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COMMISSION

COMMISSION DECISION

of 20 January 2006

laying down detailed rules for the implementation of Council Decision 2004/904/EC as regards the eligibility of expenditure within the framework of actions co-financed by the European Refugee Fund implemented in the Member States

(notified under document number C(2006) 51/1)

(Only the Czech, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Swedish, Latvian, Lithuanian, Polish, Portuguese, Slovakian, Slovenian and Spanish texts are authentic)

(2006/399/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Decision 2004/904/EC of 2 December 2004 establishing a European Refugee Fund for the period 2005 to 2010 ⁽¹⁾, and in particular Article 21(3) thereof,

Having consulted the Committee established by Article 11(3) of Decision 2004/904/EC,

Whereas:

- (1) In order to ensure the efficient implementation of the European Refugee Fund in the Member States, in accordance with the principles of sound financial management, a series of common rules should be adopted on the eligibility of expenditure from the Fund.
- (2) In accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty establishing the European Community, the United Kingdom takes part in Decision 2004/904/EC and by consequence in this present decision.
- (3) In accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Ireland takes part in Decision 2004/904/EC and by consequence in this present decision.

- (4) In accordance with Articles 1 and 2 of the Protocol on the position of Denmark, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Denmark does not take part in Decision 2004/904/EC and is not bound by it nor by this present decision,

HAS ADOPTED THIS DECISION:

Article 1

This Decision shall apply to the co-financing of actions provided for in Articles 5, 6 and 7 of Decision 2004/904/EC, which are managed by the Member States.

Article 2

For the purposes of this Decision:

1. 'Project' shall mean the specific, practical means deployed to implement all or part of an operation by the beneficiaries of grants. Each project will have a well-defined description, duration, budget, objectives, staff assigned to it, and will be implemented by a named legal entity, or a group of legal entities.
2. 'beneficiaries' shall mean the legal entities (such as NGOs, federal, national, regional or local authorities, other non-profit organisations, private or public law companies, international organisations) responsible for implementing projects.

⁽¹⁾ OJ L 381, 28.12.2004, p. 52.

Article 3

1. The rules set out in the Annex to this Decision shall be used to determine the eligibility of expenditure of actions financed under the annual programmes referred to in Article 16 of Decision 2004/904/EC.

2. Member States may apply national eligibility rules that are more rigorous than those prescribed in this Decision.

Article 4

The present decision is addressed to the Kingdom of Belgium, the Czech Republic, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French

Republic, Ireland, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 20 January 2006.

For the Commission

Franco FRATTINI

Vice-President

ANNEX

ELIGIBILITY OF EXPENDITURE UNDER THE EUROPEAN REFUGEE FUND (2005-2010)

1. GENERAL RULES

Rule No 1

Costs must be directly linked to the objectives described in Article 1 of Council Decision 2004/904/EC.

Rule No 2

Costs must relate to the projects in the fields described in Articles 4 to 7 of Council Decision 2004/904/EC.

Rule No 3

Costs must relate to projects undertaken for the benefit of the target groups defined in Article 3 of Council Decision 2004/904/EC.

Rule No 4

Costs must be necessary for carrying out the projects covered by the multiannual and annual programmes as approved by the Commission.

Rule No 5

Costs must be reasonable and comply with the principles of sound financial management; in particular value for money and cost-effectiveness (e.g. staff costs related to project management and implementation must be proportionate to project size, etc.). Costs shall be considered as eligible expenditure in their entirety or in part, depending on whether they were generated entirely or only in part by the project.

Rule No 6

Costs must have actually been incurred, correspond to payments made by the beneficiary, be recorded in the accounts or tax documents of the beneficiary, and be identifiable and controllable.

As a rule, payments by beneficiaries shall be supported by receipted invoices. Where this cannot be done, payments shall be supported by accounting documents or supporting documents of equivalent probative value.

- (1) Expenditure related to projects referred to in Articles 5 and 6 of Council Decision 2004/904/EC must be incurred on the territory of the Member State. Expenditure related to projects referred to in Article 7 of Council Decision 2004/904/EC may be incurred on the territory of the Member State and in the country or region of origin or former habitual residence.
- (2) For each project, supporting documents (receipted invoices, receipts, other proof of payment or accounting documents of equivalent probative value) shall be recorded, numbered and kept by the beneficiary, where possible in one specific location and, as a general rule, at the headquarters of the beneficiary, for five years after the end date of the project, in case they need to be verified. The Commission reserves the right to request, at any time, any invoices or supporting documents for expenditure relating to projects for verification. Where such invoices or supplementary documents cannot be produced by the beneficiary, the expenditure related to it will not be eligible for co-financing.

Beneficiaries must maintain either a separate project accounting system or an adequate accounting code for all transactions relating to the project.

Rule No 7

Projects supported by the Fund shall be cofinanced by public or private sources and shall not be eligible for funding from other sources covered by the Community budget. Project income shall be constituted by financial contributions granted to the project by the Fund, by public or private sources in, including the beneficiary's own contribution, as well as any receipts generated by the project.

'Receipts' for the purposes of this rule covers revenue received by a project during the period covered by the co-financing by the Fund, from sales, rentals, services, enrolment/fees or other equivalent, including interest generated by pre-financing payments of Community funding to the project.

Projects supported by the Fund must be of a non-profit nature. If, at the end of the project, sources of income, including receipts, exceed the amount of expenditure, the European Refugee Fund's participation to the project shall be reduced accordingly.

All sources of income for the project must be recorded in the beneficiary's accounts or tax documents, and must be identifiable and controllable.

2. CATEGORIES OF ELIGIBLE COSTS (AT PROJECT LEVEL)

2.1. Eligible direct costs

The eligible direct costs for the project are those costs which, with due regard for the general conditions of eligibility set out in part I above, are identifiable as specific costs directly linked to performance of the project and which can therefore be booked to it directly. In particular, the following direct costs are eligible.

*Rule No 8***Staff costs**

The cost of staff assigned to the project, corresponding to real salaries plus social security charges and other remuneration-related costs, shall be eligible. Staff costs may not exceed the salaries and other employment charges normally incurred by the beneficiary, nor exceed the most economical rates in the relevant market. However, levies, taxes or charges (in particular, direct taxes and social security contributions on wages) arising from projects co-financed by the European Refugee Fund constitute eligible costs only where they are actually and definitively borne by the beneficiary of the subsidy.

Staff costs for public officials are only eligible for activities that are not part of their normal routine and for tasks that are specifically linked to implementation of the project, on the following terms:

- (a) civil servants or other public officials seconded by duly documented decision of the competent authority, entrusted with implementing a project;
- (b) other staff employed solely for the purpose of implementing a project.

*Rule No 9***Travel and subsistence costs**

Travel costs shall be eligible on the basis of the actual costs incurred.

Reimbursement rates should be based on the cheapest form of public transport and flights should, as a rule, be permitted only for journeys over 800 km (return trip), or where the geographical destination justifies travelling by air. Where a private car is used, reimbursement is normally made either on the basis of the cost for public transport, or on the basis of mileage rates in accordance with published official rules in the Member State concerned.

Subsistence costs shall be eligible on the basis of real costs or per diems. For daily subsistence, where an organisation has its own daily rates (per diems) they should be applied within ceilings established by the Member State according to the national legislation and practice. Per diems are normally understood to cover local transport (including taxis), accommodation, meals, local telephone calls and sundries.

Rule No 10

Purchase of land

The cost of purchase of land not built on shall be eligible for co-financing subject to the following three conditions without prejudice to the application of stricter national rules:

- (a) there shall be a direct link between the land purchase and the objectives of the project co-financed;
- (b) the land purchase may not represent more than 10 % of the total eligible expenditure of the project, unless a higher percentage is fixed in the decision on co-financing approved by the Commission;
- (c) a certificate shall be obtained from an independent qualified valuer or duly authorised official body confirming that the purchase price does not exceed the market value.

Rule No 11

Purchase of real estate, construction, or renovation of real estate or rental of real estate

Purchase of real estate, i.e. buildings already constructed and the land on which they are built, or construction or renovation of real estate, is eligible for co-financing where there is a clear link between the purchase and the objectives of the project concerned, under the conditions set out below, and without prejudice to the application of stricter national rules:

- (a) a certificate shall be obtained from an independent qualified valuer or duly authorised official body establishing that the price does not exceed the market value, and either attesting that the real estate is in conformity with national regulations or specifying the points which are not in conformity where their rectification by the final beneficiary is foreseen under the action;
- (b) the real estate shall not have received, within the previous 10 years, a national or Community grant which would give rise to a duplication of aid in the event of co-financing of the purchase by the European Refugee Fund;
- (c) the real estate is to be used for the purpose stated in the project for a period of at least five years after the end date of the project unless the Commission specifically authorises otherwise;
- (d) the real estate may not be used for any purpose other than the implementation of the project.

In the case of renovation only conditions (c) and (d) above apply.

Rental of real estate is eligible for co-financing where there is a clear link between the rental and the objectives of the project concerned, under the conditions set out below, and without prejudice to the application of stricter national rules:

- (a) the purchase of the real estate shall not have received, within the previous 10 years, a national or Community grant which would give rise to a duplication of aid in the event of co-financing of the rental by the European Refugee Fund;
- (b) the real estate may not be used for any purpose other than the implementation of the project.

Either in the case of purchase of real estate, construction or renovation of real estate, or rental of real estate, the real estate shall have the technical characteristics necessary for the project and comply with applicable norms and standards.

Rental of office space for the normal activities of the beneficiary is to be considered as indirect costs (see rule No 22).

*Rule No 12***Purchase of equipment**

In general the preferred option for equipment (e.g. PCs, furniture, vehicles, etc.) is leasing or renting (rule No 13).

If leasing or renting are not possible because of the short duration of the project or the rapid depreciation of value, purchase costs may be eligible.

The equipment shall have the technical characteristics necessary for the project and comply with applicable norms and standards.

The purchase costs for equipment shall be eligible provided that these correspond to normal market costs and the value of the items concerned is written off in accordance with the tax and accounting rules applicable to the beneficiary. Only the proportion of depreciation of the item corresponding to the duration of the project may be taken into account.

The purchase of second-hand equipment may be regarded as eligible expenditure provided it further complies with the following two conditions, without prejudice to the application of stricter national rules:

- (a) the seller of the equipment shall provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or Community grants;
- (b) the price of the equipment shall not exceed its market value and shall be less than the cost of similar new equipment.

*Rule No 13***Leasing**

Expenditure incurred in relation to leasing operations is eligible for co-financing under the European Refugee Fund subject to the rules set out in points A and B.

A. AID VIA LESSOR

- A.1. The lessor is the indirect recipient of the Community co-financing, which is used for the reduction of the lease rental payments made by the lessee in respect of assets covered by the leasing contract.
- A.2. Leasing contracts for which Community aid is paid shall include an option to purchase or provide for a minimum leasing period equal to that of the useful life of the asset to which the contract relates.
- A.3. Where a leasing contract is terminated before expiry of the minimum leasing period without the prior approval of the competent authorities, the lessor shall undertake to repay to the national authorities concerned (for credit to the European Refugee Fund) that part of the Community aid corresponding to the remainder of the leasing period.
- A.4. The purchase of the asset by the lessor, supported by a receipted invoice or an accounting document of equal probative value, constitutes the expenditure eligible for co-financing. The maximum amount eligible for Community co-financing shall not exceed the market value of the asset leased.
- A.5. Costs connected with the leasing contract (notably tax, lessor's margin, interest refinancing costs, overheads, insurance charges), other than the expenditure referred to in point A.4, are not eligible expenditure.
- A.6. Community aid paid to the lessor shall be used in its entirety for the benefit of the lessee by means of a uniform reduction in all the leasing rentals for the duration of the leasing period.
- A.7. The lessor shall demonstrate that the benefit of the Community aid will be transferred fully to the lessee by establishing a breakdown of the rental payments or by an alternative method giving equivalent assurance.
- A.8. The costs referred to in point A.5, the use of any fiscal benefits arising from the leasing operation, and other conditions of the contract shall be equivalent to those applicable in the absence of any Community financial intervention.

B. AID TO LESSEE

- B.1. The lessee is the direct recipient of the Community co-financing.
- B.2. The leasing rentals paid to the lessor by the lessee, supported by a receipted invoice or an accounting document of equivalent probative value, constitute the expenditure eligible for co-financing.
- B.3. In the case of leasing contracts which include an option to purchase or which provide for a minimum leasing period equal to the useful life of the asset to which the contract relates, the maximum amount eligible for Community co-financing shall not exceed the market value of the asset leased. Other costs connected with the leasing contract (tax, lessor's margin, interest refinancing costs, overheads, insurance charges, etc.) are not eligible expenditure.
- B.4. The Community aid in respect of leasing contracts referred to under point B.3 shall be paid to the lessee in one or more tranches in respect of leasing rentals effectively paid. Where the term of the leasing contract exceeds the final date of the project under the Community co-financing, only expenditure in relation to leasing rentals falling due and paid by the lessee up to the final date of the project under the Community co-financing may be considered eligible.
- B.5. In the case of leasing contracts which do not contain an option to purchase and whose duration is less than the period of the useful life of the asset to which the leasing contract relates, the leasing rentals are eligible for co-financing by the Community in proportion to the period of the eligible project. However, the lessee must be able to demonstrate that leasing was the most cost-effective method for obtaining the use of the equipment. Where the costs would have been lower if an alternative method (for example renting of the equipment) had been used, the additional costs shall be deducted from the eligible expenditure.

