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**REPORT FROM THE COMMISSION TO THE COUNCIL**

**on the implementation of the financial assistance provided to the  
Overseas Countries and Territories under  
the Decision on the Overseas Association, including Greenland and  
under the 11th European Development Fund in 2021**

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under the 11<sup>th</sup> European Development Fund in 2021**

**Introduction**

The year 2021 marked the start of a new 7-year period in relations between the European Union (EU) and the 13 Overseas Countries and Territories (OCT)<sup>1</sup>, with the adoption of the new Decision on the Overseas Association, including Greenland (DOAG)<sup>2</sup>.

The DOAG establishes the legal framework for the partnership between OCTs, the Member States to which they are linked and the EU. According to the Treaty on the Functioning of the European Union (TFEU)<sup>3</sup>, the purpose of the Decision is to support the sustainable development of the OCTs and to promote the values of the Union in the wider world.

The DOAG merges two previous instruments – the former Overseas Association Decision<sup>4</sup> supported by the European Development Fund, and the additional Greenland Decision<sup>5</sup> funded from the EU budget, in a single instrument with the same source of financing – the EU budget – applying now to all OCTs.

The new Decision provides the basis for programming the 2021-2027 cooperation with OCTs, which is informed by in-depth political and policy dialogue. EUR 500 million are allocated to the DOAG for the 2021-2027 period.

Addressing the OCTs' specific needs and challenges, the cooperation in the 2021-2027 period will focus on actions of mutual interest to OCTs and the EU. Based on the Multiannual Indicative Programmes (MIPs), priority areas for cooperation are notably the green deal, digitalization, jobs and growth, and human development. 11 out of a total of 15 MIPs were already adopted by end 2021. 4 MIPs still have to be adopted in the course of 2022.

Even though the new Decision applies retroactively from 1<sup>st</sup> January 2021, the previous Decision remained in force until it was repealed by the DOAG, adopted on 5 October 2021. Throughout 2021, a number of actions financed from the 11<sup>th</sup> European Development Fund under the previous OCT Decision have continued to be implemented.

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<sup>1</sup> The United Kingdom's withdrawal from the EU on 31 January 2020 resulted in 12 now former UK OCTs leaving the group. As a result, 13 OCTs remain: Greenland (DK), French Polynesia (FR), French Southern and Antarctic Territories (FR), New Caledonia (FR), Saint Barthélemy (FR), St. Pierre and Miquelon (FR), Wallis and Futuna Islands (FR), Aruba (NL), Bonaire (NL), Curaçao (NL), Saba (NL), Sint Eustatius (NL), Sint Maarten (NL).

<sup>2</sup> Council Decision 2021/1764 of 5 October 2021 on the association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including Greenland).

<sup>3</sup> Part Four of the Treaty on the Functioning of the European Union (C 326/47 of 26.10.2012).

<sup>4</sup> Council Decision 2013/755/EU on the Association of the Overseas Countries and Territories with the European Union.

<sup>5</sup> Council Decision 2014/137/EU on relations between the EU on the one hand and Greenland and the Kingdom of Denmark on the other, allocates EUR 217.8 million for the period 2014-2020 to cooperation between the Union and Greenland in an area of mutual interest.

**This report therefore covers activities and support provided under both Decisions in 2021:**

- **Part I** of this report highlights progress achieved under the ‘former’ Decision and the 11<sup>th</sup> EDF in 2021.
- **Part II** of this report highlights progress achieved in the implementation of the new Decision from its adoption in October until the end of the year, in compliance with its Article 86.
- **Part III** highlights progress achieved in EU-OCT dialogue in 2021.

## **I. COOPERATION UNDER THE 11<sup>th</sup> EDF for OCTs IN 2021**

### **Financial Resources under the 11<sup>th</sup> EDF for OCTs (former Decision)**

The 11<sup>th</sup> EDF resources available to OCTs in the period 2014-2020 were allocated as follows in line with Annex 2 of the former Overseas Association Decision:

- EUR 229.5 million for territorial (bilateral) cooperation;
- EUR 100 million for regional and “all OCT” cooperation;
- EUR 21.5 million to finance humanitarian and emergency assistance;
- EUR 5 million to finance interest subsidies and technical assistance linked to the OCT Investment Facility;
- EUR 8.5 million for studies and technical assistance.

