



Brussels, 4 October 2024
(OR. en)

14191/24

ACP 104
PTOM 16
GROENLAND 2
FIN 866
RELEX 1222

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	4 October 2024
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

No. Cion doc.:	COM(2024) 437 final
Subject:	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 2023

Delegations will find attached document COM(2024) 437 final.

Encl.: COM(2024) 437 final



Brussels, 4.10.2024

COM(2024) 437 final

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 2023**

**Report on the implementation of the financial assistance provided to the
Overseas Countries and Territories under
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Introduction

The year 2023 marks the third year of implementation of the 7-year period in relations between the European Union (EU) and the 13 Overseas Countries and Territories (OCTs), following the 2021 Decision on the Overseas Association, including Greenland (DOAG)¹.

The partnership between OCTs and the EU is based on Part IV of the Treaty on the Functioning of the European Union (TFEU) and the DOAG adopted pursuant to Article 203 TFEU. According to Article 1 of the DOAG, 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 Decision² (OAD) supported by the European Development Fund, and the additional Greenland Decision³ 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 this period.

Addressing the OCTs’ specific needs and challenges, the cooperation in the 2021-2027 period focuses on actions of mutual interest to the OCTs and the EU. Based on the Multiannual Indicative Programmes (MIPs), priority areas for cooperation under the DOAG are notably the green transition, digitalisation, jobs and growth, and human development. By the end of 2023, all 16 MIPs - 12 territorial MIPs plus the regional MIP for the TAAF⁴, 2 regional MIPs for the Caribbean and Pacific regions and 1 Intra-regional MIP - were adopted, out of which 2 in 2023 (Wallis et Futuna and Intra-regional MIP).⁵

Throughout 2023, a number of actions financed from the 11th European Development Fund under the previous OCT Decision⁶ have continued to be implemented.

Consequently, this report covers activities and support provided under both Decisions in 2023:

- **Part I** of this report highlights the progress achieved under the former Overseas Association Decision (OAD) and the 11th EDF in 2023.

¹ 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).

² Council Decision 2013/755/EU on the Association of the Overseas Countries and Territories with the European Union.

³ Council Decision 2014/137/EU on relations between the EU on the one hand and Greenland and the Kingdom of Denmark on the other.

⁴ Terres australes et antarctiques françaises/French Southern and Antarctic Territories.

⁵ For further information about OCTs and adopted MIPs, please consult: [Overseas Countries and Territories - European Commission \(europa.eu\)](https://european-commission.europa.eu).

⁶ See footnote 3.

- **Part II** features advancements in the implementation of the Decision on the Overseas Association, including Greenland (DOAG), in compliance with Article 86.
- **Part III** emphasises progress achieved in the EU-OCTs dialogue in 2023.
- **Part IV** provides an overview of next steps for 2024 and beyond.
- The **Annex** includes details of the financial assistance provided to the OCTs in 2023.

I. COOPERATION UNDER THE 11th EDF for OCTs in 2023

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, ongoing) fosters inter-OCT cooperation.

Former UK OCTs remained eligible for and benefitted from EDF funds until the closure of all ongoing programmes.

Situation in 2023

a) Territorial cooperation

Aruba and Bonaire territorial programmes saw continued implementation of their allocations in 2023, while cooperation with Sint Maarten and Curaçao was still at a very early stage.

• Caribbean region

Aruba continued the implementation of its programme on higher education (EUR 12.29 million disbursed until end 2023) with the roll out of the Science Technology, Engineering and Mathematics (STEM) curriculum of the University and the completion of the infrastructure work for the physical set-up of the new faculty and laboratories, which will be inaugurated in 2024.

In **Bonaire**, the budget support programme on youth was advanced (EUR 2.21 million disbursed up to 2023) and is expected to end in 2024.

Sint Maarten continued work in 2023 on tender dossiers for the implementation of an action in the water and sanitation sector, carried out with support of technical assistance, to develop cross-border cooperation with its neighbour Saint-Martin (an EU Outermost Region). Sint Maarten also benefitted from the resilience building and disaster response under the 11th EDF emergency envelope (EUR 4.87 million paid up to 2023), for the construction of one emergency shelter.

