal agencies;
  - international and regional organisations, and in particular international and regional financial institutions;
  - companies, firms, other private organisations and businesses, and other non-state actors referred to in Article 12(2);
  - partner countries and regions in receipt of funding.
2. In the case of parallel cofinancing, the project or programme is split into a number of clearly identifiable sub-projects, which are each financed by different partners providing cofinancing in such a way that the end-use of the financing can always be identified. In the case of joint cofinancing, the total cost of the project or programme is shared between the partners providing the cofinancing and resources are pooled in such a way that it is not possible to identify the source of funding for any given activity undertaken as part of the project or programme.
3. In the case of joint cofinancing, the Commission may receive and manage funds on behalf of the bodies referred to in the first three indents of paragraph 1 for the purpose of implementing joint measures. In this case, the Commission shall implement the measures centrally, either directly or indirectly, by delegating the task to Community agencies or bodies set up by the Community. Such funds shall be dealt with as assigned revenue in accordance with Article 18 of Council Regulation No 1605/2002.

*Article 16  
Management procedures*

1. The measures financed under this Regulation shall be implementing in accordance with the Financial Regulation applicable to the general budget of the European Communities.
2. The Commission may decide to entrust tasks of public authority, and in particular budget implementation tasks, to bodies referred in Article 54(2)(c) of Regulation 1605/2002 if they are of recognised international standing, comply with

internationally recognised systems of management and control, and are supervised by public authority.

3. In the case of decentralised management, the Commission may decide to use the procurement or grant procedures of the beneficiary country or region.

#### *Article 17*

##### *Budget commitments*

1. Budget commitments shall be made on the basis of decisions taken by the Commission in accordance with Articles 10, 11 or 14.
2. The legal forms for Community financing shall include:
  - financing agreements;
  - grant agreements;
  - procurement contracts;
  - employment contract.

#### *Article 18*

##### *Protection of the financial interests of the Community*

1. Any agreements resulting from this Regulation shall contain provisions ensuring the protection of the Community's financial interests, in particular with respect to fraud, corruption and any other irregularities in accordance with Council Regulations (EC, Euratom) No 2988/1995, (EC, Euratom) No 2185/1996 and (EC, Euratom) No 1073/1999.
2. Agreements shall expressly entitle the Commission and the Court of Auditors to perform a document audit or an on-the-spot audit of any contractor or subcontractor who has received Community funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections, as provided for in Regulation (EC, Euratom) 2185/1996.
3. All contracts resulting from the implementation of assistance shall guarantee the rights of the Commission and the Court of Auditors under paragraph 2 during and after the implementation of contracts.

#### *Article 19*

##### *Rules of participation and origin*

1. Participation in the award of procurement or grant contracts financed under this Regulation shall be open to all natural or legal persons from Member States of the European Community coming within the scope of the Treaties.

2. Participation in the award of procurement or grant contracts financed under this Regulation shall be also open to all natural and legal persons from:
  - any country that is beneficiary of the Instrument for Pre-Accession,
  - any non-EU Member State of the European Economic Area, and
  - any other third country or territory in cases where reciprocal access to external assistance has been established.
3. In the case of measures taken in any third country considered a Least Developed Country according to the criteria laid down by the OECD, participation in the award of procurement or grant contracts shall be open on a global basis.
4. In the case of exceptional assistance measures and interim programmes referred to in Article 4, participation in the award of procurement or grant contracts shall be open on a global basis.
5. Participation in the award of procurement or grant contracts, and rules of origin shall be open:
  - in the case of measures adopted under a thematic strategy of the type defined in Article 4(4), to any natural or legal person of a developing country or country in transition, as defined by the OECD, and of any other country eligible under the thematic programme;
  - in the case of measures adopted under a country or regional strategy provided for under article 4(4)b, to any natural or legal person eligible according to the basic act under which the strategy was adopted;
  - in the case of measures adopted under a regional strategy provided for under article 4(4)a), to any natural or legal person from the countries or territories addressed by such strategy.
6. Participation in the award of procurement or grant contracts financed under this Regulation shall be open to international organisations.
7. Experts proposed in the context of procedures for the award of contracts need not comply with the nationality rules set out above.
8. All supplies and materials purchased under contracts financed under this Regulation shall originate from the Community or a country eligible under paragraphs 2 to 5 above.
9. Participation by natural and legal persons from third countries or territories with traditional economic, trade or geographical links to the partner country may be authorised on a case-by-case basis. The Commission may, moreover, in duly substantiated cases authorise the participation of natural and legal persons from other countries, or the use of supplies and materials of different origin.