Under the 11<sup>th</sup> EDF, 16 OCTs were eligible for a territorial allocation. In addition to three regional programmes, a single thematic ‘all-OCTs’ programme (Green Overseas) fosters inter-OCT cooperation.

Former UK OCTs remain eligible for and benefit from EDF funds until the closure of the relevant ongoing programmes.

### **Situation in 2021**

#### **a) Territorial cooperation**

A number of territorial programmes continued to be under implementation in 2021. In the Caribbean region, this included Aruba, Anguilla, Bonaire, Montserrat, while cooperation in Sint Maarten and Curaçao started up. In the Atlantic region, work with Saint Helena continued while the programme with Saint-Pierre-et-Miquelon was successfully completed. In the Pacific region, the programme for French Polynesia reached its goals while the initiatives for New Caledonia and Wallis-et-Futuna advanced well.

The COVID-19 pandemic had significant consequences for OCTs. It led to an unprecedented strain on their economies, many of which depend on tourism. They also suffered from disrupted global supply chains (with negative effects on their imports, especially food) and

price and demand fluctuations for their main exports. Limited fiscal margin created additional strain. As a result, structural socio-economic challenges are likely to deepen, exposing the fragility of the most vulnerable groups.

Against this backdrop, the following achievements in 2021 are highlighted:

- Caribbean region:

In the education sector, **Aruba** continued the implementation of its programme on higher education (EUR 9.5 million disbursed by end 2021) with the rollout of the innovative curriculum in the domain of Science Technology, Engineering and Mathematics (STEM). The budget support programme for **Anguilla** supported the conduct of the first labour market survey on the island and the drafting of the Strategy for Education 2020 to 2025 (with the disbursement of the third variable tranche of EUR 0.90 million).

The budget support programme for **Bonaire** advanced well in the field of youth, with the set-up of a childcare regulation and comprehensive child development centres. The first fixed tranche (EUR 2.16 M) was disbursed.

In the water and sanitation sector, in **Sint Maarten** implementation started with the signature of the Financing Agreement and the launch of the procurement for the technical assistance of EUR 880 000 to develop cross-border cooperation. Sint Maarten also benefitted from the resilience building and disaster response under the 11<sup>th</sup> EDF emergency envelope (EUR 4.34 million disbursed in 2021) and completed the selection of two critical construction sites for shelters which will allow better preparedness of the island to cope with natural disasters. Also **Curacao** advanced its programme to enhance the island's resilience, with the signature of the Financing Agreement in 2021<sup>6</sup>.

Progress was also observed on sustainable growth through the ongoing budget support programme for **Montserrat** with the disbursement of the fourth fixed tranche (EUR 2 M). This programme supported an higher share of renewable energy sources to the national grid (both solar and geothermal) and increased accessibility through the improvement of the airport facilities.

- Pacific region:

In **New Caledonia**, the budget support programme for employment and professional integration continued to enhance better access to training programmes. The budget support programme for the tourism sector in **French Polynesia** contributed to mitigating the adverse effects of the pandemic. A follow-up strategy intended to increase sustainability and resilience of the sector was prepared. The fifth and final fixed tranche (EUR 2.5 M) was disbursed in 2021. The budget support programme for the digital development strategy of **Wallis and Futuna** contributed to the expansion of digital services linked to the Tui-Samoa broadband cable, improving in particular tele-medicine facilities in the territory.

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<sup>6</sup> The territorial programmes for Sint Maarten (EUR 7 million) and Curaçao (EUR 16.95 million) were adopted on 19 November and 10 December 2020.

In addition, all remaining funds from the B-envelope for OCTs in the Pacific were committed in the form of COVID-19 support to French Polynesia (EUR 0.85 M), New Caledonia (EUR 0.85 M) and Wallis and Futuna (EUR 0.56 M) as top-ups to their existing programmes, and were disbursed in 2021.