In **Curaçao**, the programme for enhancing the island's resilience also saw further preparatory work on the tender dossier following the conclusion of the Financing Agreement in late 2021. The contract is expected to be signed in 2024.

b) Regional cooperation

• 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. The Financing Agreement has been extended until October 2024 to allow more time for the implementation of activities.

• Caribbean

In the Caribbean, the RESEMBID Programme (Resilience, Sustainable Energy and Marine Biodiversity, EUR 42.67 million out 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 2023, the implementation continued at an accelerated pace, through 47 grant projects covering all beneficiary territories (40 projects are currently under implementation and 7 projects ended). 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 with the reinforced partnership with the Caribbean Catastrophe Risk Insurance Facility (CCRIF). All activities on disaster risk preparedness have ended. EUR 23.33 million have been disbursed so far.

• 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 continued on cruising speed all along 2023. Significant part of the funds were committed in 2023, as part of the preparation and implementation of the Amsterdam eradication operation (deratisation). A number of communication activities are worth noting: communication plans for the Tromelin and Amsterdam operations and the publication of articles, production of a RECI booklet, a RECI stamp and several video outputs. An amendment to the Financing Agreement was already signed in July 2022 to extend the implementation period by 20 months (until January 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 2023, the demand-driven GO Facility was launched. As a result, a total of 33 individual projects were selected for various studies or technical assistance on actions directly related to climate change. A website and a web-platform were developed. The project also organised a side event at the COP 28 in Dubai about the Role of the Multidimensional Vulnerability Index (MVI) in Leveraging

Finance for Resilience Building. This activity also triggered the need for a Climate Finance Forum for the OCTs, which will take place in October 2024 in Brussels.

c) Technical assistance and institutional support

Funded under the 11th EDF Technical Cooperation Facility, for an amount of EUR 560,000, the Overseas Countries and Territories Youth Network (OCT-YN) was launched in 2022. The implementation period is three years.

A first group of 25 young people (aged 20-28) from 10 different OCTs were selected to embark on a one-year learning path, with a view to learn more about the EU-OCTs partnership and the functioning of the European Institutions, while networking with like-minded young people from other OCTs.

In 2023, the first cohort successfully finished their mandate and a new cohort of 25 young people was selected with members from **all 13 OCTs associated with the EU**. In the frame of their one-year mandate, the members of the OCTs Youth Network had the opportunity to make a week-long Study Visit to Brussels in October 2023, attend various webinars and online meetings, participate in OCT and/or youth related events on topics of interest, and jointly work on a contribution for the OCTs-EU Forum (held in Brussels in February 2024).

d) European Investment Bank (EIB)

The OCT Investment Facility (endowment of EUR 48.5 million) - managed by the EIB under the former 2013 OAD Decision - provided funding for interest rate subsidies and technical assistance (EUR 5 million). The EIB complemented the Facility's funding with its own resources (up to EUR 100 million). The Facility 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, net reflows stemming from the OCT Investment Facility will be added as annual top-ups to the non-allocated fund under the DOAG. Until 2027 reflows of around EUR 35 million are expected, out of which EUR 13.6 million were received by the end of 2023.

The OCTs are now eligible to propose projects to the new InvestEU instrument, on a competitive basis, as there is no more dedicated allocation for the OCTs. Support is provided when possible. For example, with the help of the Commission, an EIB mission took place in French Polynesia and New Caledonia in 2023 to promote participation of Pacific OCTs.

II. COOPERATION UNDER THE NEW OCT DECISION IN 2023

Financial Resources under the DOAG

The EUR 500 million available to the 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 the 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 to a non-allocated fund for unforeseen circumstances, emerging challenges and new international initiatives and priorities.

Reflows from the now ceased OCT Investment Facility managed by the EIB will be added, as they arrive, to the non-allocated fund.