*Article 20*  
*Prefinancing*

Interest generated by prefinancing payments to the beneficiaries shall be deducted from the final payment.

*Article 21*  
*Grants*

In accordance with article 114 of Regulation (EC) 1605/2002 natural persons may receive grants.

*Article 22*  
*Funds made available to the European Investment Bank or other financial intermediaries*

The funds referred to in the fifth indent of Article 13(1) shall be managed by financial intermediaries, the European Investment Bank or any other bank or organisation capable of managing them. The Commission must adopt implementing provisions for this article, on a case by case basis to cover risk-sharing, the remuneration of the intermediary entrusted with the task of implementation, the use and recovery of interest on the fund and the closure of the operation.

*Article 23*  
*Evaluation*

The Commission shall regularly evaluate the results of geographical and thematic policies and programmes and of sectoral policies and the effectiveness of programming in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations. The Commission shall send its evaluation reports to the Committee referred to Article 25.

## TITLE IV - TRANSITIONAL AND FINAL PROVISIONS

*Article 24*  
*Report*

The Commission shall examine progress achieved in implementing the measures undertaken pursuant to this Regulation and shall submit to the European Parliament and the Council an annual report on the implementation of the assistance. The report shall also be addressed to the Economic and Social Committee and the Committee of Regions. The report shall contain information relating to the previous year on the measures financed, information on the results of monitoring and evaluation exercises and the implementation of budget commitments and payments, broken down by country, region and cooperation sector.

*Article 25*  
*Committee*

1. The Commission shall be assisted in the implementation of this Regulation by a Committee.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply. The period provided for in Article 4(3) of the Decision shall be 30 days.
3. Where reference is made to this paragraph, Articles 3 and 7 of Decision 1999/468/EC shall apply.
4. The committee shall be informed of the decisions taken by the Commission under Article 10 of this Regulation.
5. The committee shall adopt its rules of procedure.
6. An observer from the European Investment Bank shall take part in the Committee's proceedings with regard to questions concerning the Bank.

*Article 26*  
*Review*

The Commission shall submit to the European Parliament and the Council, by 31 December 2011, any proposals concerning the future of this Regulation and any amendments that may be necessary.

*Article 27*  
*Repeal*

1. As of 1 January 2007 the following Regulations are repealed:
  - Regulation (EC) No 1724/2001 of the European Parliament and of the Council of 23 July 2001 concerning action against anti-personnel landmines in developing countries;
  - Council Regulation (EC) No 1725/2001 of 23 July 2001 concerning action against anti-personnel landmines in third countries other than developing countries;
  - Council Regulation (EC) No 381/2001 of 26 February 2001 creating a rapid-reaction mechanism;
  - Council Regulation (EC) No 2046/97 of 13 October 1997 on north-south cooperation in the campaign against drugs and drug addiction;
  - Council Regulation (EC) No 2258/96 of 22 November 1996 on rehabilitation and reconstruction operations in developing countries;

- 2001/824/EC, Euratom: Council Decision of 16 November 2001 on a further contribution of the European Community to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund;
  - Regulation (EC) No 2130/2001 of the European Parliament and of the Council of 29 October 2001 on operations to aid uprooted people in Asian and Latin American developing countries;
  - Council Regulation (EC) No 1080/2000 of 22 May 2000 on support for the United Nations Interim Mission in Kosovo (UNMIK) and the Office of the High Representative in Bosnia and Herzegovina (OHR).
2. The repealed Regulations shall continue to apply for legal acts and commitments implementing the budget years preceding 2007.

*Article 28*  
*Entry into force*

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*. It shall apply from 1 January 2007.