- Other OCTs:

**Saint Helena** benefits from a connectivity programme under the 11<sup>th</sup> EDF. In 2021, an important milestone was reached regarding the fiber optic cable project with the installation of the modular cable landing station and the landing of the cable on the island. The fiber optic cable will deliver fast broadband to St Helena, allowing the island to achieve significantly cheaper and faster reliable internet connection. The fourth fixed tranche (EUR 0.61 M) committed from the B-envelope as COVID-19 support was disbursed in 2021.

In **Saint-Pierre et Miquelon**, the EU supported the implementation of the government's Strategic Development Plan, favoring economic diversification and demographic stability. Recently, the COVID-19 pandemic has put significant socio-economic pressure on the tourism sector, but measures were undertaken to mitigate the impacts of this crisis and the fifth fixed tranche as COVID-19 support of EUR 1.1 M was disbursed in 2021.

## **b) Regional cooperation**

At regional level, cooperation with OCTs advanced through the three regional programmes and the inception phase of the thematic programme. These programmes will continue to be implemented in the coming years (see Annex for further details).

The following achievements for 2021 are highlighted:

- In the **Pacific**, the Regional Programme 'PROTEGE' (*Projet régional océanien des territoires pour la gestion durable des écosystèmes*, EUR 36 million), supports sustainable and resilient development by protecting biodiversity and renewable natural resources. Throughout 2021, the Pacific regional programme advanced notably with the sharing of best agricultural practices among the OCTs. In particular, the second PROTEGE agroecology demonstration farm meeting was held in Moorea and Tahiti in November 2021 with the objective of training in crop bio-protection. The pandemic however caused some delay on implementation, and therefore the Financing Agreement was extended until October 2024 (from September 2023) in response to the request received from the implementing body (Pacific Community - SPC).
- In the **Caribbean**, the 'RESEMBID' Programme (*Resilience, Sustainable Energy and Marine Biodiversity Regional*, EUR 42.67 million of which EUR 2.67 million from the B-envelope as COVID-19 support) focuses on resilience building, sustainable energy and marine biodiversity. The objective is to increase resilience to extreme and recurrent natural events, upgrade outdated infrastructure and increase energy efficiency, and improve protection and sustainable management of marine biodiversity. In 2021, implementation accelerated with all grants projects in the process of being contracted and carried out by the beneficiaries. The programme also achieved significant results in the field of resilience and disaster risk preparedness, notably with the diagnostic reports on emergency preparedness and disaster response

in 12 OCTs and with the certificate course on disaster risk financing and analytics. EUR 8.2 million has been disbursed so far and is expected to be scaled up as of 2022.

- The **Indian Ocean** Regional Programme “RECI” (*Projet de Restauration des Ecosystèmes Insulaires de l’Océan Indien*, EUR 4 million) aims to restore island ecosystems in the French Southern and Antarctic Lands. Technical operations progressed well and important activities have been carried out in 2021, in particular environmental monitoring and the preparation of eradication operations.
- The **all-OCTs thematic programme Green Overseas – GO** (EUR 17.8 million- 11<sup>th</sup> EDF) focuses on advancing sustainable energy and enhanced resilience to climate change. Implementation started in 2021 with setting up the programme implementation structure, in-depth consultations with beneficiaries on specific topics for the interventions and the organisation of a first round of seminars. The roll-out of activities including technical assistance and pilot projects will start in the second semester of 2022.

### c) **Technical assistance and institutional support**

The year 2021 saw the continued mobilisation of **Technical Assistance** in particular to support OCTs’ authorities in the programming and formulation process. A total amount of EUR 2.074.075 was disbursed in 2021 under the 11<sup>th</sup> EDF Technical Cooperation Facilities III and IV. This covered TA contracts or studies to help defining OCTs’ programming and the design of new programmes.

More specifically, a new initiative in favor of youth, the **OCT Youth Network**, was initiated during 2021, with the support of the Technical Cooperation Facility. This initiative is due to be effectively launched mid-2022. It will gather young representatives of OCTs to engage in dialogue with the Commission and other relevant institutions and partners on the EU-OCT partnership and cooperation.

Additionally, in 2021, the EU supported the **Overseas Countries and Territories Association (OCTA) through an operating grant** (EUR 550,000). It improved the Association’s capacity to fulfil its mandate, in particular to coordinate OCT partners to facilitate dialogue with the EU, promote the partnership and support the collective work of its members in several areas of common interest.