Twelve (of thirteen) OCTs are eligible for a bilateral allocation under the DOAG, defined according to criteria established in the Decision. 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 benefitting from a dedicated regional programme instead of a bilateral allocation.

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 addressing these challenges. A major novelty of the DOAG is **the intraregional envelope**, which sets aside funds to encourage cooperation between the OCTs and their neighbouring African, Caribbean and Pacific (ACP) states and/or other third countries, as well as the Outermost Regions of the EU.

Situation in 2023

a) Territorial cooperation

In 2023, the programming of territorial allocations for OCTs ended. Now **all territorial Multiannual Indicative Programmes (MIPs)** are in place with the last MIP of Wallis and Futuna Islands adopted in 2023, fostering socio-economic development with a focus on sustainable tourism (EUR 20.4 million).

Implementation of the 2021-2027 cooperation allocations gained strong momentum in 2023, with three Multiannual Action Plans (Digitalisation through the E-government Roadmap for Aruba - EUR 14.2 million, Education for Greenland for the years 2024 and 2025 – EUR 71.25 million, and Support Measures for 2023 and 2024 - EUR 3.4 million), as well as two Annual Action Plans (Water and Sanitation for Bonaire - EUR 4.6 million, Green Growth for Greenland - EUR 22.5 million) approved before the end of 2023. The priority areas of these actions are fully in line with Green Deal priorities, as well as with the Digital Age and Jobs and Growth agendas. With the adoption of these actions, the 2021-2023 commitments combined have reached 42% of the total DOAG envelope of EUR 500 million. To be noted that Green Deal related topics are reflected in 14 of the 16 MIPs adopted. This means that around 47% of the overall DOAG resources will be mobilised for Green Deal cooperation (e.g. in renewable energy, biodiversity, disaster risk reduction, sustainable agriculture, wastewater management and green growth).

For Caribbean OCTs, three Financing Agreements were signed in 2023, for Saba, on Sustainable and Renewable Energy (EUR 4.1 million), for Sint-Eustatius on Sustainable Energy (EUR 2.9 million) and for Saint-Barthélemy on Disaster Risk Management

(EUR 2.5 million). For Saba and for Saint-Barthélemy, first disbursements of respectively EUR 2.5 million and EUR 0.25 million were made in 2023.

Concerning Pacific OCTs, two Financing Agreements were signed in 2023, for French Polynesia, on Sustainable Water Management (EUR 31.1 million) and, for New Caledonia, on Energy Transition (EUR 30,9 million). A first disbursement of EUR 6 million was transferred in 2023 to French Polynesia.

Saint-Pierre et Miquelon is moving on at cruise speed with the implementation of its budget support programme on sustainable tourism. The year 2023 saw the adoption of significant measures in favour of sustainable development, such as multi-year energy programming, the promotion of sustainable tourism, and support to renewable energies. In terms of economic diversification, initiatives such as Open Data, the launch of a crowdfunding platform, and an attractiveness strategy for entrepreneurship have been implemented. Additionally, efforts have been made to promote inclusion, through support programmes, training, and initiatives to improve the employability of young people and individuals with disabilities. More in detail, EU budgetary support enabled the training of 421 young people (out of 807 among the 5,974 inhabitants). A first disbursement of EUR 7 million was made in 2023.

In **Greenland**, the budget support to education, adopted in 2021, ended, with a last payment of EUR 27.8 million in total, of which EUR 5.3 million for the variable tranche. This programme achieved progress, among other issues, on using IT solutions in response to the teacher shortage, better sector coordination, and fostering innovative skills.

The new education programme for 2023-2024 focuses on re- and up-skilling, improved curricula for vocation education, and student wellbeing, based on the new Greenlandic Strategy for Education. The implementation started in the first half of 2024.

