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Delegations will find attached document COM(2023) 474 final.

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**REPORT FROM THE COMMISSION TO THE COUNCIL**  
**on the implementation of the financial assistance provided to the**  
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**Introduction**

The year 2022 marks the second year of implementation of the 7-year period in relations between the European Union (EU) and the 13 Overseas Countries and Territories (OCT), with the adoption of the 2021 Decision on the Overseas Association, including Greenland (DOAG)<sup>1</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>2</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>3</sup> supported by the European Development Fund, and the additional Greenland Decision<sup>4</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 transition, digitalization, jobs and growth, and human development. 11 out of a total of 16 MIPs were already adopted by end 2021, three additional MIPs were adopted in the course of 2022.

Throughout 2022, a number of actions financed from the 11th European Development Fund under the previous OCT Decision have continued to be implemented.

**Consequently, this report covers activities and support provided under both Decisions in 2022:**

- **Part I** of this report highlights progress achieved under the ‘former’ Overseas Association Decision and the 11th EDF in 2022.

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<sup>1</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>2</sup> Part Four of the Treaty on the Functioning of the European Union (C 326/47 of 26.10.2012).

<sup>3</sup> Council Decision 2013/755/EU on the Association of the Overseas Countries and Territories with the European Union.

<sup>4</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.

- **Part II** of this report highlights progress achieved in the implementation of the Decision on the Overseas Association, including Greenland (DOAG), in compliance with Article 86.
- **Part III** highlights progress achieved in EU-OCT dialogue in 2022.

The annex gives the details of the financial assistance provided to the OCT in 2022.

## **I. COOPERATION UNDER THE 11th EDF for OCTs IN 2022**

### **Financial Resources under the 11th EDF for OCTs (former OAD Decision)**

The 11th 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 11th 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 2022**

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

A number of territorial programmes continued to be under implementation in 2022. In the Caribbean region, this included Aruba and Bonaire, while cooperation in Montserrat was completed and cooperation in Sint Maarten and Curaçao is continuing. In the Atlantic region, work with Saint Helena successfully ended. In the Pacific region, the 11th EDF programmes in New Caledonia and Wallis and Futuna Islands were also successfully completed, with all final disbursements made.

- Caribbean region:

**Aruba** continued the implementation of its programme on higher education (EUR 11.18 million disbursed up to 2022) with the roll out of the Science Technology, Engineering and Mathematics (STEM) curriculum and the launch of the infrastructure work for the physical set-up of the new faculty and laboratories in 2022.

In **Bonaire**, the budget support programme on youth advanced (EUR 2.21 million disbursed up to 2022) with the launch in 2022 of the technical assistance of EUR 299 000 to further reinforce its achievements.

In the water and sanitation sector, **Sint Maarten** started to work in 2022 on tender dossiers for the implementation of this action carried out with the technical assistance of EUR 753 100 to develop cross-border cooperation with Saint-Martin. Sint Maarten also benefitted from the resilience building and disaster response under the 11th EDF emergency envelope (EUR 4.45 million paid up to 2022) with the launch in 2022 of technical assistance totaling EUR 530 700 to strengthen institutional capacity and build up needed skills in communities for better disaster risk management. In **Curaçao**, the programme for enhancing the island's resilience saw also preparatory work on the tender dossier following the conclusion of the Financing Agreement in late 2021. The first contract is expected to be signed in September 2023.

The budget support programme for the sustainable economic development in **Montserrat** contributed with the rollout of a 1-Megawatt solar photovoltaic system and the launch of a geotechnical study to increase the development of renewable energy sources and its share to the national grid. The third and final variable tranche (EUR 2 million) was disbursed in 2022.

- Pacific region:

In **New Caledonia**, 2022 marked the end of the implementation of the 11th EDF programme in support of employment and professional integration. Despite some difficulties in the implementation due to COVID-19, the programme achieved positive results and the sectoral policy has enabled all three Provinces and the Government of New Caledonia to better coordinate their efforts around the same common objective. A final disbursement of EUR 1 million was transferred in 2022.