### d) **European Investment Bank**

The OAD provided financial assistance to the OCTs through financial instruments managed by the European Investment Bank (EIB) over the period 2014-2020, under the 3rd Financial Protocol. These mechanisms were: the OCT Investment Facility (endowment EUR 48.5 million), the funding for interest rate subsidies and technical assistance (EUR 5 million) and the EIB’s Own Resources (up to EUR 100 million).

No new operations were signed in 2021 under the **EIB OCT Investment Facility**, which ceased to exist under the new DOAG. Previously signed operations were ongoing in 2021, totalling EUR 85.39 M (of which all EUR 85.39 M were disbursed by end 2021). This sum exceeded the initial capital endowment because the fund was revolving and some reflows had been lent out again.



Regarding the EUR 5 M envelope for **interest rate subsidies and technical assistance**, this envelope was committed in full still in 2020.

**Full use** was made of the funds available for these two investment supports in the 2014-2021 period.

Under the **EIB Own Resources envelope for OCTs**, no new operations were signed in 2021.

## **II. COOPERATION UNDER THE NEW OCT DECISION FROM OCTOBER TO DECEMBER 2021**

### **Financial Resources under the DOAG**

The EUR 500 million available to OCTs for the period 2021-2027 are split into the following allocations, based on Annex 1 of the Decision:

- EUR 164 million for the territorial (bilateral) allocations to OCTs other than Greenland;
- EUR 225 million for the territorial (bilateral) allocation to Greenland;
- EUR 76 million for regional cooperation, of which EUR 15 million for intra-regional cooperation of OCTs with their non-OCT neighbours;
- EUR 22 million for studies and technical assistance measures;
- EUR 13 million in a non-allocated fund for unforeseen circumstances, emerging challenges and new international priorities.

Reflows from the now defunct OCT Investment Facility will be added, as they arrive, to the non-allocated reserve.

Following a mid-term review, any non-allocated funds remaining may be allocated to a different DOAG envelope, on the initiative of the Commission and following a consultation of the Member States in the OCT Committee.

**Twelve (of 13) OCTs are eligible for a bilateral allocation under the DOAG**, defined according to criteria established in the Decision. St Barthélemy now also benefits from a territorial allocation for the first time. The French Southern and Antarctic Lands (TAAF), which is the only uninhabited OCT, are considered as a region for the purpose of eligibility for financing, as per Article 84(1) DOAG, thus benefiting from a dedicated regional programme instead of a bilateral allocation.

**The three regional programmes** for the Caribbean, Pacific and Indian Oceans, respectively, seek to foster cooperation among OCTs of the same region sharing similar challenges and priorities. Actions financed under the regional allocations support the elaboration and implementation of comprehensive regional programmes and projects for addressing these challenges. Partnerships with other funding sources, including other European Union financial instruments, are encouraged through cooperation with the neighboring African, Caribbean and



Pacific (ACP) and/or third countries, as well as the Outermost Regions of the EU. A major novelty of the DOAG is **the intra-regional envelope** which sets aside funds precisely to encourage such cooperation with non-OCT neighbours.

### **Programming process for the 2021-2027 period:**

Multiannual indicative programmes (MIP) are adopted by the Commission in the form of ‘single programming documents’. These take into account the territorial development plans or other plans agreed upon between the OCTs and the Member States to which they are linked as well as EU priorities. The MIPs are adopted in accordance with the OCT Committee procedure. Action plans and measures are adopted separately from the MIPs, also in accordance with the OCT Committee procedure. Upon request from OCTs, technical assistance has been made available to accompany the OCTs in the programming process, in line with Article 80 DOAG. The main specificities are that OCT cooperation in principle focuses on a single priority area, informed by mutual interests of the OCT and the EU, to ensure impact commensurate with available resources and promoting a ‘policy first’ approach. Also, OCT MIPs are not subject to a mandatory mid-term review of their bilateral envelopes because of the small size of their envelopes, while there will be a MTR of the instrument as foreseen in Annex 1 of the Decision. Finally, OCT are eligible to InvestEU to support investments.