*Rule No 14***Costs of consumables and supplies**

The costs of consumables and supplies are eligible, provided that they are identifiable and directly assigned to the project. They include any material or assistance provided to persons belonging to the target groups defined in Article 3 of Council Decision 2004/904/EC, e.g. food, clothing, medical assistance, material to reconstruct or renovate real estate, etc. Supplies include food supplies for persons belonging to the target groups defined in Article 3 of Council Decision 2004/904/EC.

However, costs such as office supplies and stationary (pens, paper, folders, ink cartridges, diskettes), office electricity supply, telephone and postal services, Internet connection time, computer software, etc. are to be considered as indirect costs when they are provided to the team implementing the project (see rule No 22).

*Rule No 15***Expenditure on subcontracting**

As a general rule beneficiaries must have the capacity to carry out the work themselves. Subcontracting is derogation from this general rule and is limited to specific cases.

Subcontracts may relate only to a limited part of the project. Therefore, in general, core elements of the project can not be subcontracted.

For all subcontracts, subcontractors shall undertake to provide the management and control bodies with all necessary information relating to the subcontracted activities.

Where relevant, subcontracting of parts of the project shall be undertaken by project beneficiaries in accordance with public procurement rules.

Beneficiaries shall award the contract to the tender offering best value for money, that is to say, to the tender offering the best price-quality ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interest.

Without prejudice to the application of stricter national rules, expenditure relating to the following subcontracts is ineligible for co-financing by the European Refugee Fund:

- (a) subcontracting which adds to the cost of execution of the project without adding proportionate value to it;

- (b) subcontracting with intermediaries or consultants in which the payment is defined as a percentage of the total cost of the project unless such payment is justified by the final beneficiary by reference to the actual value of the work or services provided.

Rule No 16

Costs deriving directly from the requirements linked to EU co-financing

Costs relating to publicity (dissemination of information, specific evaluation of the project, translation, reproduction, etc.) given to the project and EU co-financing are eligible.

Rule No 17

Bank charges on accounts

Where co-financing by the European Refugee Fund requires the opening of a separate account or accounts for implementing a project, the bank charges for opening and administering the accounts are eligible.

Rule No 18

Expert fees

Costs relating to legal fees for advice, notary fees, the costs of technical or financial expertise or independent evaluation, and accountancy or audit costs are eligible if they are directly linked to the project, and are necessary for its preparation or implementation or if they relate to requirements by the Responsible Authority.

Rule No 19

Costs of guarantees provided by a bank or other financial institution

These costs are eligible to the extent that the guarantees are required by national or Community legislation or in the Commission Decision approving the co-financing.

Rule No 20

VAT and other taxes and charges

VAT does not constitute eligible expenditure except where it is genuinely and definitively borne by the final beneficiary, or individual recipient within the aid schemes pursuant to Article 87 of the Treaty and in the case of aid granted by the bodies designated by the Member States. VAT which is recoverable, by whatever means, may not be considered eligible, even if it is not actually recovered by the final beneficiary or individual recipient.

Where the final beneficiary or individual recipient is subject to a flat-rate scheme under Title XIV of the Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes — Common system of value added tax: uniform basis of assessment ⁽¹⁾, VAT paid is considered recoverable for the purposes of point (a).

Rule No 21

Expenditure by public administrations relating to the execution of projects

The following expenditure by public administrations is eligible for co-financing outside technical assistance if it relates to the execution of a project, provided that it does not arise from the statutory responsibilities of the public authority or the authority's day-to-day management, monitoring and control tasks:

- (a) costs of professional services rendered by a public service in the implementation of an action. The costs must be either invoiced to a final beneficiary (public or private) or certified on the basis of documents of equivalent probative value which permit the identification of real costs paid by the public service concerned in relation to that project;

⁽¹⁾ OJ L 145, 13.6.1977, p. 1. Directive as last amended by Directive 2005/92/EC (OJ L 345, 28.12.2005, p. 19).

- (b) costs of the implementation of a project, including the expenditure related to the provision of services, borne by a public authority that is itself the final beneficiary and which is executing the project on its own account without recourse to outside engineers or other firms. The expenditure concerned must relate to expenditure actually and directly paid on the co-financed project and must be certified on the basis of documents which permit the identification of real costs paid by the public service concerned in relation to that project.

2.2. Eligible indirect costs

Rule No 22

Indirect costs

A fixed percentage of overheads up to a maximum of 7 % of the total amount of eligible direct costs shall be eligible as indirect costs, provided this figure is included in the project's forward budget. Indirect costs shall be eligible provided that they do not include costs assigned to another heading of the budget for the project, that they cannot be charged direct and that they are not financed from other sources. Indirect costs shall not be eligible where the grant agreement or equivalent form of legal instrument concluded with the beneficiary concerns the financing of a project conducted by an entity which is already receiving an operating grant from the Community and/or a national authority.

3. INELIGIBLE EXPENDITURE

Rule No 23

Ineligible costs

- (1) The following costs shall not be eligible: return on capital, debt and debt service charges, debit interest, foreign exchange commissions and exchange losses, provisions for losses or potential future liabilities, interest owed, VAT (unless covered by the conditions set out in rule No 20), doubtful debts, fines, financial penalties, litigation costs, and excessive or reckless expenditure.
- (2) Entertainment costs exclusively for project staff are not eligible. Reasonable hospitality costs at social events justified by the project, such as the end of project event or meetings of the project steering group are permitted.
- (3) Costs declared by the beneficiary and covered by another project or work programme receiving a Community grant are not eligible.

Rule No 24

Contributions in kind

Contributions in kind shall not normally constitute eligible costs.

In the case of contributions in kind, a financial value shall be placed on the contributions and the same amount will be included in the costs of the project as ineligible costs and in receipts from the action.

However, in duly substantiated exceptional cases, the cofinancing of the project may be made up in part by contributions in kind from third parties. Such contributions shall not exceed 30 % of eligible project costs, or 20 % for Member States covered by the Cohesion Fund.

In this case, the following rules shall apply:

- contributions in kind may consist only in the provision of equipment or materials, research or professional activity, or unpaid voluntary work; under no circumstance may the cost of land or real estate be considered as a contribution in kind,

- the value of the contributions in kind can be independently assessed and audited, and cannot exceed the costs actually borne and duly supported by accounting documents of the third parties who made these contributions to the beneficiary free of charge but bear the corresponding costs, nor may it exceed the costs generally accepted on the market in question for the type of contribution concerned when no costs are borne; in the case of unpaid voluntary work, the value of that work is determined taking into account the amount of time spent and the normal hourly and daily rate for the work carried out.

4. CATEGORIES OF MANAGEMENT, IMPLEMENTATION, MONITORING AND CONTROL EXPENDITURE ELIGIBLE FOR FINANCING UNDER 'TECHNICAL AND ADMINISTRATIVE ASSISTANCE'

The following costs shall be eligible for financing under the technical assistance provided for in Article 18 of Council Decision 2004/904/EC:

- (a) costs linked to preparation, selection, evaluation, and follow-up of the actions co-financed by the European Refugee Fund. This may include studies, seminars, information actions, evaluation, and the acquisition and leasing or purchase of computerised systems for management, monitoring and evaluation;
- (b) costs linked to audits and on-the-spot controls and checks of the projects;
- (c) costs linked to the visibility of European Refugee Fund co-financing;
- (d) expenditure on meetings of committees relating to the implementation of the multiannual and annual programmes. This expenditure may also include the costs of experts and other participants in these committees, where the chairperson of such committees considers their presence essential to the effective implementation of the cofinancing of the Fund.

Expenditure linked to remuneration, including social security contributions, are eligible only in the following cases:

- permanent officials, temporarily seconded by formal decision of the relevant public authority, entrusted with performing the tasks listed in points (a) and (b) above,
- temporary agents or private sector staff employed solely for the purpose of performing the tasks listed in points (a), (b) and (d) above.

The period of secondment or employment may not exceed the final date for the eligibility of expenditure laid down in the cofinancing decision adopted by the Commission.

Expenditure on the salaries of civil servants or other public officials in carrying out such actions is not eligible if such actions arise from the statutory responsibilities of the public authority or the authority's day-to-day management, monitoring and control tasks.

COMMISSION DECISION

of 20 January 2006

laying down detailed rules for the implementation of Council Decision 2004/904/EC as regards procedures for making financial corrections in the context of actions co-financed by the European Refugee Fund*(notified under document number C(2006) 51/2)***(Only the Czech, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Swedish, Latvian, Lithuanian, Polish, Portuguese, Slovakian, Slovenian and Spanish texts are authentic)**

(2006/400/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Decision 2004/904/EC of 2 December 2004 establishing a European Refugee Fund for the period 2005 to 2010 ⁽¹⁾, and in particular Article 25(3) and 26(5) thereof,

Having consulted the Committee established by Article 11(1) of Decision 2004/904/EC,

Whereas:

(1) To allow recovery, pursuant to Article 24(1) of Decision 2004/904/EC, of amounts unduly paid, Member States should inform the Commission of cases of irregularities detected and the progress of administrative or legal proceedings.

(2) Article 25(2) of Decision 2004/904/EC lays down that Member States must make the financial corrections required in connection with the individual or systemic irregularity by cancelling all or part of the Community contribution. To ensure that this provision is applied uniformly throughout the Community, it is necessary to lay down rules for determining the corrections to be made and to provide for the Commission to be informed.

(3) If a Member State fails to comply with its obligations under Article 25 of Decision 2004/904/EC the Commission may itself make the financial corrections under Article 26 of Decision 2004/904/EC. To ensure that this provision is applied by the Commission in a transparent manner, it is necessary to lay down rules for determining the corrections to be made by the Commission and to provide for the Member States' right to submit comments.

(4) These rules should be in accordance with Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽²⁾ (hereafter 'Implementing Rules of the Financial Regulation').

(5) In accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty establishing the European Community, the United Kingdom takes part in Council Decision 2004/904/EC and by consequence in this present decision.

(6) In accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Ireland takes part in Council Decision 2004/904/EC and by consequence in this present decision.

(7) In accordance with Articles 1 and 2 of the Protocol on the position of Denmark, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Denmark does not take part in Council Decision 2004/904/EC and is not bound by it nor by this present decision.

HAS ADOPTED THIS DECISION:

Article 1

1. Investigations of systematic irregularities under Article 26(1) of Decision 2004/904/EC shall cover all projects liable to be affected.

2. When cancelling all or part of the Community contribution, Member States shall take into account the nature and gravity of the irregularities and the financial loss to the fund.

⁽¹⁾ OJ L 381, 28.12.2004, p. 52.

⁽²⁾ OJ L 357, 31.12.2002, p. 1. Regulation as last amended by Regulation (EC, Euratom) No 1261/2005 (OJ L 201, 2.8.2005, p. 3).

3. Member States shall inform the Commission, in a list annexed to the report referred to in Article 28(2) of Decision 2004/904/EC, of any proceedings to cancel assistance initiated in the course of the preceding year.

Article 2

1. Where amounts need to be recovered following the cancellation of the Community contribution under Article 25(1) of Decision 2004/904/EC, the department or organisation responsible shall initiate the recovery procedure and inform the responsible authority. Information on recovery shall be passed on to the Commission and the accounts shall be kept in accordance with Article 3 of this Decision.

2. Member States shall inform the Commission in the report referred to in Article 28(2) of Decision 2004/904/EC how they have decided or propose to re-use the funds cancelled.

Article 3

1. Any functional body of the Member State or national public body designated by a Member State under Article 13, paragraph 1 of Decision 2004/904/EC (hereafter 'Responsible Authority') shall keep an account of amounts recoverable from payments of Community assistance that have already been made and shall ensure that the amounts are recovered without delay. After recovery, the Responsible Authority shall reduce its next declaration of expenditure to the Commission by an amount equal to the sums recovered, or, if this amount is insufficient, it shall reimburse the Community. The amounts to be recovered shall accrue interest from their due date at the rate laid down in accordance with Article 86 of the Implementing Rules of the Financial Regulation.

2. When submitting the report referred to in Article 28(2) of Decision 2004/904/EC, Member States shall send the Commission a list of irregularities detected, indicating the amounts recovered or awaiting recovery and if appropriate, any administrative or judicial proceedings launched with a view to recovering amounts unduly paid.

Article 4

1. The amount of financial corrections made by the Commission under Article 26(3b) of Decision 2004/904/EC for individual or systemic irregularities shall be assessed wherever possible and practicable on the basis of individual files and be equal to the amount of expenditure wrongly charged to the Fund, having regard to the principle of proportionality.