The action in the new priority area Green Growth was adopted in 2023, with an amount of EUR 22.5 million. It will foster cooperation on sustainable energies, raw materials, environment, and research. In line with the EU Global Gateway strategy, it is expected to create a stronger foothold for the EU in Greenland to advance on the green transition, e.g., in the key area of Critical Raw Materials (CRM) - in line with a Memorandum of Understanding (MoU) on Sustainable Raw Materials Value Chains signed in November 2023.

During 2023, preparations for the opening of the European Commission Office in Nuuk continued and the Office was officially inaugurated on 15 March 2024. This Office will facilitate the management of the substantial EU support to Greenland (EUR 225 million under the DOAG) and contribute to deepening our partnership, including through policy dialogue, in cooperation with the EU Special Envoy for Arctic Matters. Furthermore, the Office will provide information and promote EU private and public investment in Greenland in cooperation with the relevant Commission services and other partners, including the European Investment Bank, in consideration of applicable EU financial instruments and in support of the implementation of the Global Gateway priorities.

b) Regional cooperation

All regional MIPs are also now in place with the adoption of the remaining intra-regional MIP in 2023⁷. The Caribbean Regional MIP, concentrating on the sustainable management of natural resources, was already adopted in 2022 and, in 2023, a formulation mission to design the action was launched. Work on preparing the implementation action for the French Southern and Antarctic Lands Regional MIP (TAAF) continued in 2023, in view of its

⁷ The MIPs for the Pacific region (green and blue food systems) and for the TAAF (biodiversity) were already adopted in 2021.

adoption in 2024. It will focus on preserving the biodiversity and ecological functions of the marine environments of the TAAF and the South West Indian Ocean. The formulation of the actions of the Pacific Regional MIP also continued in 2023.

In addition, in order to enhance the regional integration of OCTs in their respective regions and to address global challenges, such as climate change, biodiversity loss, and food insecurity, as well as to pursue sustainable development with enhanced connectivity, the DOAG sets aside dedicated resources for intra-regional cooperation. An envelope of EUR 15 million is foreseen for this purpose, and the corresponding MIP was adopted in November 2023. Exchanges with OCTs in each region on the programming of these resources have started in the last quarter of the year.

c) Technical assistance and institutional support

The year 2023 saw the continued mobilisation of technical assistance, in particular to support OCTs' authorities in the formulation process of new actions for Bonaire, Aruba, TAAF, Wallis and Futuna, Greenland, and the regional Caribbean programme. Support covered also the initial phase of the organisation of the annual OCTs-EU Forum in Brussels in February 2024, for which a contract with a service provider was concluded in November 2023. Also, a specialised agency was selected to promote the partnership between the OCTs and the EU via a communication campaign. A total amount of EUR 0,9 million was disbursed in 2023 under the Technical Cooperation Facilities (TCF).

Additionally, in 2023, the EU supported the Overseas Countries and Territories' Association (OCTA) through technical assistance in the organisation of the institutional dialogue with the EU and the OCTA Ministerial Conference held in the margins of the OCTs-EU Forum in February 2024 in Brussels. As detailed below, serious administrative and institutional weaknesses within OCTA continued to hamper a more effective and fluent OCTs-EU dialogue throughout the year.

The Overseas Countries and Territories' Association (OCTA)

The Commission has been a long time and strong supporter of the Overseas Countries and Territories' Association (OCTA), recognising its important role in the implementation of the EU-OCTs partnership. As of 2018, switching from the former technical assistance support, the Commission started financing the running costs of the OCTA Secretariat through grant contracts, as requested by the Association.

OCTA is based in Brussels under the legal form of a private entity under the Belgian law (a non-profit organisation). Since 2020, the Association has faced increasing internal administrative difficulties culminating in the freezing of its bank account in 2022 that was formally unblocked only in May 2023. As a result, the OCTA Secretariat was paralysed for large parts of 2022 and 2023, and the conditions for signing a new grant in 2023 were not met.

In 2023, the grant contracts for 2020 and 2021 were audited by the Commission and the preliminary findings transmitted to OCTA. For 2022, an extensive expenditure verification report was submitted to the Commission. Related consultations between the Commission and OCTA are ongoing.