**Wallis and Futuna Islands** pursued the implementation of its Digital Strategy and significant progress was achieved across the Territory. In particular, the implementation of the Digital strategy enabled to make significant progress: increasing e-learning services for students, connecting the Tui-Samoa digital submarine cable to facilitate high-speed connection services and acquiring IT equipment in local schools. A final disbursement of EUR 1.5 million was transferred in 2022. At the same time, the 10th EDF programme (quay of Leava), directly implemented by the territory with the French authorities, saw not yet the needed progress despite the best efforts of the Commission to identify a solution. All stakeholders involved need to reinforce their efforts to find a viable solution to implement without further delay this important project.

- Other OCTs:

**Saint Helena** is now better connected to the world thanks to the budget support programme on connectivity. The installation of the submarine fibre cable was delivered in 2021 and will allow the island to achieve significantly cheaper and faster reliable internet connection and to ensure better economic prospects and quality of life for the population. The fifth and final variable tranche (EUR 2.35 million) was disbursed in 2022.

## **b) Regional cooperation**

- In the **Pacific**,

In the Pacific, the regional cooperation programme PROTEGE (Pacific Territories Regional Project for Sustainable Ecosystem Management, EUR 36 million) focuses on the fight against climate change and ecosystem degradation. Under PROTEGE, the specific outcomes of this programme have very practical purposes, including the sharing of best agricultural and fisheries practices among the Pacific OCTs. Although COVID-19 caused some delays in the implementation of activities, significant progress has been made and 2022 marked a renewed momentum with actions on the ground. The financing agreement has been extended until October 2024 to allow more valuable time for implementation of activities.

- In the **Caribbean**,

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. While territorial actions locally support sustainable public policies in the focus areas at the level of each territory, regional actions amplify the overall impact of intervention by pooling experience and know-how as well as knowledge sharing and peer learning across the territories. In 2022, the implementation continued its acceleration with some 48 grants projects covering all beneficiary territories. The programme also achieved significant results in the field of resilience and disaster risk preparedness, notably with diagnostic reports on emergency preparedness and disaster response in all OCTs and the reinforced partnership with the Caribbean Catastrophe Risk Insurance Facility (CCRIF). EUR 13.01 million has been disbursed so far.

- The **Indian Ocean**

Despite significant logistical constraints and a difficult start given the COVID context, the RECI project (Restoration of Islands Ecosystems in the Indian Ocean, EUR 4 million) under the 11th EDF was on cruising speed all along 2022. Significant progress was made, in particular on the monitoring and observation of ecosystems (especially for the Austral Islands) and the strengthening of biosafety measures (capacity building). Important activities are still to be carried out. An amendment to the Financing Agreement was signed in July 2022 to extend the implementation period by 20 months (until January 12, 2025) in order to allow the completion of all planned activities.

- The **all-OCTs thematic programme Green Overseas – GO**

This programme with a budget EUR 17.8 million, financed from the 11th EDF, encompasses both the EU OCTs and the former British Overseas Territories. It focuses on advancing sustainable energy and enhanced resilience to climate change. In 2022, the roll-out of activities has started, after the implementation set-up was approved at the end of the first semester: A demand-driven facility with individual projects for each eligible territory and the GO Communities, on specific topics relevant to all participants, fostering sharing of best-practices and peer-to-peer learning. Territories have started to submit project proposals for the facility, supported by the programme's thematic experts. The contracting for the communities on climate finance, climate resilience and energy transition was started in 2022.

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

The year 2022 saw the continued mobilisation of technical assistance in particular to support OCTs' authorities in the formulation process of new actions for Bonaire, Aruba, the regional caribbean and Pacific. It covered also the organisation of the annual EU-OCT Forum in Nouméa (New Caledonia), and an audit for OCTA operating grants for 2020 and 2021. A total amount of EUR 1 107 013 was disbursed in 2022 under the Technical Cooperation Facilities (TCF). *Some unused funds may be used for the TCF in 2023, as needed.*

Additionally, in 2022, the EU supported the Overseas Countries and Territories Association (OCTA) through an operating grant (EUR 500 000). It aimed at improving 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, although serious administrative difficulties of the association arose during the year, detailed under point II.c below.