2. Where it is not possible or practicable to quantify precisely the amount of irregular expenditure or where it would be disproportionate to cancel all the expenditure concerned, the Commission shall base its financial corrections on:

(a) extrapolation, using a representative sample of transactions that are homogeneous in nature;

or

(b) a flat-rate, in which case it shall assess the seriousness of the infringement of the rules and the extent and financial implications of the irregularity established.

3. Where the Commission bases its position on facts established by auditors from outside its own departments it shall draw its own conclusions on the financial implications after examining the measures taken by the Member State concerned under Article 25(2) of Decision 2004/904/EC.

4. The period of time within which the Member State concerned may respond to a request under Article 26(3) of Decision 2004/904/EC shall be two months. In duly justified cases, a longer period may be agreed by the Commission.

5. Where the Commission proposes financial corrections determined by extrapolation or at a flat rate, the Member State shall be given the opportunity to demonstrate, on the basis of an examination of the files concerned, that the actual extent of irregularity was less than the Commission's assessment. In agreement with the Commission, the Member State may limit the scope of this examination to an appropriate proportion or sample of the files concerned. Except in duly justified cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in paragraph 4. The Commission shall take account of any evidence supplied by the Member State within the time-limits.

6. Where the Commission suspends payments under Article 26(1) of Decision 2004/904/EC or where after expiry of the period referred to in paragraph 4, the reasons for the suspension remain or the Member State concerned has not notified the Commission of the measures taken to correct the irregularities, Article 26(3) will apply.

7. Guidelines on the principles, criteria and indicative scales to be applied by Commission departments in determining the flat-rate corrections are set out in the Annex to this Decision.

Article 5

1. Any repayment to the Commission under Article 26(3) of Decision 2004/904/EC shall be made by the deadline set in the recovery order drawn up in accordance with Article 81 of the Implementing Rules of the Financial Regulation.

2. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date referred to in paragraph 1 and ending on the date of actual repayment. The applicable rate of interest shall be that referred to in Article 3(1) of this Decision.

3. A financial correction under Article 26(2) of Decision 2004/904/EC shall not prejudice the Member State's obligation to pursue recoveries under Article 25(2) of Decision 2004/904/EC and Article 2(1) of this Decision and to recover State aid under Article 14 of Regulation (EC) No 659/1999.

Article 6

Member States may apply national rules on financial corrections that are more rigorous than those prescribed here.

Article 7

The present decision is addressed to the Kingdom of Belgium, the Czech Republic, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of

Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 20 January 2006.

For the Commission
Franco FRATTINI
Vice-President

ANNEX

GUIDELINES ON THE PRINCIPLES, CRITERIA AND INDICATIVE SCALES TO BE APPLIED BY COMMISSION DEPARTMENTS IN DETERMINING FINANCIAL CORRECTIONS UNDER ARTICLES 25 AND 26 OF COUNCIL DECISION 2004/904/EC

1. PRINCIPLES

The purpose of financial corrections is to restore a situation where 100 % of the expenditure declared for co-financing from the Fund is in line with the applicable national and Community rules and regulations. This allows the establishment of a number of key principles for the Commission departments to apply in determining financial corrections:

- (a) Irregularity is defined in Article 1(2) of Regulation (EC) No 2988/95 ⁽¹⁾. Irregularities can be one-off or systemic;
- (b) A systemic irregularity is a recurrent error due to serious failings in management and control systems designed to ensure correct accounting and compliance with the rules and regulations in force.
 - If the applicable rules and regulations are respected, and all reasonable measures are taken to prevent, detect and correct fraud and irregularity, no financial corrections will be required.
 - If the applicable rules and regulations are respected, but the management and control systems need to be improved, pertinent recommendations should be made to the Member State, but no financial corrections need be envisaged.
 - Where only errors relating to sums of less than 4 000 euro are found, the Member State should be urged to correct the errors without opening financial correction proceedings under Article 25(2) of Council Decision 2004/904/EC.
 - If there are serious failings in the management or control systems which could lead to systemic irregularities, in particular failures to respect the applicable rules and regulations, financial corrections should always be made.
- (c) The amount of the financial correction will be assessed wherever possible on the basis of individual files and be equal to the amount of expenditure wrongly charged to the Fund in the cases concerned. Specifically quantified corrections for each individual project concerned are not always possible or practicable, however, or it may be disproportionate to cancel the entire expenditure in question. In such cases, the Commission has to determine corrections on the basis of extrapolation or at flat-rates.
- (d) Where there is evidence that individual quantifiable irregularities of the same type have occurred in a great number of other operations, or throughout a measure or programme, but it is not cost-effective to determine the irregular expenditure for each project individually, the financial correction may be based on extrapolation.
 - Extrapolation can be used only where a homogeneous population or subset of projects sharing similar characteristics can be identified and shown to have been affected by the deficiency. In this case, the results of a thorough examination of a representative sample of the individual files concerned selected at random are extrapolated to all the files making up the population identified, in accordance with generally accepted auditing standards.
- (e) In the case of individual breaches or systemic irregularities whose financial impact is not precisely quantifiable because it is subject to too many variables or is diffuse in its effects, such as those resulting from a failure to undertake checks effectively in order to prevent or detect the irregularity or to comply with a condition of the assistance or a Community rule, but where it would be disproportionate to refuse all the assistance concerned, flat rates should be applied.
 - Flat rate corrections are determined in accordance with the seriousness of the deficiency in the management and control system or the individual breach and the financial implications of the irregularity. A list of what the Commission considers to be key and ancillary elements of systems for the purpose of assessing the seriousness of deficiencies is given in section 2.2 and an indicative scale of flat rates for corrections in section 2.3. Flat-rate corrections are applied to all expenditure under the measure or measures concerned unless the deficiencies were limited to certain areas of expenditure (individual projects or types of project), in which case they are applied to those areas of expenditure only. The same expenditure will not normally be subject to more than one correction.

⁽¹⁾ OJ L 312, 23.12.1995, p. 1.

- (f) In areas where there is a margin for discretion in evaluating the gravity of the infringement, as in cases of disregard of environmental conditions, corrections shall be subject to the following conditions: a significant failure to respect the rules and a clearly identifiable link with the action receiving Community funding.
- (g) Irrespective of the kind of corrections proposed by the Commission, the Member State is always given the opportunity to demonstrate that the real loss or risk to the Fund and the extent or gravity of the irregularity was less than that assessed by the Commission services. The procedure and time-limits are set out in Article 13(4) to (6) of this Decision.
- (h) Unlike the case with corrections made by the Member State under Article 25 (2) of Decision 2004/904/EC, financial corrections decided by the Commission under Article 26(3) always involve a net reduction to the Community funding committed to the programme concerned.
- (i) Where the Member State's audit system — Court of Auditors, internal or external audits — has detected the irregularities and the Member State takes appropriate corrective action under Article 25(2) of Decision 2004/904/EC within a reasonable period of time, no financial corrections can be imposed by the Commission under Article 26(2) of Decision 2004/904/EC and the Member State is free to re-use the funds. In other cases the Commission may make corrections on the basis of the findings of national audit bodies, as where an EU audit body establishes the irregularity. When the Commission bases its position on the facts established and fully documented by other EU audit bodies, it will form its own conclusions regarding their financial consequences, after examining any replies from the Member State.

2. CRITERIA AND SCALES FOR FLAT-RATE CORRECTIONS

2.1. Criteria

As noted in paragraph 1(c) above, flat-rate corrections may be envisaged when the information resulting from the enquiry does not permit the financial impact of an individual case or several cases of irregularities to be evaluated precisely by statistical means, or by reference to other verifiable data, but does lead to the conclusion that the Member State has failed to carry out adequate verification of the eligibility of claims paid.

Flat-rate corrections should be considered when the Commission finds a failure to adequately effect any control which is explicitly required by a regulation, or implicitly required in order to respect an explicit rule (the limiting of aid to a certain type of project, for example), and whose absence could lead to systemic irregularity. They should also be considered where the Commission finds serious deficiencies in management and control systems resulting in large-scale breaches of applicable rules and regulations, or where it detects individual breaches. Flat-rate corrections can also be appropriate when the Member States' own control departments discover such irregularities but the Member State fails to take appropriate corrective action within a reasonable period of time.

In determining whether a flat-rate financial correction should result and, if so, at what rate, the general consideration shall be the assessment of the degree of risk of loss to which Community funds were exposed as a consequence of the control deficiency. Thus the correction should be in compliance with the principle of proportionality. The specific elements to be taken into account should include the following:

1. whether the irregularity is related to an individual case, multiple cases or all cases;
2. whether the deficiency relates to the effectiveness of the management and control system generally, or to the effectiveness of a particular element of the system, i.e. the operation of particular functions necessary to ensure the legality, regularity and eligibility of expenditure declared for co-financing from the Fund under the applicable national and Community rules (see section 2.2 below);
3. the importance of the deficiency within the totality of the administrative, physical and other controls foreseen;
4. the vulnerability to fraud of the measures, having regard particularly to the economic incentive.

2.2. Classification of elements of management and control systems for the purpose of applying flat-rates of financial corrections for system deficiencies or individual breaches

Management and control systems for the Fund consist of various elements or functions of greater or lesser importance for ensuring the legality, regularity and eligibility of expenditure declared for co-financing. For the purpose of assessing flat-rate corrections for deficiencies in such systems or individual cases of irregularity, it is useful to classify the functions of management and control systems into key and ancillary elements.

Key elements are those designed and essential to ensure the legality and regularity and indeed the substance of projects supported by the Fund, ancillary elements those that contribute to the quality of a management and control system and help ensure that the system keeps performing well in relation to its key functions.

The list below contains the majority of elements of good management and control systems and good audit practice. The seriousness of deficiencies and individual breaches varies considerably, and cases will therefore be assessed by the Commission, having regard, in particular, to section 2.4 below.

2.2.1. Key elements for ensuring eligibility for co-financing

1. Provision and application of procedures for grant applications, appraisal of applications, selection of projects for funding and selection of contractors/suppliers, appropriate publication of calls for grant applications according to the procedures for the programme concerned:
 - (a) compliance, where applicable, with rules on publicity, equality of opportunity and public procurement, and with Treaty rules and principles of equality of treatment and non-discrimination where EC public procurement directives are not applicable;
 - (b) appraisal of grant applications in accordance with programme criteria and procedures, including compliance with rules on environmental impact assessment, equality of opportunity legislation and policies;
 - (c) selection of projects for funding:
 - projects selected correspond to objectives and published criteria of programme,
 - reasons for acceptance or rejection of applications are clearly set out,
 - observance of State aid rules,
 - observance of eligibility rules,
 - inclusion of terms and conditions of funding in approval decision.
2. Adequate verification of delivery of co-financed products and services and of eligibility of expenditure charged to programme by the responsible authority designated under Article 13 of Decision 2004/904/EC and the intermediary organisations between the grant recipient and the responsible authority:
 - (a) verification of the reality of 'deliverables' (services, works, supplies, etc.) against plans, invoices, acceptance documents, experts' reports, etc., and, where appropriate, on the spot;
 - (b) verification of observance of conditions of grant approval;
 - (c) verification of the eligibility of expenditure for which a claim is made;
 - (d) adequate follow-up of all outstanding questions before acceptance of claim;
 - (e) maintenance of an adequate and reliable accounting system;

- (f) maintenance of the audit trail at all levels from grant recipient up through the system;
 - (g) taking reasonable measures to obtain assurance that the declarations of expenditure the responsible authority certifies to the Commission are correct insofar as:
 - expenditure was effected within the eligible period in projects selected for co-financing in accordance with normal procedures and all applicable terms and conditions,
 - the co-financed projects have actually been carried out.
3. Sufficient quantity and quality of sample checks on projects and adequate follow-up:
- (a) carrying out sample checks on at least 10 % of total eligible expenditure in accordance with Article 4 of this Decision, supported by a report on the work done by the auditor;
 - (b) the sample is representative and the risk analysis adequate;
 - (c) adequate separation of functions vis-à-vis line management to ensure independence;
 - (d) follow-up to checks, ensuring:
 - appropriate assessment of results and financial corrections where appropriate,
 - action at a general level to correct systemic irregularities.

2.2.2. *Ancillary elements*

- (a) satisfactory administrative controls in the form of standard checklists or equivalent means and proper documentation of results, to ensure for instance:
 - that claims have not been paid before and transactions (contracts, receipts, invoices, payments) are separately identifiable,
 - reconciliation within the accounting system of declarations and expenditure recorded;
- (b) proper supervision of claims processing and authorisation procedures;
- (c) satisfactory procedures to ensure proper dissemination of information about Community rules;
- (d) ensuring timely payment of Community funding to beneficiaries.

2.3. **Indicative scales of flat-rate corrections**

100 % correction

The rate of correction may be fixed at 100 % when the deficiencies in the Member State's management and control system are, or an individual breach is, so serious as to constitute a complete failure to comply with Community rules, so rendering all the payments irregular.

25 % correction

When a Member State's application of its management and control system is gravely deficient, and there is evidence of widespread irregularity, and negligence in countering irregular or fraudulent practices, a correction of 25 % is justified, as it can then reasonably be assumed that the freedom to submit irregular claims with impunity will occasion exceptionally high losses to the Fund. A correction at this rate is also appropriate for irregularities in an individual case which are serious but do not invalidate the whole project.