### **Situation in 2021**

#### **a) Territorial cooperation from October to December 2021**

Programming dialogues and consultations throughout **2021 resulted in the adoption of 11 MIPs for EU-OCT cooperation** in December 2021, out of 15 foreseen.

Green Deal related topics are a priority of EU-OCT cooperation, as reflected in 7 of the 11 adopted bilateral MIPs (New Caledonia, Sint Maarten, Sint Eustatius, French Polynesia, Saint Barthélemy, Saba, Greenland), as well as the Indian Ocean regional MIP. Around 40% of the overall resources will be mobilized for green deal cooperation, such as renewable energy, water, disaster risk reduction, sustainable agriculture and green growth.

Additional bilateral MIPs will focus on digitalisation (Aruba), sustainable tourism (St Pierre et Miquelon) and education (remaining the main priority sector of Greenland, resulting in 40% of the global envelope being allocated to this sector).

The remaining four MIPs require further dialogue with the OCT authorities and are expected to be adopted in 2022. These are the MIPs for: Bonaire, Curaçao, Wallis et Futuna, and the Caribbean Region.

**Implementation** of the new 2021-2027 cooperation started with three Annual Action Plans approved in December 2021: the EU-Greenland education partnership (EUR 60 million); support to the OCT Association (OCTA; EUR 1 million for support in 2022 and 2023); and the Technical Cooperation Facility (EUR 1.5 million for 2022).

## **b) Regional cooperation from October to December 2021**

The new Decision expands the possible areas of cooperation to include food and nutrition security, as reflected in the Pacific Regional MIP adopted end 2021 (with the focus on greening and blueing food systems).

The French Southern and Antarctic Lands Regional MIP (TAAF), also adopted end 2021, will focus on preserving the biodiversity and ecological functions of the marine environments of the TAAF and the South West Indian Ocean.

As noted above, the Caribbean Regional MIP required further consultations with the relevant OCTs at end 2021 and is expected to be adopted in 2022.

## **III. INSTITUTIONAL DIALOGUE IN 2021**

Three instances of dialogue of the EU-OCT Association are defined in the DOAG and remain unchanged compared to the previous OCT Decision:

### OCT-EU Forum

The annual Forum is the highest political instance of EU-OCT dialogue. The **2021 edition** was planned to take place physically in New Caledonia which holds the rotating chair of the OCT Association (OCTA) since December 2020. However, the COVID-19 pandemic circumstances have caused the 2021 Forum to be postponed to 2022, at the request of the OCTA Chair and following an online Forum held at the end of 2020. In order to ensure the best possible quality of the next Forum, the Commission is preparing, with the host OCT, for a physical Forum possibly to take place in the second semester of 2022.

### Trilateral consultations (tripartite meetings)

**Four tripartite meetings between the Commission (chair), OCT representatives and the Member States to which OCTs are linked were organised in 2021** in Brussels (in April, July, October and December, all online due to COVID-19 circumstances). They offered a platform for policy dialogue to exchange relevant information, reflect on priority topics of common interest and monitor progress on the implementation of the association Decision.

### Ad-hoc partnership working parties

**Two partnership working parties (PWPs) were organised in 2021 in Brussels.** The PWPs are ad-hoc technical level meetings allowing the Commission (chair), OCT representatives and the Member States to which OCTs are linked, to explore and discuss certain topics of mutual interest in further detail compared to the setting of the regular trilateral consultations.

One PWP dedicated to **environment and climate change** was organised in June 2021, and one dedicated to **trade and regional integration** in November 2021.

#### **IV. LOOKING AHEAD**

After a dense year 2021 in terms of renewing the partnership with the 13 OCTs associated with the EU, focused on setting in place the new legal basis and approving most of the programming documents, the year 2022 will see the start of implementation of the 11 adopted MIPs and the adoption of the remaining four. The implementation of activities still outstanding under the previous OCT Decision (10<sup>th</sup> and 11<sup>th</sup> EDFs) will continue until their closure. The next EU-OCT Forum foreseen in the second Semester of 2022 will allow to take stock of the implementation so far, to jointly look ahead at priorities and challenges, and to deepen further the high level political dialogue of our EU-OCT partnership.