In July 2022, the Commission launched the OCT Youth Network, a structured initiative to strengthen ties between youth in the OCTs and the EU. A group of 25 young people from 10 different OCTs have been selected to embark on a one-year learning path, with a view to learn more about the EU-OCT partnership and the functioning of the European Institutions while networking with likeminded young people from other OCTs. They travelled to Brussels in October 2022, where they had the opportunity to meet Commissioner Jutta Urpilainen, as well as other key actors in the EU-OCT partnership (e.g., relevant units from Commission services, Members of the European Parliament, permanent representations of France, the Netherlands and Denmark, OCTA). This initiative is funded by the 2021 OCT Technical Cooperation Facility, for an amount of EUR 560 000. The implementation period is three years.

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

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) from the former 2013 OCT Decision ceased to exist under the new DOAG and operations were concluded in 2020 and 2021.

As per the transfer agreement between the Commission, the United Kingdom and the EIB signed in February 2023, reflows from the OCT Investment Facility (after deduction of the UK's share as well as provisions for long loan maturities beyond 2027 and possible losses) until 2027 amount to around EUR 35 million, of which EUR 13.6 million in reflows were received so far for 2021 and 2022.

In the new cooperation phase, the OCTs are eligible to propose projects to the InvestEU instrument. At the Forum in Noumea, in November 2022, the EIB, as main implementing partner of InvestEU, provided input in a dedicated workshop. Invest EU, with the support of the Commission, foresees a continued support to OCTs in applying for guarantees and derisking.



## II. COOPERATION UNDER THE NEW OCT DECISION IN 2022

### 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 thirteen) 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.

### Situation in 2022

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

Programming dialogues and consultations throughout **2022 resulted in the adoption of three additional MIPs for EU-OCT cooperation** in December 2022, including two MIPs for territorial cooperation (Bonaire and Curacao, both focusing on water and sanitation as priority



area) which brings the total to 14 out of 16 MIPs foreseen. The remaining two MIPs (Wallis and Futuna and intraregional cooperation) will follow as soon as possible as of 2023.

**Implementation** of the new 2021-2027 cooperation continued to gain strong momentum with seven Annual Action Plans approved by December 2022: water and sanitation for French Polynesia (EUR 31.1 million), renewable energy in New Caledonia (EUR 30.9 million) and in Saba (EUR 4.1 million), disaster risk management in Saint Barthelemy (EUR 2.5 million), sustainable agriculture for Sint Eustatius (EUR 2.9 million), sustainable tourism in Saint Pierre et Miquelon (EUR 27 million) and the Technical Cooperation Facility (EUR 1 million for 2023). These priority areas are fully inscribed in the Green Deal and Jobs and Growth agendas. With the adoption of these actions, the 2021-2022<sup>5</sup> commitments combined have reached already 32.4% of the total DOAG envelope of EUR 500 million.

In **Greenland**, successful implementation of the budget support to education, adopted in 2021, continued, with all variable tranche targets for the year reached in full (EUR 30 million disbursed in total, of which EUR 7.5 million for variable tranches). This included the setting up of a coordinating body in the education sector and the start of reforms on curricula, social guidance and IT use. These reforms will lay the ground for better quality in education and better performance of the sector. Formulation of the new priority area Green Growth has started with consultation at the two policy dialogue meetings, which took place in May and December 2022.

On 10 May 2022, following a request of Greenland and Denmark, the Commission decided to open an Office in Nuuk, Greenland, administratively attached to its Representation in Copenhagen.

The Office will facilitate the management of the substantial EU support to Greenland (EUR 225 million) and contribute to deepening our partnership, including through policy dialogue and cooperation in existing and new areas of interest, in close cooperation with the Special Envoy for Arctic Matters.

The setting up of the Office advanced, as a Head of Office was named. Work on office infrastructure and legal matters (Seat Agreement) continued.

## **b) Regional cooperation**

The Caribbean Regional MIP, concentrating on the sustainable management of natural resources, was adopted in 2022. Now all regional MIPs are in place<sup>6</sup>. The design of the intra-regional MIP requires further consultations with all stakeholders involved and will continue in 2023.

Work on preparing the implementation action for the French Southern and Antarctic Lands Regional MIP (TAAF) started in 2022 in view of having the action adopted in 2023. It will focus on preserving the biodiversity and ecological functions of the marine environments of the TAAF and the South West Indian Ocean.