10 % correction

When one or more key elements of the system do not function or function so poorly or so infrequently that they are completely ineffective in determining the eligibility of the claim or preventing irregularity, a correction of 10 % is justified, as it can reasonably be concluded that there was a high risk of widespread loss to the Fund. This rate of correction is also appropriate for individual irregularities of moderate seriousness in relation to key elements of the system.

5 % correction

When all the key elements of the system function, but not with the consistency, frequency, or depth required by the regulations, then a correction of 5 % is justified, as it can reasonably be concluded that they do not provide a sufficient level of assurance of the regularity of claims, and that the risk to the Fund was significant. A 5 % correction can also be appropriate for less serious irregularities in individual projects in relation to key elements.

The fact that the way in which a system operates is perfectible is not in itself sufficient grounds for a financial correction. There must be a serious deficiency of compliance with explicit Community rules or standards of good practice and the deficiency must expose the Fund to a real risk of loss or irregularity.

2 % correction

When performance is adequate in relation to the key elements of the system, but there is a complete failure to operate one or more ancillary elements, a correction of 2 % is justified in view of the lower risk of loss to the Fund, and the lesser seriousness of the infringement.

A 2 % correction will be increased to 5 % if the same deficiency is established in relation to expenditure after the date of the first correction imposed and the Member State has failed to take adequate corrective measures for the part of the system at fault after the first correction.

A correction of 2 % is also justified where the Commission has informed the Member State, without imposing any correction, of the need to make improvements to ancillary elements of the system that are in place but do not operate satisfactorily, but the Member State has not taken the necessary action.

Corrections are only imposed for deficiencies in ancillary elements of management and control systems where no deficiencies have been identified in key elements. If there are deficiencies in relation to ancillary elements as well as in key elements, corrections are only made at the rate applicable to the key elements.

2.4. Borderline cases

Where the correction resulting from a strict application of these guidelines would be clearly disproportionate, a lower rate of correction may be proposed.

For example, where the deficiencies arose from difficulties in the interpretation of Community rules or requirements (except in cases where it should reasonably be expected that the Member State raise such difficulties with the Commission), and the national authorities took effective steps to remedy the deficiencies as soon as they were brought to light, this mitigating factor may be taken into account and a lower rate or no correction may be proposed. Similarly, due regard should be paid to claims of legal security when the deficiencies were not reported following earlier audits by the Commission's services.

In general, the fact that deficient management or control systems were improved immediately after the deficiencies were reported to the Member State is not considered as a mitigating factor when assessing the financial impact of the systemic irregularities before the improvement was made.

2.5. Basis of assessment

Whenever the situation in other Member States is known, the Commission should perform (there should be) a comparison between them to ensure equal treatment in the assessment of the rates of correction.

The rate of correction should be applied to that part of the expenditure placed at risk. When the deficiency results from a failure by the Member State to adopt an appropriate control system, then the correction should be applied to the entire expenditure for which that control system was required. When there is reason to suppose that the deficiency is limited to that of a particular authority's or region's application of the control system adopted by the Member State, the correction should be limited to the expenditure controlled by that authority or region. When the deficiency relates for example to verification of the criteria for eligibility for a higher rate of aid, then the correction should be based on the difference between the higher and lower rate of aid.

The correction should normally concern the expenditure of the measure over the period being examined, for example one financial year. However, when the irregularity results from systemic deficiencies, which are evidently long-standing and affecting several years' expenditure, then the correction should concern all the expenditure declared by the Member State while the system deficiency obtained until the month in which it was remedied.

When several deficiencies are found in the same system, the flat rates of correction are not cumulated, the most serious deficiency being taken as an indication of the risks presented by the control system as a whole ⁽¹⁾. They are applied to the expenditure remaining after deduction of the amounts refused for individual files. In the case of the Member State's non-application of penalties prescribed by Community law, the financial correction should be the amount of the penalties not applied, together with 2 % of the remaining claims, as the non-application of penalties increases the risk that irregular claims will be submitted.

3. APPLICATION AND EFFECT OF NET FINANCIAL CORRECTIONS

Where the Member State made the financial correction proposed in the procedure under Article 26(2) of Decision 2004/904/EC, the Commission need not impose a net reduction in the funding, but may allow the Member State to reallocate the sums released. However, financial corrections imposed by the Commission under Article 26(2) of Decision 2004/904/EC after completion of the procedure laid down by Article 26(3) and (4) of the same Decision will in all cases involve a net reduction in the indicative allocation of assistance from the Fund.

A net correction is automatically made if the Commission considers that the Member State has not taken satisfactory account of conclusions on irregularities detected by Community or national bodies and/or if the irregularity is related to a serious deficiency in the management or control system of the Member State or of the management or payment authorities.

Any sum due to the Commission as a result of net corrections is to be paid together with interest under Article 26(4) of Decision 2004/904/EC and in accordance with Article 3(1) of this Decision.

⁽¹⁾ See also section 2.3 (2 % correction).

COMMISSION DECISION

of 20 January 2006

laying down detailed rules for the implementation of Council Decision 2004/904/EC as regards Member States management and control systems, and rules for the administrative and financial management of projects co-financed by the European Refugee Fund

(notified under document number C(2006) 51/3)

(Only the Czech, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Swedish, Latvian, Lithuanian, Polish, Portuguese, Slovakian, Slovenian and Spanish texts are authentic)

(2006/401/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Decision 2004/904/EC of 2 December 2004 establishing the European Refugee Fund for the period 2005 to 2010 ⁽¹⁾, and in particular Article 13, paragraph 5 thereof,

Whereas:

- (1) To ensure sound financial management of the assistance granted from the European Refugee Fund (the Fund), common guidelines should be adopted for the organisation of the tasks of the authorities responsible for implementing co-financed actions.
- (2) To ensure that the Community funds are utilised in accordance with the principles of sound financial management, management and control systems should be introduced that provide a sufficient audit trail, and lend the Commission any assistance it requires to carry out checks, especially sample checks.
- (3) To ensure that Community funds are used efficiently and appropriately, uniform criteria should be established for the checks carried out by the Member States under Article 25 of Decision 2004/904/EC.

- (4) To ensure uniform treatment of the declarations of expenditure for which assistance is requested from the Fund under Article 24 of Decision 2004/904/EC, a model declaration of expenditure should be produced.

- (5) In accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty establishing the European Community, the United Kingdom takes part in Decision 2004/904/EC and by consequence in this present decision.

- (6) In accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Ireland takes part in Decision 2004/904/EC and by consequence in this present decision.

- (7) In accordance with Articles 1 and 2 of the Protocol on the position of Denmark, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Denmark does not take part in Decision 2004/904/EC and is not bound by it nor by this present decision.

- (8) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 11 of Decision 2004/904/EC,

HAS ADOPTED THIS DECISION:

CHAPTER I

SCOPE AND DEFINITIONS

Article 1

This Decision lays down the detailed rules for implementing Decision 2004/904/EC as regards management and control systems and rules for the administrative and financial management for funding granted from the European Refugee Fund 'the Fund' and managed by the Member States.

⁽¹⁾ OJ L 381, 28.12.2004, p. 52.

Article 2

For the purposes of this Decision the following definition shall be used:

1. 'Responsible Authority': any functional body of the Member State or national public body designated by a Member State under Article 13, paragraph 1 of Decision 2004/904/EC.

2. 'Delegated Authority': any public administration, or private-law body governed by the law of the Member State and which has a public-service mission, to which the Responsible Authority delegates some or all of its implementation tasks under Article 13, paragraph 1 of Decision 2004/904/EC.
3. 'Certifying Authority': any individual or department operationally independent of any authorising department of the Responsible Authority and of any delegated Authority designated by the Member State for the purposes of the certification of declarations of expenditure under Article 24, paragraph 2 of Decision 2004/904/EC.
4. 'Control Authority': any individual or department operationally independent of any authorising department of the Responsible Authority and of any delegated Authority designated by the Member State for the purposes of the checks and audits on actions under Article 25, paragraph 1(a) of Decision 2004/904/EC.

CHAPTER II

MANAGEMENT AND CONTROL SYSTEMS

Article 3

General principles

The management and control systems set up by Member States shall provide for:

1. a clear definition of the functions of the bodies and/or individuals concerned in the management and control and a clear allocation of functions within each body;
2. a clear separation of functions between bodies, departments and/or individuals concerned in the management, control and certification of expenditure;
3. adequate resources for each body or department to carry out the functions which have been allocated to it throughout the period of implementation of actions financed by the Fund;
4. effective internal control arrangements in the Responsible Authority and any delegated authority;
5. reliable accounting, monitoring and financial reporting systems which shall be in computerised form;
6. an effective system of reporting and monitoring where the performance of tasks is delegated;
7. the existence of detailed manuals of procedures in relation to the functions to be performed;
8. effective arrangements for the audit of the functioning of the system;
9. systems and procedures to ensure a sufficient audit trail;
10. reporting and monitoring procedures for irregularities and of recovery of amounts unduly paid.

Article 4

Designation of authorities

1. The Member State shall designate the following:
 - a Responsible Authority,

- a Certifying Authority,
- a Control Authority.

2. The Member State shall lay down all the arrangements governing its relations with the said authorities. Without prejudice to the provisions of this Decision, the Member State lays down all the arrangements governing the relations between the said authorities, which shall act in full compliance with the institutional, legal and financial systems of the Member State concerned.

3. Without prejudice to the provisions of Article 3, point (2), some or all of the management, certification and control functions may be implemented within the same body.

Article 5

Responsible Authority

1. The Responsible Authority shall be responsible for the management and the implementation of multi-annual and annual programmes supported by the Fund in an efficient, effective and correct way, and in particular for:

- (a) submitting to the Commission the multi-annual programme in accordance with the model defined in Annex 1;
- (b) submitting to the Commission the annual programme in accordance with the model defined in Annex 2;
- (c) ensuring that projects are selected for funding in accordance with the conditions and criteria laid down in articles 14 and 20 of Decision 2004/904/EC and in compliance with the standard procedures set out in Article 10 of this Decision, without prejudice to additional criteria as defined in applicable Community and national rules;
- (d) ensuring an efficient administrative, contractual and financial management of actions, in compliance with the standard procedures set out in Article 11 of this Decision;
- (e) ensuring the legality and regularity of the transactions.

2. The Responsible Authority shall set up procedures to ensure that all documents regarding expenditure and checks required for a sufficient audit trail are held in accordance with the requirements of Article 9.

3. The Responsible Authority shall ensure that the Control Authority receives, for the purposes of carrying out the checks defined in Article 25, paragraph 1 (a) of Decision 2004/904/EC, all necessary information on management procedures operated and the projects co-financed by the Fund.

4. The Responsible Authority shall ensure that the Certifying Authority receives, for the purpose of its tasks, all necessary information on the management procedures operated, the projects co-financed by the Fund and the results of the controls carried out by the Control Authority.

5. The Responsible Authority shall receive the payments made by the Commission, and be responsible for making payments to the beneficiaries. It shall submit to the Commission the requests for payment drawn up in accordance with Annex 5, accompanied, where relevant, by the progress or final report for which models are provided in Annexes 3 and 4, and by the declaration of expenditure drawn-up in accordance with Annex 6, duly certified by the Certifying Authority.

6. The Responsible Authority shall ensure that reports on the implementation and evaluation of actions co-financed by the Fund are carried out in accordance with the timetable defined in article 28 of Decision 2004/904/EC.

Article 6

Delegation of tasks by the Responsible Authority

Where all or some of the Responsible Authority's tasks are delegated to a Delegated Authority, the Responsible Authority shall define precisely the scope of the tasks delegated, and set out detailed procedures for the implementation of the delegated tasks, which shall comply with the conditions laid down in Article 3.

These procedures shall include supplying the Responsible Authority with regular information on the effective performance of the delegated tasks and a description of the means deployed.

The tasks that are delegated by the Responsible Authority shall be communicated to and acknowledged by the Delegated Authority.

Article 7

Control Authority

1. The Control Authority shall be responsible for ensuring the organisation of checks defined in Article 25, paragraph 1(a) of Decision 2004/904/EC in accordance with international standards.

2. The checks referred to in paragraph 1 shall cover a material sample of the co-financed projects, selected on the basis of a risk analysis, and representing at least 10 % of the total eligible expenditure for each annual programme. The sampling method shall take into account the following requirements:

- (a) include an appropriate mix of types and sizes of projects;
- (b) take account of any risk factors which have been identified by national or Community controls and the cost benefit aspects, taking into account controls carried out previously;
- (c) ensure that the sampling method employed for the checks defined in Article 25 selects projects which are representative of the underlying population in each annual programme.