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

Done at Brussels,

*For the Council*  
*The President*

## LEGISLATIVE FINANCIAL STATEMENT

**Policy area(s): External Relations, Development and relations with ACP countries, Enlargement, European Neighbourhood Policy, External aspects of internal policies.**

**Activit(y/ies): (in part) 19.02,19.03,19.04,19.05,19.06,19.07,19.08,19.09,19.10,19.81, 21.02,21.03,21.04,22.04,22.03**

**TITLE OF ACTION: INSTRUMENT FOR STABILITY**

### 1. BUDGET LINE(S) + HEADING(S)

This proposal represents a consolidation of a number of existing activities and does not map directly onto the existing budget nomenclature. However, it covers in full or in part the existing geographic-based policy areas and budget lines, and the type of activities currently addressed under the following sectoral budget lines:

Civil protection mechanism (Internal policies - Environment)	07 03 06 01
Community action programme in the field of civil protection — Expenditure on administrative management	07 01 04 04
Community action programme in the field of civil protection — Expenditure on administrative management	07 49 04 04
Fight against Antipersonnel Landmines	19 02 04
North-South co-operation in campaigns against drugs and drug addiction	19 02 11
Community participation in action concerning anti-personnel mines — Expenditure on administrative management	19 01 04 10
Community participation in action concerning anti-personnel mines — Expenditure on administrative management	19 49 04 09
Rapid Reaction Mechanism	19 02 05
Rapid reaction mechanism — Expenditure on administrative management	19 01 04 02
Rapid reaction mechanism — Expenditure on administrative management	19 49 04 02
Human rights and democratisation (non-developing countries)	19 04 04
Human rights and democratisation (developing countries)	19 01 04 11
Development and consolidation of democracy and the rule of law — Respect for human rights and fundamental freedoms — Expenditure on administrative management	
Development and consolidation of democracy and the rule of law — Respect for human rights and fundamental freedoms — Expenditure on administrative management	19 49 04 10
Aeneas - migration	19 05 01
Tacis	19 06 01

Nuclear safety in NIS, including Financing of nuclear security from Euratom borrowings	19 06 05
	19 06 06
Contribution to EBRD Chernobyl Shelter Fund	
Assistance to partner countries in eastern Europe and central Asia — Expenditure on administrative management	19 01 04 07
19 49 04 06 — Assistance to partner countries in eastern Europe and central Asia — Expenditure on administrative management	19 49 04 06
CARDS – Western Balkans	19 07 01
CARDS - Assistance to Serbia and Montenegro	19 07 02
CARDS - Aid for reconstruction of Kosovo	19 07 03
Interim Civilian administrations (support of UNMIK and OHR)	19 07 04
Assistance for the countries of the western Balkans — Expenditure on administrative management	19 01 04 08
Assistance for the countries of the western Balkans — Expenditure on administrative management	19 49 04 07
Technical cooperation with Mediterranean countries	19 08 02
Cooperation with the occupied territories	19 08 03
Aid for rehabilitation and reconstruction of Iraq	19 08 07
MEDA (measures to accompany the reforms to the economic and social structures in the Mediterranean non-member countries) — Expenditure on administrative management	19 01 04 04
MEDA (measures to accompany the reforms to the economic and social structures in the Mediterranean non-member countries) — Expenditure on administrative management	19 49 04 12
Co-operation with developing countries in Latin America	19 09 01
	19 09 02
Rehabilitation and reconstruction operations in developing countries in Latin America	19 09 04
Financial and technical cooperation with Latin American developing countries — Expenditure on administrative management	19 01 04 05
Financial and technical cooperation with Latin American developing countries — Expenditure on administrative management	19 49 04 05
Co-operation with developing countries in Asia	19 10 01
	19 10 02
Rehabilitation and reconstruction operations in developing countries in Asia	19 10 04



Aid for the rehabilitation and reconstruction of Afghanistan	19 10 06
Financial and technical cooperation with Asian developing countries — Expenditure on administrative management	19 01 04 04
Financial and technical cooperation with Asian developing countries — Expenditure on administrative management	19 49 04 04
Assistance to ACP and OCT countries (programmable, excluding Africa peace facility)	21 03 01/06 21 03 09/14
Assistance to ACP and OCT countries (Africa peace facility)	21 03 01
Emergency Aid ACP and OCT	21 03 07 21 03 15
Development cooperation with South Africa	21 03 17
European programme for reconstruction and development (EPRD) — Expenditure on administrative management	21 01 04 05
European programme for reconstruction and development (EPRD) — Expenditure on administrative management	21 49 04 05

## 2. OVERALL FIGURES

### 2.1. Total allocation for action (Part B): € 4.455 million

### 2.2. Period of application:

2007-2013

### 2.3. Overall multiannual estimate of expenditure: (current prices)

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) (see point 6.1.1)

€ million (to three decimal places)