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<sup>5</sup> In 2021 already EUR 62.5 million were committed through 3 AAPs (education in Greenland, EUR 60 million), support to OCTA (EUR 1 million) and TCF (EUR 1.5 million).

<sup>6</sup> The MIPs for the Pacific region (green and blue food systems) and for the TAAF (biodiversity) were already adopted in 2021.

### **c) Specific case OCTA grant**

The Overseas Countries and Territories of the European Union Association (OCTA) is the Association - after Brexit - of 13 OCTs associated to the EU through their constitutional links to three Member States: the Netherlands, France and Denmark.

The Commission has been, for several years, a strong supporter of OCTA, recognising the importance of its role in the implementation of the EU-OCT partnership and co-financed its Secretariat based in Brussels under the legal form of a non-profit organisation.

The overall objective of the operating grant to OCTA is thus to contribute to its institutional strengthening, and to better support OCTs in all aspects of the EU-OCT partnership, in particular the comprehensive institutional dialogue as foreseen in the DOAG.

Unfortunately, OCTA, located in Belgium, has faced administrative difficulties in 2022, with the blocking of its bank account, due to non-compliant statutes and missing financial information. The paralysis of OCTA Secretariat seriously jeopardized the implementation of the 2022 work programme activities.

The situation has been closely monitored by the Commission, with the organisation of various meetings with OCTA, and the three concerned Member States were duly informed about the whole process. An audit on the three operating grants related to 2020, 2021 and 2022 years is being carried out.

## **III. INSTITUTIONAL DIALOGUE IN 2022**

Three instances of dialogue of the EU-OCT Association are defined in the DOAG building on the tested formal dialogue architecture of the previous OCT Decision.

In 2022, the difficulties with OCTA didn't allowed a smooth and efficient institutional dialogue.

### **OCT-EU Forum**

The annual Forum is the highest political instance of EU-OCT dialogue. The 2022 edition took place physically on 22 November, in New Caledonia, which held the rotating chair of the OCT Association (OCTA) since December 2020. The event was preceded by trilateral meetings with each OCT and Member States concerned, and by thematic workshops on investment and regional and intra-regional cooperation. The OCTA Ministerial conference also took place, during which a new Presidency was nominated, Greenland, as well as new members of the Executive Committee of OCTA. A main take away from the last Forum was that OCTs embrace an increasingly strategic role for the EU. Geopolitical competition notably in the Pacific and Arctic is on the rise and OCTs are mentioned in the new EU's strategies for the Arctic and the Indo-Pacific. OCTs can contribute to the strategic autonomy of the EU (critical raw materials) and due to their vast Exclusive Economic Zone (12 million sqm, i.e. four times the size of the EU) are important stakeholders in Ocean Governance.

### **Trilateral consultations /tripartite meetings**

In 2022, three tripartite meetings, between the Commission (chair), OCT representatives and the Member States to which OCTs are linked, were organised in 2022 in Brussels (in June, July, and October, all in hybrid format). They offered a platform for policy dialogue to

exchange relevant information, reflect on priority topics of common interest, monitor progress on the implementation of the association Decision, as well as prepare the Forum.

Ad-hoc partnership working parties (PWP)

PWP are demand driven. No PWP were organised in 2022, as the Commission did not receive any request from the OCTs.

The institutional dialogue was marked in practice by the lack of coordination of the OCTA Secretariat due to its administrative difficulties.

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

After a rapid start up since 2021 of the renewed partnership with the 13 OCTs associated with the EU, implementation of the MIPs is in place and the adoption of the remaining two MIPs will continue in 2023.

In 2023 five new implementing actions are envisaged: e-government in Aruba (EUR 14.2 million), water and sanitation in Bonaire (EUR 4.6 million), green growth for Greenland (EUR 22.5 million), biodiversity in the TAAF (EUR 4 million) and EUR 2.5 million for support measures.

At the same time the implementation of activities still outstanding under the previous OCT Decision (10th and 11th EDFs), notably the thematic programme Green Overseas, will continue until their closure. The next EU-OCT Forum, foreseen in the second semester of 2023, 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.

Moreover the Commission has undertaken to set up communication actions, in order to make the EU-OCT partnership better known and understood among EU and OCT citizens.