3. When carrying out checks, the Control Authority shall verify the following:

- (a) the effective application of the management and control systems and the possible shortcomings and their seriousness;
- (b) the presence of a sufficient audit trail;
- (c) for an adequate number of accounting records, the correspondence of those records with the supporting documents kept by the responsible authority or any delegated body, the beneficiaries of grants and, where appropriate, the other organisations or firms involved in project implementation;
- (d) that the expenditure items correspond to the eligibility requirements as set in Commission Decision C(2006)51 final/1, to the requirements specified during the national selection procedure, to the terms of the grant agreement or other legal instrument granting the subsidy and to the works actually executed;
- (e) that the use or intended use of the project is consistent with the objectives set out in Articles 4 to 7 of Decision 2004/904/EC and benefits the target population defined in Article 3 of Decision 2004/904/EC;
- (f) that the Community financial contributions comply with the conditions provided for in Article 20 of Decision 2004/904/EC or in any other applicable Community provisions and are paid to beneficiaries without any reductions or delays;
- (g) that the appropriate co-financing has in fact been made available.

4. The final report on the implementation of the annual programme defined in Article 28, paragraph 2 of Decision 2004/904/EC shall include the results of all checks carried out by the Control Authority and a description of actions taken by the Responsible Authority with regard to the anomalies or irregularities discovered.

Article 8

Certifying authority

The Certifying Authority shall be responsible for certifying the statements of expenditure drawn up by the Responsible Authority in accordance with Article 24 of Decision 2004/904/EC, following the model provided in Annex 6.

The certification shall provide assurance that:

1. the statement of expenditure is accurate and results from reliable accounting systems and is based on verifiable supporting documents;
2. the expenditure declared complies with applicable Community and national rules and has been incurred in respect of projects selected for funding in accordance with the criteria applicable to the annual programme and complying with the applicable Community and national rules;
3. for the purposes of certification, the Certifying Authority has received adequate information from the Responsible Authority on the management procedures operated, the projects co-financed by the Fund and the controls carried out in relation to expenditure included in statements of expenditure;
4. the results of all audits carried out by the Control Authority have been duly taken into account;
5. the recovery of any amounts of Community funds found to have been unduly paid as a result of irregularities detected, together with interest where appropriate has been duly deducted from the declaration of expenditure.

Article 9

Audit Trail

1. Member States' management and control systems shall provide an adequate audit trail.

2. An audit trail shall be considered sufficient where it permits:

- (a) reconciliation of certified declarations of expenditure submitted to the Commission with the individual expenditure records and supporting documents kept at the various administrative levels of the Responsible Authority and any Delegated Authority, and by the final beneficiaries;

and

- (b) verification of the allocation and transfers of the Community funding granted under the Fund as well as of sources of co-financing of the project.

3. The Responsible Authority shall introduce procedures to ensure that a record is kept of the location of all documents relating to particular payments made under the European Refugee Fund, and that the documents can be produced for inspection if requested by:

- (a) the Control Authority;
- (b) the Certifying Authority;
- (c) the officials and authorised representatives of the Commission, including the European Anti-Fraud Office (OLAF), and the European Court of Auditors.

4. For a period of five years following the payment by the Commission of the final balance in respect of each annual programme, the Responsible Authority shall keep available for the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors all the supporting documents, i.e. the originals or versions certified to be in conformity with the originals on commonly accepted data carriers, regarding expenditure and checks on the project concerned. This period shall be interrupted in the case of legal proceedings or at the duly motivated request of the Commission.

CHAPTER III

RULES FOR THE ADMINISTRATIVE AND FINANCIAL MANAGEMENT OF PROJECTS BY THE RESPONSIBLE AUTHORITY

Article 10

Selection and award procedures

The Responsible Authority shall lay down detailed procedures for the selection of actions to be co-financed by the Fund, covering *inter alia*:

- (a) organisation of the selection and award procedures in compliance with the principles of transparency and equal treatment, and, where applicable, with applicable public procurement rules, and taking all necessary measures to avoid any possible conflict of interest;
- (b) advertising of calls for proposals and calls for tenders via the suitable channels at national and regional level;

- (c) receipt of applications, acknowledgement of receipt, registration and filing of applications for co-financing;

- (d) formal, qualitative and budgetary analysis and assessment of applications using the criteria defined in the calls for proposals or calls for tender;

- (e) organisation of meetings and liaison with selection or evaluation panels;

- (f) consultations with relevant bodies as regards complementarity of the proposed actions with other regional, national and Community financial instruments;

- (g) adoption of the decision on selection of projects at an appropriate level of the Responsible Authority;
 - (h) publication of the results of the selection and award procedure;
 - (i) written information to each applicant on the results of the selection process containing an explanation relating to the selection decisions.
 - (e) conditions for receiving, verifying and endorsing requests for payment, authorising and paying expenses and entering them in the accounts;
 - (f) recovery of unused funds or funds used by the beneficiaries for ineligible expenditure.
2. The contracts or grant agreements referred to in paragraph 1(a) shall define *inter alia*:

Article 11

Procedures for the administrative, contractual and financial management of actions

1. The Responsible Authority shall lay down detailed procedures for the management of actions, covering *inter alia*:
- (a) the signature of contracts, grant agreements or any equivalent form of legal instrument with selected beneficiaries;
 - (b) follow-up of agreements and any amendments thereto by establishing a system for the administrative monitoring of projects (exchange of correspondence, issue and monitoring of amendments and reminder letters, receipt and processing of reports, etc.);
 - (c) analysis of activity reports and financial reports on the projects, verification of the delivery of the products and services co-financed including, where appropriate, on the spot verifications;
 - (d) verification of the reality of expenditure declared for projects and the eligibility of such expenditure with the conditions laid down in Decision C(2006)51 final/1 and national rules;
 - (b) a detailed description and timetable of the supported project;
 - (c) the agreed forward budget and financing plan for the project;
 - (d) the timetable and provisions for implementation of the agreement (reporting obligations, amendments, termination, ...);
 - (e) a definition of eligible costs;
 - (f) conditions relating to the payment of the grant and book-keeping requirements.
3. The Responsible Authority shall establish a system to record and maintain in a computerised form detailed accounting records on each project under the annual programmes, and shall provide for adequate data collection on implementation of the projects for the purposes of financial management, monitoring, control and evaluation.

CHAPTER IV

CONTROL

Article 12

Responsibilities of the Member States

1. Member States shall be responsible for ensuring sound financial management of actions financed by the Fund and the legality and regularity of underlying transactions. They shall ensure that Responsible Authorities, including any Delegated Authority, Certifying Authorities, Control Authorities and any other bodies concerned receive adequate guidance on the provision of management and control systems which ensure that Community funds are used efficiently and correctly.
2. The Member States shall ensure that management and control systems have been set up in accordance with the requirements in Articles 3 to 11. They shall be responsible for ensuring that the systems function effectively throughout the period of implementation of actions financed by the Fund.
3. When presenting the proposal for the annual programme 2005, the Member States shall submit to the Commission a description of the systems covering the organisation and procedures of the Responsible Authority and any Delegated Authority, as well as the Certifying and Control Authorities, in accordance with the requirements laid down in Articles 3 to 11.
4. Member States shall provide an updated description of management and control systems whenever substantial changes are made to the systems and procedures.

Article 13

Responsibilities of the Commission

1. Within 12 months of receiving the description provided for in Article 12, paragraph 3, the Commission shall carry out a documentary analysis of the management and control systems set up by the Member State, as well as an on the spot check of the implementation procedures, control systems, accounting procedures and the procurement and grant allocation procedures followed by the Responsible Authority and any Delegated Authority. The Commission shall inform the Member State of any shortcomings or deficiencies found in the systems and of corrective measures required.

2. Without prejudice to the provisions of Article 26 of Council Decision 2004/904/EC, the Commission shall review the procedures or systems set up by the Member States whenever substantial changes are made.

Article 14

Cooperation with the Control Authorities of the Member States

1. The Commission shall cooperate with the control authorities designated by the Member States to coordinate their respective control plans and audit methods and shall immediately exchange the results of the audits carried out on management and control systems in order to make the best possible use of control resources and to avoid unjustified duplication of work.

2. The Commission and the Control Authorities shall meet on a regular basis, and at least once a year, in order to examine together results of controls included in the annual reports presented under Article 28, paragraph 2 of Decision 2004/904/EC, and to exchange views on other issues relating to the improvement of the management and control systems.

CHAPTER V

ARRANGEMENTS FOR USING THE EURO

Article 15

Multiannual and annual programmes

1. Draft multi-annual and annual programmes referred to in Article 16 of Decision 2004/904/EC shall be submitted to the Commission in euro.

2. Member States which do not have the euro as their currency on the date of submission of the draft multiannual or annual programme shall present the financial information contained in Annexes 1 and 2 to this decision both in euro and in national currency. The exchange rate used for the conversion of national currency in euro is the daily rate published in the C series of the *Official Journal of the European Union* on the last working day of the month preceding the month in which the draft multiannual or annual programme is submitted to the Commission.

Article 16

Reports, declarations of expenditure and requests for payments.

1. Progress reports, final implementation reports, declarations of expenditure and requests for payment referred to in Decision 2004/904/EC shall be submitted to the Commission in euro.

2. Member States which do not have the euro as their currency on the date of submission of the reports may submit the financial information contained in Annexes 3, 4, and 6 both in national currency and euro. In this case the exchange rate used for the conversion of national currency in euro for expenditure incurred in national currency shall be the daily rate published in the *Official Journal of the European Union* on the last working day of the month preceding the month in which the expenditure was recorded in the accounts of the Responsible Authority.

3. When the euro becomes the currency of a Member State that has implemented the conversion procedure set out in the preceding paragraph, that conversion procedure shall continue to apply to all expenditure recorded in the accounts by the Responsible Authority before the date of entry into force of the fixed conversion rate between the national currency and the euro.

CHAPTER VI

CLEARANCE OF ACCOUNTS

Article 17

Clearance of accounts

1. Within nine months of the end date of eligibility of costs defined in the annual decision on co-financing by the Fund, the

Responsible Authority shall submit to the Commission the following documents:

- (a) the final report on the implementation of the annual programme drawn-up in accordance with the model defined in Annex 4;

- (b) the final declaration of expenditure drawn up in accordance with the model defined in Annex 6, certified by the Certifying Authority;
- (c) the report drawn up by the Control Authority on the checks carried out.
- (d) a request for payment or declaration of reimbursement due drawn-up in accordance with the model in Annex 5.

2. The nine months period referred to in paragraph 1 shall be interrupted if the Commission has adopted a decision suspending payments of the co-financing for the relevant annual programme in accordance with the provisions of Article 26, paragraph 2 of Decision 2004/904/EC. The period shall start to run again from the date when the Commission decision referred to in Article 26, paragraph 3 of Decision 2004/904/EC has been notified to the Member State.

3. Without prejudice to the provisions of Article 26 of Decision 2004/904/EC, the Commission shall, within 6 months of receiving the documents referred to in paragraph 1, inform the Member State of the amount of expenditure recognised as chargeable to the Fund, and of any financial corrections deriving from the difference between declared expenditure and expenditure recognised as chargeable to the budget. The Member State shall have three months to present its comments.

4. Within three months of receiving the Member State's comments, the Commission shall decide on the amount of expenditure recognised as chargeable to the Fund, and recover the balance arising from the difference between final recognised expenditure and the sums already paid to the Member States.

5. Should the Responsible Authority fail to provide the documents required in paragraph 1 by the due date and in an acceptable format, the Commission shall automatically cancel the co-financing of the Fund for the period covered by the co-financing decision, issue a recovery order for all the sums already paid as pre-financing under the co-financing decision and decommit all related outstanding amounts.

6. The automatic cancellation procedure defined in paragraph 5 shall be suspended, for the amount of the projects concerned, where legal proceedings or administrative appeal having suspensory effects are ongoing at Member State level at the time of submission of the documents defined in paragraph 1. The Member State shall, in the partial final report submitted, give detailed information on such projects, and send reports on progress made with regard to these projects every 6 months. Within 3 months of the conclusion of the legal proceedings or administrative appeal procedure, the Member State shall present the documents required in paragraph 1 for the projects concerned.

CHAPTER VII

FINAL PROVISIONS

Article 18

Final provisions

Member States may apply national rules on control that are more rigorous than those prescribed in this Decision.

Article 19

The present decision is addressed to the Kingdom of Belgium, the Czech Republic, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Republic of Cyprus, the

Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 20 January 2006.

For the Commission
Franco FRATTINI
Vice-President

ANNEX 1

EUROPEAN REFUGEE FUND

DRAFT MULTI-ANNUAL PROGRAMME (2005-2007)

1. MEMBER STATE

.....

2. RESPONSIBLE AUTHORITY UNDER ARTICLE 13 OF ERF DECISION (FUNCTIONAL BODY OF THE MEMBER STATE OR NATIONAL PUBLIC BODY)

The responsible authority within the meaning of Article 13 of Decision 2004/904/EC

Name:

Address:

Name of person responsible:

Contact person:

Function of contact person:

Tel.:

Fax:

E-mail:

Delegated authority within the meaning of Article 13(1) of Decision 2004/904/EC (where appropriate)

(attach the official document whereby the responsible authority delegated responsibility for implementing ERF actions to the delegated body)

Name:

Address:

Name of person responsible:

Contact person:

Function of contact person:

Tel.:

Fax:

E-mail:

3. SITUATION IN THE MEMBER STATE

Provide description of the current situation in your country, as regards arrangements for reception, asylum procedures, integration and voluntary return of the target groups covered by Article 3 of Decision 2004/904/EC. This description should include:

1. an overview of trends in relation to the target groups referred to in Article 3 as from 2003 including a succinct description of the social conditions for asylum seekers, refugees and displaced persons (**resettlement if applicable**);

(²) OJ L 316, 15.12.2000, p. 1.