	2007	2008	2009	2010	2011	2012	2013 *and following	Total
Commitments	331	442	503	638	713	789	860	4.276
Payments	50	166	286	405	517	618	2.234	4.276

(b1) Technical and administrative assistance: of which staff (see point 6.1.2)

Commitments	1	2	2	2	3	4	4	18
Payments	1	2	2	2	3	4	4	18

- (b2) Technical and administrative assistance: of which support expenditure (see point 6.1.2)

Commitments	13	16	19	25	27	29	32	161
Payments	13	16	19	25	27	29	32	161

Subtotal a+b								
Commitments	345	460	524	665	743	822	896	4.455
Payments	64	184	307	432	547	651	2.270	4.455

\* 'following years' only applying to payments

- (c) Overall financial impact of human resources and other administrative expenditures (see points 7.2 and 7.3)

€ million (to three decimal places)

Commitments/Payments	15	21	24	32	36	40	44	212
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TOTAL a+b2+c								
Commitments	359	479	546	695	776	858	936	4.649
Payments	78	203	329	462	580	687	2.310	4.649

#### 2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with the proposed financial perspective 2007-2013

#### 2.5. Financial impact on revenue:

Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

### 3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Non-comp	Diff	YES	NO	NO	No 4

### 4. LEGAL BASIS

Article 308 (EC), article 203 (Euratom)

## **5. DESCRIPTION AND GROUNDS**

### **5.1. Need for Community intervention**

#### *5.1.1. Objectives pursued*

The European Union has set itself important goals in the promotion of human and strategic security. In order for the Union to fulfil its role as a global player it is essential that the Community has the capability and means to respond to situations of crisis in third countries world-wide and to address global and regional trans-border challenges with a security or stability dimension.

With this in mind, the Stability Instrument will provide the means to:

- deliver, within a single legal instrument, an effective, immediate and integrated response to situations of crisis and instability in third countries, building on the added-value already demonstrated by the Rapid Reaction Mechanism and on the emergency provisions already provided for in a number of existing external relations financial instruments;
- address global and regional trans-border challenges with a security or stability dimension arising in third countries, including issues such as nuclear safety and non-proliferation, as well as the fight against trafficking, organised crime and terrorism and sudden major threats to public health;
- support the implementation of future policy challenges faced by the Union within the areas addressed by the Instrument, complementing actions which may be undertaken under the other external financing instruments;

The Stability Instrument shall permit the Community to finance measures to promote peace, stability and civilian safety in third countries and territories (other than the Overseas Countries and Territories of the EU). Such measures shall in particular support the external policies of the Union by helping to:

- establish or re-establish the essential conditions necessary to permit the effective implementation of Community development and economic co-operation policies, where these are threatened by situations of crisis or severe political instability;
- address global and regional trans-border challenges affecting civilian security, including the fight against trafficking, organised crime and terrorism;
- address major technological threats with potential trans-border impact, including the promotion of nuclear safety and the fight against the proliferation of weapons of mass destruction;
- develop international peace-keeping capacity in partnership with regional organisations;
- provide a framework for response to new policy initiatives supported by the Union in line with the objectives of the present Regulation, complementing actions which may be undertaken under the other external action instruments.

In some of these areas a strategic framework for action has already been adopted by the EU, and the design of the new instrument takes this into account. Key amongst these are:

- the millennium development goals
- the EU Programme for the Prevention of Violent Conflicts adopted by the Göteborg European Council in June 2001
- the EU Strategy against Proliferation of Weapons of Mass Destruction
- and the Action Plan against Terrorism adopted by the European Council

The main outcomes pursued are

- enhancing human security through the prevention of violent conflict or the avoidance of its recurrence; assistance in the recovery from crisis until such time as assistance under one of the policy-driven external assistance instruments can be resumed;
- increased capacity of regional and sub-regional organisations and other coalitions having UN endorsement to contribute to the resolution of political crisis, notably through improved capabilities for the conduct of peace support operations, building on the established policy for the Africa Peace facility;
- security from major technological threats, threats to the rule of law and public health challenges;
- the development and consolidation of democracy and the rule of law, and respect for human rights and fundamental freedoms ;

In operational terms the Instrument will make it possible for the Community to :