The Commission encouraged OCTA to take the necessary measures to strengthen its internal control systems and to reinforce its administrative capacity and governance practices. Against this backdrop, OCTA carried out a consultation of its members in 2023 and prepared a

strategic update of its Strategy 2021-2027, focussing on institutional and administrative aspects.

III. INSTITUTIONAL DIALOGUE IN 2023

Three instances of dialogue are defined in the DOAG (Article 14):

OCTs-EU Forum

The annual Forum is the highest political instance of the OCTs-EU dialogue. The 2023 edition was initially planned in the last quarter of 2023 but was postponed to February 2024, with Greenland holding the rotating OCTA chair.

Trilateral consultations/tripartite meetings

In 2023, three tripartite meetings between the Commission (Chair), OCT representatives and the Member States to which OCTs are linked, were organised in Brussels (in March, June, and October, all in hybrid format). 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. Furthermore, they allowed to collectively work on ideas on how to shape the role of the OCTs in the Global Gateway strategy and to deepen the dialogue and work on investments. Other issues discussed were the institutional situation of OCTA, the state of preparation and way forward on the implementation of the DOAG envelope for intraregional cooperation, the preparation of an all-OCTs communication campaign and the presentation of the OCTs-Outermost Region's pilot initiative on culture (Archipel). Finally, the October Tripartite meeting allowed for the identification of common priorities for the 2024 OCTs-EU Forum in February 2024 in Brussels, to exchange views on the planned training for OCTs on their enhanced participation in EU horizontal programs, and to inform Member States and the territories about ongoing activities under the OCTs Youth Network project.

Ad-hoc partnership working parties (PWP)

PWP are demand driven and no meetings were organised in 2023.

The institutional dialogue in 2023 was marked by the lack of proactivity and coordination by OCTA, due to its administrative difficulties.

IV. LOOKING AHEAD

The programming of the DOAG allocations is finalised, except for the non-allocated fund under the DOAG, Annex I (see below).

In 2024, 2 new implementing actions are envisaged: (i) regional Caribbean action on food security, water and biodiversity (EUR 21 million), and (ii) socio-economic development for Wallis and Futuna (EUR 20.4 million). The formulation of the regional Pacific action on sustainable food systems (EUR 36 million) will be finalised in 2024 for formal adoption in early 2025.

At the same time, the implementation of outstanding activities under the former OAD Decision (the 11th EDF), notably the thematic programme Green Overseas, and the regional programme RESEMBID will continue until their closure.

Another priority for 2024 is the continuation of work on the preparation of actions under the intraregional MIP. Reflexions will also start on how to use the DOAG non-allocated fund, in alignment with Global Gateway priorities and possibly combined with regional/intra-regional allocations.

For 2024 and ahead, it will be important to take more strategic advantage of the excellent OCTs-EU relations and to further strengthen the OCTs' role in relevant EU regional strategies, including for the Arctic, Indo-Pacific and Latin America, and in the Samoa Agreement. While the territorial/bilateral cooperation programmes are well aligned with the Global Gateway strategy, another priority of EU action will consist in promoting closer regional win-win partnerships between the OCTs and their neighbouring countries and territories, including ACP and non-ACP states, and Outermost Regions. As a horizontal priority, continued youth engagement will also be key to our partnership.

A communication campaign launched in 2023 will further enhance awareness and create a positive perception about the OCTs-EU partnership among the public. This will be complemented by dedicated training activities to foster the capacities in the OCTs for their increased participation in EU horizontal programmes.

The Commission will further engage with OCTA, including in the framework of trilateral consultations, on the follow up of the audits and expenditure verifications of the 2020, 2021 and 2022 grants. In parallel, dedicated technical assistance schemes will be developed to accompany OCTA in its reform efforts and statutory activities.

The next OCTs-EU Forum, foreseen in Aruba in 2025, will allow to take stock of the implementation of financial cooperation under the DOAG, to discuss themes of common interest and to guide strategically the EU-OCTs partnership.