- (c) The Council Regulation (EC) No 407/2002 ⁽¹⁾ of 28th February 2002 laying down certain rules to implement Regulation (EC) No 2725/2000 concerning the establishment of 'Eurodac' for the comparison of fingerprints for the effective application of the Dublin Convention;
- (d) The Council Directive 2001/55/EC ⁽²⁾ of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof;
- (e) The Council Directive 2003/9/EC ⁽³⁾ of 27 January 2003 laying down minimum standards for the reception of asylum seekers;
- (f) The Council Directive 2003/86/EC ⁽⁴⁾ of 22 September 2003 on the right to family reunification; as far as provisions related to refugees are concerned;
- (g) The Council Directive 2004/83/EC ⁽⁵⁾ of 29 April 2004 on minimum standards for the qualification and status of third-country nationals or stateless persons as refugees or as persons who otherwise need international protection and the content of the protection granted.

Priority 2

The preparation of the implementation of principles and measures foreseen in the Council Directive on minimum standards on procedures in Member States for granting and withdrawing refugee status in Member States which will be adopted in 2005.

⁽¹⁾ OJ L 62, 5.3.2002, p. 1.

⁽²⁾ OJ L 212, 7.8.2001, p. 12.

⁽³⁾ OJ L 31, 6.2.2003, p. 18.

⁽⁴⁾ OJ L 251, 3.10.2003, p. 12.

⁽⁵⁾ OJ L 304, 30.9.2004, p. 12.

The implementation of measures relating to asylum seekers, refugees or beneficiaries of temporary or subsidiary protection, minors, in the respect of the principle of the best interests of the child.

[illegible]

Priority 5 (optional)

For Member States having established or willing to establish resettlement schemes, actions which address, in particular, the reception and orientation of persons admitted to the Member States under such schemes and the management of such schemes.

[illegible]

5. STRATEGY TO ACHIEVE THESE OBJECTIVES

- (a) Give a presentation of an appropriate strategy to achieve the objectives stated above (4) and the priority attached to their attainment. Please describe briefly the kinds of action envisaged to implement these priorities; How do these requirements address the priorities identified above.

[illegible]

- (b) Describe the consultation process undertaken with the appropriate partners provided for in Article 13(3a).

[illegible]

6. COMPATIBILITY WITH OTHER INSTRUMENTS

Please indicate whether and in which way this strategy is compatible with other regional, national and Community instruments.

[illegible]

7. INDICATIVE FINANCING PLAN

Please prepare an indicative financing plan which sets out, for each year and action the Fund's proposed financial contribution and also the overall amount of public and/or private co-financing.

Indicative Financing plan (3 year multi-annual planning period)

		Public Allocations				Private	Total
		Communi- nity (ERF)	State	Regions	Local Authorities		
Reception and asylum procedures	<i>Total</i>	0,00	0,00	0,00	0,00	0,00	0,00
	2005						0,00
	2006						0,00
	2007						0,00
Integration	<i>Total</i>	0,00	0,00	0,00	0,00	0,00	0,00
	2005						0,00
	2006						0,00
	2007						0,00
Voluntary Return	<i>Total</i>	0,00	0,00	0,00	0,00	0,00	0,00
	2005						0,00
	2006						0,00
	2007						0,00
Technical assistance	<i>Total</i>	0,00	0,00	0,00	0,00	0,00	0,00
	2005						0,00
	2006						0,00
	2007						0,00
Total		0,00	0,00	0,00	0,00	0,00	0,00
	2005	0,00	0,00	0,00	0,00	0,00	0,00
	2006	0,00	0,00	0,00	0,00	0,00	0,00
	2007	0,00	0,00	0,00	0,00	0,00	0,00

Please refer to Article 15 of this Decision.

8. VISIBILITY OF ERF CO-FINANCING

ERF funding must be made clearly visible for any activity linked to the actions financed under the programme. Ways to ensure visibility include:

- Placing the EU logo and indication of ERF co-financing on all materials produced by the national responsible authority for implementing the national programme (calls for project proposals, guidelines, application forms, letters to applicants, etc.).
- Informing all project beneficiaries of ERF co-financing.
- Placing the EU logo on all equipment purchased for the project.
- Placing the EU logo and indication of ERF co-financing on all relevant publicity materials, leaflets, letterhead, PR work, etc.

- Placing the EU logo and indication of ERF co-financing on grant recipients' premises (e.g. on office walls, entrances, etc.).
- Informing the audience of ERF co-financing when projects are mentioned at seminars or conferences.

The following acknowledgement should be used for ERF co-financing: 'project co-financed by the European Refugee Fund'.

The EU logo can be downloaded from: http://europa.eu.int/abc/symbols/emblem/index_en.htm

Any publications that acknowledge ERF-co-funding must specify that the publication reflects the author's view and that the Commission is not liable for any use that may be made of the information.

*Annex (i)**to Draft Annual Programme 2005***Description of the Management and Control System put in place by the Member State for the implementation of ERF II**

In view of the responsibility of the Member State to manage projects supported by the ERF in accordance with Article 12(2)(c) of Decision 2004/904/EC. Please describe the implementing system put in place in order to (a) ensure co-ordination and consistency of actions, (b) select projects and ensure that the selection procedure is transparent and (c) manage, monitor, check, evaluate and audit projects.

The implementing system shall respect the implementing rules adopted by the Commission according to Article 13(5) of Decision 2004/904/EC.

For your description of the implementing system, please make use of the questionnaire attached. Please submit this questionnaire together with the proposal for the 2005 annual programme.

Please note that an updated description of management and control systems should be provided to the Commission whenever substantial changes are made to the systems and procedures.

Date:

1. ACTION FRAMEWORK

1.1. **Legal framework**

(Indicate the legislation and national rules applicable to management and control procedures for ERF actions).

National legislation applicable to ERF management

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Specific national rules adopted for ERF management

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1.2. **Responsible authority and delegated body**

The responsible authority within the meaning of Article 13 of Decision 2004/904/EC

(Attach the official document designating the public body in question as the 'responsible authority' for managing the ERF).

Name:

Address:

Name of person responsible:

Contact person:

Function of contact person:

Tel.:

Fax:

E-mail:

Delegated body within the meaning of Article 13 of Decision 2004/904/EC (where appropriate)

(Attach the official document whereby the responsible authority delegated responsibility for implementing ERF actions to the intermediary).

Name:

Address:

Name of person responsible:

Contact person:

Function of contact person:

E-mail:

2. STRUCTURE AND RESOURCES OF THE RESPONSIBLE AUTHORITY/DELEGATED BODY

Attach a detailed organisation chart including a brief description of functions. If implementation of the ERF has been delegated, attach an organisation chart and a brief description of functions for the delegated body.

2.1. Status of the responsible authority/delegated body

What is the legal status of the responsible authority?

☐ Public body☐ Public law establishment or agency

What is the legal status of the delegated body?

☐ Public body☐ Public law establishment or agency

☐ Private body

☐ Other (please specify)

2.2. Staff list

Responsible authority (key members of staff involved in managing ERF funds)

[illegible]

Delegated body (where appropriate)

Function	Name	Status

2.3. Use of external bodies

(Please specify whether the responsible authority/intermediary uses external bodies to carry out one or more tasks entrusted to it and, where applicable, specify the arrangements made for that purpose).

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3. DESCRIPTION OF DUTIES INHERENT IN MANAGEMENT AND CONTROL SYSTEMS

3.1. Distribution of tasks

Tasks	Units/Departments/persons responsible
Preparation of the national multi-annual and annual programme	
Publication of calls for proposals (grants)	
Receipt and registration of proposals	
Administrative analysis of proposals (eligibility)	
Financial analysis of proposals	
Evaluation of proposals	
Technical analysis of proposals	
Selection of proposals (decision)	
Notification of decisions to grant applicants	
Preparation of related grant agreements	
Signing of grant agreements	
Monitoring of project implementation	

Tasks	Units/Departments/persons responsible
Receipt of payment applications/invoices	
Analysis of recipients' payment applications/invoices	
Authorisation of payments	
Checks on projects ⁽¹⁾	
Payment function	
Preparation and publication of Call for Tender	
Receipt and registration of tender offers	
Administrative analysis of tenders	
Financial analysis of tenders	
Technical analysis of tenders	
Tender Award Procedure	
Signing of contracts	
Drafting annual implementation report	
Drafting of expenditure statements by the Member State sent to the European Commission	
Drafting of payment applications by the Member State sent to the European Commission	
Sending of payment applications from the Member State to the European Commission	
Audit of management systems ⁽²⁾	
Evaluation ⁽¹⁾	

⁽¹⁾ Indicate external consultants where applicable.

⁽²⁾ NB: Verifications to be performed by the responsible authority or under its responsibility (external auditors, public bodies) for control purposes (Article 25(a)), i.e. not directly linked to the monitoring of day-to-day project management (analysis and decision, payment applications), etc.

3.2. Segregation of duties

(If management, payment and control duties are carried out within the same unit (department), please specify how these activities are clearly segregated).

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Entry of ERF revenue and expenditure in the accounts

3.2.1. Accounting arrangements

What accounting instrument is used to record ERF appropriations?

☐ Specific budget line in the national budget

☐ Non-budget item

☐ Specific special bank account

☐ Other (please specify)

- 3.2.2. *Description of the circuit whereby funds are made available and sent from the account in the Member State into which they are paid to the specific account of the final recipient*

Levels	Account name	Person responsible
Arrival of funds paid by the EC		
Final recipient		



Is the authorisation circuit for ERF payments similar to that for payments made under the national budget?

☐ Yes ☐ No

If not, please describe the differences, stating the underlying reasons:

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- 3.2.3. *Description of the rules (if in use) for carrying over ERF appropriations and national co-financing appropriations where public funds are involved*

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4. ANALYSIS OF THE MANAGEMENT PROCESS — DESCRIPTION OF CIRCUITS AND PROCEDURES

4.1. **Preparation of the multi-annual and annual programme**

Who prepares the multi-annual and annual programme to be submitted to the Commission?

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In particular, how are the financial plans included in these programmes?

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Do these preparations entail contacts with appropriate partners to establish the multi-annual work programme or with potential recipients prior to establishing the annual programme, (call for expression of interest, call for proposals, tender procedures?

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4.2. Calls for proposals and selection of proposals/tender procedures

Have documents (manuals, circulars, guides to procedures) laying down the procedures described below been adopted by the responsible authority/delegated body?

Yes ☐ No ☐

4.2.1. Establishment of calls for proposals/Call for Tender

— Preparation and validation of the calls for proposals/Call for Tender

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)	Documents to be attached
			2005 call for proposals (including application forms); Call for Tenders

— Who is consulted before the calls for proposals/Call for Tender are finalised?

Other departments ☐

Other national authorities ☐

European Commission ☐

Other ☐ (please specify)

4.2.2. Publication of call for proposals/Call for Tender

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

- Publication arrangements:
- National Official Journal and the Official Journal of EC (if required under procurement procedure) ☐
 - specific internet sites ☐
 - general press ☐
 - specialist press ☐
 - brochures and folders ☐
 - Other ☐ (please specify)

4.2.3. *Assistance for applicants in preparing proposals/tenders (i.e. documents or services explaining calls for proposals/tenders, such as guides for applicants, etc.)*

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)	Documents to be attached
			Existing documents or drafts

4.2.4. *Receipt and registration of proposals/Tender Documents*

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

- Receipt of the proposal/Tender is confirmed by:
- acknowledgement of receipt ☐
 - letter/fax/e-mail ☐
 - other ☐ (please specify)
 - no confirmation ☐

- Verification of compliance with dispatch/receipt dates and that proposals/tender documents received are complete:

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

4.2.5. *Analysis of proposals/Tender documents*

(a) Administrative analysis

(information on applicants, checks on eligibility criteria, etc.)

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

(b) Technical analysis

(analysis in the light of the selection and award criteria as defined in the call for proposals/Tender specifications)

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Have precise selection and award criteria been defined?

Yes ☐ No ☐

If so, are they set out in a document (analytical checklist, etc.)?

Yes ☐ No ☐

(c) Financial analysis

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Have precise criteria been defined (reference values/ceilings per type of expenditure)?

Yes ☐ No ☐

If yes, are they set out in a document (checklist, etc.)?

Yes ☐ No ☐

4.2.6. Relation with other Community initiatives or programmes

Are checks carried out for any possible overlap with actions/projects funded in your Member State within the framework of other Community initiatives or programmes, for example EQUAL?

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

4.2.7. Evaluation and selection of proposals/Tender Award Procedures

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

(Describe the parties involved (internal evaluation, external assessors, evaluation committees) in assessing proposals/tenders submitted).