- respond effectively to situations of major crisis around the world, addressing the kind of situations which in recent years have for example arisen in Kosovo, in Afghanistan, or in Iraq;
- strengthen the important contribution it already makes to EU civilian crisis management in line with the conclusions of the Helsinki European Council by providing for a timely, effective, and integrated crisis response. Delivering assistance in an integrated way as envisaged under this regulation will, moreover, facilitate donor co-ordination during times of crisis and increase the visibility of EU assistance;
- facilitate the response to challenges affecting civilian security, such as the fight against trafficking, organised crime and terrorism, where measures must be taken at the global and trans-regional level for the sake of efficiency and effectiveness or otherwise respond to a major threat to law and order; This will complement work which may be undertaken at the national level under one or other of the general cooperation instruments, adding a broader international dimension to address the specifically trans-national aspects of these new challenges;
- address major technological threats with potential trans-border impact, including the promotion of nuclear safety and nuclear safeguards (building for example on the experience already gained under the Tacis programme), as well as support for non-proliferation efforts, and for disaster-preparedness and prevention work in relation to possible major environmental incidents;

- fully support the role of the Union as a global player in addressing the above issues;

The instrument includes provisions to facilitate cross-pillar coordination where Community measures are adopted in support of measures taken under the CFSP. However, the Stability Instrument addresses itself purely first-pillar measures. Second-pillar measures will continue to be adopted under the CFSP, the scope of which will be defined by the Council on a case-by-case basis, as is the current practice.

### *5.1.2 Measures taken in connection with ex ante evaluation*

As part of the preparation of the future financial framework the Commission established the Peace Group which was tasked with leading the identification of the future priorities for external relations and the instruments needed to serve those priorities. This Group functioned at both the level of the external relations Commissioners and the services. It met regularly between April and December 2003 and developed the principles which were set out in the Communication COM(2004) 101<sup>15</sup> adopted on 10 February. The need to align objectives and instruments more closely to EU values and interests was identified as being fundamentally important.

The values which should guide the setting of objectives and which should be served by the instruments include human dignity, the rule of law, human rights, solidarity, equality between the sexes, adherence to the multilateral system of the United Nation and support within the multilateral economic system, for regionalism as a force for development and stability. The EU's interests are the promotion of stable international growth founded on sustainable development. The promotion of EU values and interests require it to act as a continental power and a global economic and political player.

Three policy priorities were identified as a result of the Peace Group's work: the EU and its neighbourhood, covering candidate and pre-candidate countries and the countries covered by the European Neighbourhood Policy; the EU as a Sustainable Development Partner; and the EU as a Global Player dealing with political and security challenges. A consensus emerged on the need to streamline the instruments for external action in order to simplify and make them more efficient. The existing array of instruments reflects an organic approach where one instrument has been added on top of another. For the future, a limited number of instruments would underpin external action expenditure. The Instrument for Stability addresses the third of these priorities.

The current proposal also takes account of the vast literature of work on peace keeping and the delivery of assistance in response to international crises (including the 2001 DAC Guidelines on Helping Prevent Violent Conflict, the 2004 report of the UNDG/ECHA Working Group on Transition issues and the publications of the World Bank Conflict Prevention and Reconstruction Unit), the practice of other international and bi-lateral donors.

The Commission carried out in the second half of 2003 an extensive high-level review of the whole range of EC external instruments, in the context of the preparation of its proposals for the new financial perspectives. In its recommendations to the President, the "Peace Group"

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<sup>15</sup> Building our Common Future, Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013.

charged with this work underlined the need for the EU to gear the objectives and instruments of its external strategy more closely to its values and interests.

In particular, it recommended that the EU should, in addition to addressing concerns related to our neighbourhood policy and to the EU's role as a partner in sustainable development, also have the means to work effectively as a global player in addressing challenges relating to both civilian and strategic security. This requires that the instruments at our disposal should be able to address effectively such issues as nuclear safety and non-proliferation, the threats arising from organised crime and terrorism, and the challenges relating to armed conflict or from fragile states, as well as the new challenges which can arise in a rapidly-changing world. In the event of a crisis, it is essential that we are able to respond in an immediate, effective and integrated fashion to such threats and challenges.