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4.2.8. *Decision to select/reject proposals/tenders*

Who is officially responsible for deciding whether to select or reject proposals?

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

4.2.9. *Notification of decisions to reject proposals/tenders*

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Is a letter indicating the grounds for rejection sent to the applicant/tenderer?

Yes ☐ No ☐

Does the letter indicate the grounds for rejection?

Yes ☐ No ☐

4.2.10. *Acceptance of the project/funding decision/award of tender*

Accounting arrangements for selected projects

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Who signs the funding agreement/tender award decision on behalf of the responsible authority/delegated body?

(attach a copy of a model agreement and specimen reports sent to recipients)

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)	Documents to be attached
			Specimen funding agreement(s)

4.3. **Management and payment of grant**4.3.1. *Payment arrangements as defined in the funding agreement(s) with the recipient*

Payment	Amount (% of total)	Payment condition (reports to be presented by recipients)	Scheduled date (in relation to project completion)
First pre-financement			
Second pre-financing			
Balance			

Have specimen progress reports and final assessment reports for use by recipients been drawn-up? (*attach specimen progress reports and assessment reports*)

Yes ☐ No ☐

Have specimen financial reports/payment applications for use by recipients been drawn-up? (*attach specimen financial reports and payment applications*)

Yes ☐ No ☐

4.3.2. Monitoring of project implementation

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Does this monitoring include on-the-spot project inspection visits?

Yes ☐ No ☐

If yes, what arrangements apply (frequency, checks on project activities/financial aspects, etc.)?

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4.3.3. Receipt and analysis of payment applications submitted by projects

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Does the analysis of payment applications include the following checks:

	First pre-financement (Y/N)	Second pre-financement (Y/N)	Final (Y/N)
Whether the amount applied for tallies with the amount specified in the agreement			
Whether the applicant is the correct person and whether the bank account to which the funding is to be paid is valid			
Whether the project has been completed in accordance with the provisions of the funding agreement			
Exhaustive, detailed list of project expenditure			
Checking of calculations in the recipient's expenditure statement			
Whether declared expenditure tallies with the budget forecast			
Supporting evidence for declared expenditure			
Percentage of declared expenditure checked against supporting evidence: %			
Certification of expenditure by an external body (accountant, auditor, etc.)			
Whether declared expenditure complies with the rules laid down in Commission Decision			

4.3.9. *Reallocation procedures for funds repaid within the framework of the ERF (where appropriate)*

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4.4. **Expenditure statements and payment applications from the Member State**4.4.1. *Expenditure statement*

Which department/entity draws-up the expenditure statements sent to the European Commission

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

Which authority certifies the expenditure statements sent to the European Commission

Is provision made for this? Y/N/NA	Individual/Entity/Department respon- sible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

4.4.2. *Request for payment*

Which department draws-up the request for payment sent to the European Commission (Article ...)

Is provision made for this? Y/N/NA	Entity/Department responsible	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

5. CHECKS, CONTROL AND AUDIT

5.1. **Departments responsible for project checks (as defined in Article 25(a))**

Is provision made for this? Y/N/NA	Entity/Department responsible ⁽¹⁾	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

⁽¹⁾ Indicate also cases where external body used to carry out checks.

5.2. **Features of project checks**

Indicators	Yes	No
Structure of checks:		
— centralised		
— decentralised		
— externalised		
Number of persons carrying out checks		
Types of checks:		
Checks based on risk analysis?		
— ex ante		
— during project implementation		
— ex post		
An annual programme is drawn-up taking account of the sampling methods defined in Article 7		

Do checking activities include:

	Yes	No
Ensuring that project selection procedures are complied with		
Checking that the project's aims tally with the objectives set out in the ERF national implementation programme		
Checking that the expenditure carried over by funding recipients tallies with the supporting documents		
Checking that expenditure corresponds to Community requirements, the requirements specified during the national selection procedure, the terms of the contract or instrument granting the funding and the works actually executed		
Checking that national co-financing is actually provided		
Checking compliance with procedures and circuits defined by the responsible authority/intermediary as regards the analysis, authorisation and implementation of payments to recipients		
Checking that the amount of funding respects the limits laid down in Article 23 of Decision 2004/904/EC		
Checking that funding has actually been paid to recipients		
Checking the audit trail		
Checking that accepted project expenditure and revenue tallies with the amounts of expenditure and revenue declared by the responsible authority in the expenditure statements submitted to the European Commission		

5.3. **Follow-up for checks**

(a) To whom are reports sent?

- ☐ the recipients of checked projects
- ☐ the responsible authority's management board
- ☐ the responsible authority's internal audit department
- ☐ the national audit authorities
- ☐ other (please specify)

(b) What follow-up is given to these reports:

- in terms of the projects concerned (financial corrections, checks on other projects launched by the same recipients, etc.)

.....

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- in terms of the responsible authority/intermediary (amendments and corrections to procedures/manuals of procedures, checklists, etc.)

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5.4. Audit of the responsible authority/intermediary

Is the responsible authority/intermediary subject to audit?

Yes ☐ No ☐

Which departments or authorities have the capacity to carry out this audit?

- ☐ Internal audit department of the responsible authority/intermediary
- ☐ Audit department of another body
- ☐ National audit body (Court of Auditors)

Has an audit of that type been carried out since the entry into force of the Council Decision 2004/904/EC

Yes ☐ No ☐

If so:

On what date?

By which authority?

Is/are the report(s) available?

What action has been taken on this report?

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6. AUDIT TRAIL

Where are the following documents kept?

Documents	Unit/Department responsible	How long for?
National multi-annual and annual programme		
European Commission decision on multi-annual and annual programme		
Call for proposals/Call for tenders		
Applicant files/Contract files		
Administrative, technical and financial analysis of proposals received (evaluation grids) and evaluation committee reports		
Funding decision or rejection		
Project funding agreement		
Financial commitment decisions corresponding to projects		
Progress reports and final reports submitted by funding recipients		
Financial reports and payment applications submitted by funded projects		
Supporting documents for expenditure and revenue for funded projects		
Payment/recovery authorisations for funding (checklists)		
Payment/recovery orders for funding		
Proof of payment/recovery of funding		
Reports on checks carried out on projects		
Reports on checks carried out at national level on management and control systems		
Expenditure statements sent to the European Commission		
Payment requests sent to the European Commission		
Final implementation reports sent to the European Commission		
Proof of payment received from the European Commission		

7. EVALUATION

7.1. Departments responsible for evaluation

Is provision made for this? Y/N/NA	Entity/Department responsible ⁽¹⁾	Form of procedure (manual, circular, guide to procedures, checklists, etc.)

⁽¹⁾ Also indicate external consultants where appropriate.

7.2. Evaluation schedule

How often are ERF actions to be evaluated?

☐ Mid-term evaluation

☐ Final evaluation

7.3. Indicators

Have indicators been established for the purpose of monitoring and evaluation of projects and of national programmes, and are they collected during the management phase?

Yes ☐

No ☐

Have detailed indicators been established for each type of action provided for in Articles 4, 5, 6 and 7 of Decision 2004/904/EC?

	Resources and project completion indicators (mark X if yes)	Action completion indicators (mark X if yes)	Action result indicators (mark X if yes)	Action impact indicators (consequences) (mark X if yes)
1. Reception conditions and asylum procedures				
— help for individuals				
— structural assistance				
2. Integration				
— help for individuals				
— structural assistance				
3. Voluntary return				
— help for individuals				
— structural assistance				

ANNEX 2

EUROPEAN REFUGEE FUND

DRAFT ANNUAL PROGRAMME 2005

1. MEMBER STATE

2. GENERAL RULES FOR SELECTION OF PROJECTS TO BE FINANCED UNDER THE ANNUAL PROGRAMME

Are the general rules for selection of projects to be financed under the annual programme in conformity with those laid down in the multi-annual Programme? If not, could you provide details of any changes below.

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

3. ACTIONS

3.1. Action A: Reception conditions and asylum procedures

- i. *Requirements justifying implementation of action*

.....

.....

ii. *Purpose of the action*

iii. **Financial plan (*)**

European Refugee Fund allocation	A	0,00 €	0,00 %
State allocations	B	0,00 €	0,00 %
Allocations from Regions	C	0,00 €	0,00 %
Allocations from Local Authorities	D	0,00 €	0,00 %
National Allocations	E = B+C+D	0,00 €	0,00 %
Total Public Allocations	F = A+E	0,00 €	0,00 %
Private Allocations	G	0,00 €	0,00 %
Total Cost	H = F+G	0,00 €	0,00 %

(*) Please refer to Article 15 of this Decision.

iv. **Timetable**

(Starting dates for projects should be in the period between 1st January and 31st December of the programme year. By way of exception starting dates for projects under the 2005 programme should be in the period between 1.1.2005 and 30.6.2006. For the 2005 annual programme project expenditure may be eligible as from 1 January 2005)

Start date:

End date:

v. **Actions to be implemented (operational outline)**

Refer to the actions detailed under Article 5 of Decision 2004/904/EC

vi. **Target groups**

Persons defined under Article 3 of ERF Decision 2004/904/EC (specify the legal status)

vii. **Grant recipients**

(NGOs, federal, national, regional or local authorities, other non-profit organisations ...)

viii. **National authorities involved**

Specify if other than responsible authority under Article 13 of ERF Decision is involved

ix. **Expected quantified results**

The list of examples detailed below is illustrative not exhaustive:

- Improvement in accommodation infrastructure or services (quantify).
- Provision of material aid and medical or psychological care.
- Provision of social assistance, information or help with administrative formalities.
- Provision of support services such as translation and training to help improve reception conditions and the efficiency and quality of asylum procedures.
- Improvement of provision of information for local communities who will be interacting with those being received in the host country.
- Type and amount of special assistance to vulnerable groups.

- Contact time (by specialist legal or other counsellors) with target group beneficiaries.
- Number of users of products produced by the projects (information resources, translation of documents, etc.).
- Concrete improvements in processing asylum applications.
- Improvements in representation of asylum seekers (e.g. legal assistance).
- Other (specify).

x. **Visibility of ERF co-financing**

Describe mechanisms for assuring visibility of ERF funding for any activity linked to the projects financed under this measure.

.....

.....

xi. **Complementarity with similar actions financed by other instruments and additionality to national measures**

Please demonstrate that the proposed actions are fully integrated and co-ordinated with similar actions financed by other national or Community instruments and also that they are complementary to and not replacing national actions.

.....

.....

3.2. **Action B: Integration of persons referred to in Article 3 of Decision 2004/904/EC whose stay in the Member State is of a lasting and stable nature**

i. **Requirements justifying implementation of the action**

.....

.....

ii. **Purpose of the action**

.....

.....

iii. **Financial plan (*)**

European Refugee Fund allocation	A	0,00 €	0,00 %
State allocations	B	0,00 €	0,00 %
Allocations from Regions	C	0,00 €	0,00 %
Allocations from Local Authorities	D	0,00 €	0,00 %
National Allocations	E = B+C+D	0,00 €	0,00 %
Total Public Allocations	F = A+E	0,00 €	0,00 %
Private Allocations	G	0,00 €	0,00 %
Total Cost	H = F+G	0,00 €	0,00 %

(*) Please refer to Article 15 of this Decision.

iv. **Timetable**

(Starting dates for projects should be in the period between 1st January and 31st December of the programme year. By way of exception starting dates for projects under the 2005 programme should be in the period between 1.1.2005 and 30.6.2006. For the 2005 annual programme project expenditure may be eligible as from 1 January 2005)

Start date:

End date:

v. **Actions to be implemented (operational outline)**

Refer to the actions detailed under Article 6 of Decision 2004/904/EC.

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vi. **Target groups**

Persons defined under Article 3 of ERF Decision, whose stay in the Member State is of a lasting and/or stable nature (attention: no asylum seekers, nor illegal migrants or migrants should be involved).

vii. **Grant recipients**

(NGOs, federal, national, regional or local authorities, other non-profit organisations ...).

viii. **National authorities involved**

Specify if other than responsible authority under Article 13 of ERF Decision 2004/904/EC is involved.

ix. **Expected quantified results**

The list of examples detailed below is illustrative not exhaustive:

- Provision of advice and assistance in areas such as housing, means of subsistence, integration into the labour market, medical psychological and social care Materials and services provided;
- No of actions enabling recipients to adapt to the society of the Member State in socio-cultural terms, and to share in the values enshrined in the Charter of Fundamental Rights of the European Union;
- Provision of actions to promote durable and sustainable participation in civic and cultural life;
- Monetary value of direct support (food, clothing, accommodation, etc.);
- Number of health care services provided;
- Number of hours of education or training provided (e.g. language or vocational training);
- Contact time by social counsellors with target group beneficiaries;
- Number of users of products produced by the projects (information resources, translation of documents, etc.);

- Concrete improvements in integrating refugees;
- Provision of actions that promote equality of access and equality of outcomes in relation to these people's dealings with public institutions;
- Other (specify).

x. **Visibility of ERF co-financing**

Describe mechanisms for assuring visibility of ERF funding for any activity linked to the projects financed under this measure.