### *5.1.3 Measures taken following ex post evaluation*

The "Peace Group" had integrated in its overall analysis of the external instruments the results of a number of post-evaluation exercises carried out regarding certain geographic and thematic instruments. Substantial analyses of a number of the issues involved have nevertheless been made, for example in connection with the Rapid Reaction Mechanism, where assessments are completed at the end of each programme, or with nuclear safety, in the Commission's Communication of September 2000 (COM (2000) 493) on its support to nuclear safety in the Newly Independent States and Central and Eastern Europe. In addition, the regular project monitoring, reporting and feedback mechanisms applying to these different actions provide invaluable lessons at the project level which are drawn upon in both policy-making and programming. Moreover, the proposal follows up recommendations in the evaluation of rehabilitation and reconstruction financed by the EC in the ACP/ALA/MED/Tacis countries, the synthesis report on EC Activities in the field of human rights, democracy and good governance of August 2001, the Assessment of Phare and Tacis Nuclear safety activities of November 2000.

## **5.2. Action envisaged and budget intervention arrangements**

The target population served by the instrument will be the populations of all third countries, or of those third countries (and their neighbours), who may become subject to conditions of crisis, or may be affected by concerns relating to nuclear safety and comparable challenges, or by trafficking, organised crime or terrorism in its trans-national aspects.

The specific objectives to be set for the programming period, and the concrete measures to be taken and their immediate outputs, will:

- in relation to situations of crisis, be determined by the Commission in response to such situations as and when they arise, following discussions in the Council where necessary, and shall be set out in appropriate detail in the relevant Commission decision; or
- in relation to longer-term challenges (such as support for nuclear safety, for certain aspects of the promotion of democracy and fundamental values and the fight against trafficking, organised crime, and terrorism, or for capacity-building in relation to peace-keeping operations) be established in strategy papers and multi-annual indicative programmes. These programming documents shall, as for the other external action instruments, set out in appropriate detail the specific objectives, concrete measures, outputs and indicators relevant to the measures in question.

- In both cases the participation of local and EU non-governmental and civil society based organisations as well as international organisations shall be a key feature of programmes.

### 5.3. Methods of implementation

The measures to be taken under the present Instrument shall normally be implemented by the Commission by direct or indirect centralised management, but may in certain cases as specified in the Regulation be implemented by indirect centralised management (by public or public-service bodies of the Member States), by decentralised management (under the responsibility of a beneficiary partner country), or by delegated management (by international organisations or third-country donors, in cases of joint co-financing).

At this stage the Commission is not ready to propose the establishment of an executive agency for programme implementation but this possibility has not been excluded, in particular for certain tasks of expert recruitment and logistical support.

## 6. FINANCIAL IMPACT

### 6.1. Total financial impact on Part B - (over the entire programming period) (current prices)

#### 6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	2007	2008	2009	2010	2011	2012	2013	Total
Ring-fenced provision for actions in ACP countries, including Africa Peace facility	0	104	106	108	110	112	115	655
Other actions	331	338	397	530	603	677	745	3.621
<b>TOTAL</b>	331	442	503	638	713	789	860	4.276

#### 6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

	2007	2008	2009	2010	2011	2012	2013	Total
ACP countries	0	4	4	5	5	5	5	28
Other actions	14	14	17	22	25	28	31	151
<b>TOTAL</b>	14	18	21	27	30	33	36	179

## 7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

### 7.1. Impact on human resources

Types of post	Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
	Number of permanent posts	Number of temporary posts		
Officials or temporary staff	196		196	
Other human resources		END: AUX: INT: <u>Ex BA-lines :</u> ATA:	11 18 3 40	
Total			268	

### 7.2. Overall financial impact of human resources (2004 prices)

Type of human resources	Amount (€)	Method of calculation *
Officials+Temporary staff	21 168 000	196x 108 000€
END	489 984	11x 44 544€
AUX	1 021 080	18x 56 760€
INT	189 288	3x 63 096€
<u>Ex BA-lines:</u>		
ATA	2 305 840	40x 57 646€
Total	25 174 792	



### 7.3. Other administrative expenditure deriving from the action IfS (2004 prices)

Budget line (number and heading)	Amount €	Method of calculation
<b>Overall allocation (Title A7)</b>		
A0701 – Missions	468.600	213 missions x 2.200 euro per mission
A07030 – Meetings	100.000	100 meetings x 1.000 euro per meeting
A07031 – Compulsory committees <sup>1</sup>	250.000	1x /month x 10 months = 10 meetings
A07032 – Non-compulsory committees <sup>1</sup>	0	per year x 25.000 euro per meeting =
A07040 – Conferences	150.000	
A0705 – Studies and consultations	100.000	
Other expenditure (specify)	0	
<b>Information systems (A-5001/A-4300)</b>	200.000	
<b>Other expenditure - Part A (specify)</b>	0	
<b>Total</b>	<b>1.268.600</b>	

The amounts are total expenditure for twelve months.

(2004 prices)

I.	Annual total (7.2 + 7.3)	€	26.443.392
II.	Duration of action		7 years
III.	Total cost of action (I x II)	€	185.103.744

Human and administrative resource needs will be covered from within the allocation made to the DG managing the activities under the annual allocation procedure.

The allocation of posts will depend on the one hand on the internal organisation of the next Commission, and on the other hand on a possible reallocation of posts between the services, following the new financial perspectives.

## 8. FOLLOW-UP AND EVALUATION

### 8.1. Follow-up arrangements

The Commission will monitor progress of its external co-operation on all levels, *input* (in particular financial flows (commitments, contracts and payments), *activities / outputs* (project and programme execution, internal monitoring carried out on the spot by Commission Delegations), *progress / outcome* (external Results-Oriented Monitoring) and *impact*.

All countries and regional multi-annual indicative program will include the specific objectives and expected results for each area of co-operation, and a limited number of key outcome indicators in regard to economic and poverty situation. These indicators must relate to developments that are measurable in the short/medium term.

The programming of long-term external aid for partner countries and regions is carried out in the framework of the preparation of country and regional strategy papers (up to 7-years).. These country strategies also include a work plan or national / regional indicative programme jointly agreed between the Community and partner country/region concerned.

Under the principle of rolling programming, a review process is foreseen including annual operational reviews, mid-term reviews, and ad-hoc reviews where necessary. These review mechanism provides the flexibility required to ensure that operations are kept constantly in line with changes occurring in the economic situation, priorities and objectives of the partner country/region.

Reviews take a special interest on progress achieved in terms of financial execution of aid, as well as in terms of results achieved and evolution of the context in term of poverty reduction, economic performance and supported sectors. Updated intervention frameworks and indicator tables on focal sectors are annexed to review documents in order to facilitate the assessment at the time of the review. In particular, mid-term reviews may lead to a change of strategy, as well as a change in the country/region allocation in the light of the current needs and performance.

Emergency assistance measures shall be tightly monitored. Such measure present specific challenges in terms of measuring the long-term impact, but regular evaluations of Community crisis responses shall be integrated into the evaluation programme. Given the multi-lateral nature of crisis response, such evaluations will take into account the broader international response, and put a particular emphasis on the overall coherence of EU action, including with that delivered under title V of the EU Treaty.

## **8.2. Arrangements and schedule for the planned evaluation**

In application of current rules and in view of the vast scope of the activities foreseen, an evaluation system covering the different levels of intervention and types of instruments has been set up.

Notably, the financial regulation, as well as the internal control standards, calls for regular evaluation of all (sizable) activities. This is translated into the evaluation of single operations (e.g. development projects), of programmes (e.g. country strategies) and policy sectors or themes (e.g. transport or gender issues). Evaluations of are also necessary and ongoing of wider legal obligations such as the 3 Cs (Coherence, Complementarity, Coordination).

Evaluation of crisis response measures will normally take place at the completion of the 'interim response programmes' provided for under this Regulation.

These works will be complemented by relevant works on databases, meta-analyses, methodology and training.

## **9. ANTI-FRAUD MEASURES**

The protection of the Community's financial interests and the fight against fraud and irregularities form an integral part of this Regulation.

Administrative monitoring of contracts and payments will be the responsibility of the central Commission services and/or EC Delegations in beneficiary countries.

Each of the operations financed under this regulation will be supervised at all stages in the project cycle through the central Commission services and/or delegations. Supervision will take account of contractual obligations as well as of the principles of cost/benefit analysis and sound financial management.

Moreover, any agreement or contract concluded pursuant to this Regulation shall expressly provide for monitoring of spending authorised under the projects/programmes and the proper implementation of activities as well as financial control by the Commission, including the European Anti-Fraud Office (OLAF), and audits by the Court of Auditors, if necessary on the spot. They shall authorise the Commission (OLAF) to carry out on-the-spot checks and inspections in accordance with Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and irregularities.

Particular attention will be paid to the nature of expenditure (eligibility of expenditure), to respect for budgets (actual expenditure) and to verify supporting information and relevant documentation (evidence of expenditure).