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xi. **Complementarity with similar measures financed by other instruments and additionality to national measures.**

The Member State should demonstrate that the proposed measures are fully integrated and co-ordinated with similar actions financed by other national or community instruments, and also that they are complementary to and not replacing national actions.

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3.3. **Action C: Voluntary return of persons referred to in Article 3 of Decision 2004/904/EC provided that they have not acquired a new nationality and have not left the territory of the Member State**

i. **Requirements justifying implementation of the action**

.....

.....

ii. **Purpose of the action**

.....

.....

iii. **Financial plan (*)**

European Refugee Fund allocation	A	0,00 €	0,00 %
State allocations	B	0,00 €	0,00 %
Allocations from Regions	C	0,00 €	0,00 %
Allocations from Local Authorities	D	0,00 €	0,00 %
National Allocations	E = B+C+D	0,00 €	0,00 %
Total Public Allocations	F = A+E	0,00 €	0,00 %
Private Allocations	G	0,00 €	0,00 %
Total Cost	H = F+G	0,00 €	0,00 %

(*) Please refer to Article 15 of this Decision.

iv. **Timetable**

(Starting dates for projects should be in the period between 1st January and 31st December of the programme year. By way of exception starting dates for projects under the 2005 programme should be in the period between 1.1.2005 and 30.6.2006. For the 2005 annual programme project expenditure may be eligible as from 1 January 2005).

Start date:

End date:

v. **Actions to be implemented (operational outline)**

Refer to the actions detailed under Article 7 of Decision 2004/904/EC.

.....

vi. **Post-return follow-up**

Describe the system set up for monitoring and follow-up after voluntary return.

vii. **Target groups**

Persons defined under Article 3 of ERF Decision, provided that they have not acquired a new nationality (naturalised persons) and have not left the territory of the Member State (specify.)

viii. **Grant recipients**

(NGOs, federal, national, regional or local authorities, other non-profit organisations ...).

ix. **National authorities involved**

Specify if other than responsible authority under Article 13 of ERF Decision 2004/904/EC is involved.

x. **Expected quantified results**

The list of examples detailed below is illustrative not exhaustive:

- Number of users of information and advisory services concerning voluntary return initiatives or programmes;
- Number of individuals (professionals, heads of families, family members) that return to their home country;
- Number of persons who stayed, but received return-related support;
- Additional economic benefit to the country of origin (e.g. number of jobs created, businesses set up, etc.);
- Provision of information on aspects relevant to return, including the economic, administrative and political situation in the country of origin, employment opportunities, property rights and other legal matters;
- Value of financial assistance to returnees;
- Co-operation with similar projects in other Member States;

- Contact time by counsellors with target group beneficiaries;
- Number of users of products produced by the projects (information on the situation in the country or region of origin or former habitual residence);
- Quantified impact of action by communities of origin resident in the European Union to facilitate the voluntary return of the persons referred to in Council decision 2004/904/EC;
- Provision of actions which facilitate the organisation and implementation of national voluntary return initiatives or programmes;
- Other (specify).

xi. **Visibility of ERF co-financing**

Describe mechanisms for assuring visibility of ERF funding for any activity linked to the projects financed under this measure.

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xii. **Complementarity with similar actions financed by other instruments and additionality to national actions**

The Member State should demonstrate that the proposed actions are fully integrated and co-ordinated with similar actions financed by other national (including regional and local) or Community instruments and also that they are complementary to and not replacing national actions.

4. TECHNICAL ASSISTANCE

i. **Requirements justifying making use of the technical assistance**

Detailed description of the resources available and of additional needs required for implementing the ERF programme.

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ii. **Purpose of the technical assistance (Article 18 of 2004/904/EC)**

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iii. **Financial plan (*)**

European Refugee Fund allocation	A	0,00 €	0,00 %
State allocations	B	0,00 €	0,00 %
Allocations from Regions	C	0,00 €	0,00 %
Allocations from Local Authorities	D	0,00 €	0,00 %
National Allocations	E = B+C+D	0,00 €	0,00 %
Total Public Allocations	F = A+E	0,00 €	0,00 %
Private Allocations	G	0,00 €	0,00 %
Total Cost	H = F+G	0,00 €	0,00 %

(*) Max 7 % of MS annual allocation, plus EUR 30 000. No obligation for co-financing. Please refer to Article 15 of this Decision.

iv. **Timetable**

(Starting dates for technical assistance measures should be in the period between 1st January and 31st December of the programme year. By way of exception starting dates for projects under the 2005 programme should be in the period between 1.1.2005 and 30.6.2006. For the 2005 annual programme expenditure may be eligible as from 1 January 2005 until 31 December 2006)

Start date:

End date:

v. **Actions to be implemented (operational outline)**

Actions to cover technical and administrative assistance related to the preparation, monitoring and evaluation of actions of the programme, for example:

- (a) costs linked to preparation, selection, evaluation, and follow-up of the operations co-financed by the ERF. This can include leasing or purchase of computerised systems the need of which is duly justified by the responsible authority and proportional to the size of the programme. The equipment leased or purchased can be used for the implementation of the programme only. Eligibility rules on leasing apply;
- (b) information actions and costs linked to the visibility of ERF co-financing;
- (c) costs linked to audits and on-the-spot controls and checks of the projects;
- (d) expenditure related to remuneration, including social security contributions, is eligible only in the following cases:
- (e) permanent officials, temporarily seconded by formal decision of the responsible authority, entrusted with executing the tasks enumerated in points 2 to 4 above.
- (f) temporary agents or private sector staff employed solely for the purpose of executing the tasks enumerated in points 2 to 4 above.

vi. **Procurement Procedure**

Public authority implementing the ERF programme (and other implementing bodies involved in the implementation, if relevant). Specify in particular under which procurement procedures the technical assistance expenditure is to be managed.

vii. **National authorities involved**

Specify if other than responsible authority under Article 13 of ERF Decision.

viii. **Expected quantified results**

e. g.:

- Quantified improvement in implementation of ERF
- Improvements in preparation of call for proposals and preparation of programme (specify person/days)
- Evaluation of project proposals (specify number):
- Selection of projects (expected number):
- Follow-up of projects and management of programme (specify No person/days)
- Audit and on-the-spot checks (specify number of audits/visits):

- Evaluation reports (specify No person/days)
- Publicity initiatives (specify)
- Equipment leased or purchased (specify)
- Other (specify)

ix. **Visibility of ERF co-financing**

ERF funding shall be made clearly visible for any activity linked to the projects financed under this measure.

x. **Complementarity with similar measures financed by other instruments and additionality to national measures**

Member State should demonstrate that the proposed measures are fully integrated and co-ordinated with similar measures financed by other national, community or international instruments and also that they are complementary to and not replacing national measures.

5. INDICATIVE TOTAL FINANCING PLAN FOR YEAR (*)

European Refugee Fund allocation	A	0,00 €	0,00 %
State allocations	B	0,00 €	0,00 %
Allocations from Regions	C	0,00 €	0,00 %
Allocations from Local Authorities	D	0,00 €	0,00 %
National Allocations	$E = B+C+D$	0,00 €	0,00 %
Total Public Allocations	$F = A+E$	0,00 €	0,00 %
Private Allocations	G	0,00 €	0,00 %
Total Cost	$H = F+G$	0,00 €	0,00 %

(*) Please refer to Article 15 of this Decision.

ANNEX 3

MODEL PROGRESS REPORT*(Article 23(3) of Decision 2004/904/EC)*

To be sent to:

European Commission Directorate-General for Justice, Freedom and Security Unit B/4 European Refugee Fund B-1049 Brussels
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Member State: Annual programme year: Responsible authority: (name of contact person, department or organisation, address, fax, telephone, e-mail) Due date: when 70 % of the amount of the initial payment incurred at final beneficiary level.
--

A. PROGRAMME ADMINISTRATION AND MANAGEMENT

1. Description of annual programme management structures, financial circuits, methodology and criteria for project selection, monitoring system (if identical to information given in request for co-financing: simply refer to request for co-financing):
2. Project selection: steps taken and results obtained (e.g. date of publication of call for proposals, number of requesters, number of projects selected, average cost of selected projects). Description of technical assistance activities undertaken in implementing the programme:
3. Information and publicity: activities undertaken. Detailed description of how visibility was afforded to Community co-financing. All project documentation and publications must mention EU co-financing, 'This project is co-financed by the European Refugee Fund':
4. Information on the controls carried out in accordance with Article 25§1 of Decision 2004/904/EC:
5. Information on the risks linked to the activities (a risk being the possibility of an event occurring that will have an impact on the achievement of objectives):

B. PROGRAMME IMPLEMENTATION**1. Timetable**

- Start date of implementation of national annual programme:
- End date of national annual programme (final date for execution of expenditure as set out in co-financing decision):

2. Financial aspects

- (a) Financial report table (specify date – no earlier than one month before submission of the summary report)

FINANCIAL REPORT

(Progress Report Article 23.3)

ERF NATIONAL PROGRAMMES

Situation as of

COUNTRY

Programme Year

	Programmed (1)		Commitments (2)			Payments (3)			% payments (4=3/2)			ERF still to pay/to recover by the RA (5)	
	Total costs (a)	ERF Funding (b)	Total costs (a)	Total eli- gible costs (b)	ERF Funding (c)	Total costs (a)	Total eli- gible costs (b)	ERF Fund- ing final due (c)	ERF Fund- ing paid (d)	Total costs (a)	ERF Fund- ing Final due (b)		ERF Fund- ing paid (c)
Activity A – Reception & Asylum Procedures													
Action 1													
Action 2													
Action 3													
Total Activity A	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00			
Activity B – Integration													
Action 1													
Action 2													
Total Activity B	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00			
Activity C – Voluntary Return													
Action 1													
Action 2													
Total Activity C	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00			
Activity D - Projects covering more than one activity													
Action 1													
Action 2													
Total Activity D	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00			
TOTAL ACTIONS	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00			
Total E Technical Assistance													
GRAND TOTAL	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00			

(1) Programmed = as programmed in the agreed annual programme (sometimes no detail by project at this stage).

(1a) Total costs = total cost of actions as forecast in the approved annual programme.

- (1b) ERF Funding = amount of ERF Funding per action as forecast in the approved annual programme.
- (2) Committed = as agreed by the cofinancing agreement/financing decision between the Responsible Authority and the beneficiary organisation.
- (2a) Total cost = total cost of the action agreed by Grant Agreement/Financing Decision.
- (2b) Total eligible costs = total eligible costs of the action as agreed in the Grant Agreement/Financing Decision (= Total cost - Contributions in kind).
- (2c) ERF Funding = maximum amount of ERF funding agreed in the Grant Agreement/Financing Decision between Responsible Authority and beneficiary.
- (3) Paid = actually incurred and paid to date.
- (3a) Total cost = total cost of the action incurred by the beneficiary as approved by the Responsible Authority.
- (3b) Total eligible costs = eligible costs of the action incurred by the beneficiary as approved by the Responsible Authority (= Total cost - contributions in kind).
- (3c) ERF Funding Max due = final amount of ERF funding due to the beneficiary in accordance with the provisions of the grant agreement/financing Decision and expenditure approved by the Responsible Authority.
- (3d) ERF Funding paid = amount of ERF funding paid to date by the Responsible Authority to the beneficiary (including amounts recovered).
- (4) Variation between committed and paid to date.
- (4a) Total cost = total cost of the action incurred by the beneficiary as approved by the Responsible Authority (3a)/total cost of the action agreed in Grant Agreement or Financing Decision (2a).
- (4b) ERF Funding final due = final amount of ERF funding due (3c)/amount of ERF Funding granted to the action (2b).
- (4c) ERF Funding paid = amount of ERF funding paid to date to the beneficiary in accordance with the provisions of the grant agreement or financing Decision (3d)/amount of ERF Funding granted to the action (2b).
- (5) ERF still to pay/recover = difference between final amount of ERF funding due to the beneficiary in accordance with the provisions of the grant agreement/financing Decision and amount of ERF funding paid to date by the RA to the beneficiary (including amounts recovered) - (5) = 3(c) - 3(d).

DECLARATION OF EXPENDITURE ERF ANNUAL PROGRAMME

(Article 23.3 and 24 of Council Decision)

Commission reference number:

Country:

Date:

(in Euro)

Activities	Total expenditure				
	Eligible expenditure			Contributions in kind	Total expenditure
	Direct eligible costs	Indirect eligible costs	Total eligible expenditure		
Reception & Asylum Procedures Action 1					
Reception & Asylum Procedures Action 2					
Reception & Asylum Procedures Action 3					
(A) Total Reception & Asylum Procedures					
Integration Action 1					
Integration Action 2					
(B) Total Integration					
Voluntary Return Action 1					
Voluntary Return Action 2					
(C) Total Voluntary Return					
Mixed Action 1					
Mixed Action 2					
(D) Total Projects covering more than one activity					
(E) Technical assistance					
GRAND TOTAL					

(b) Payments received from the Commission with corresponding dates:

3. Implementation of programme actions:

- (a) Principal objectives of selected projects by activity (please use the appropriate indicators as described in the request for co-financing; give examples of selected projects):
- (b) Quantification of results expected (please update the quantification of the indicators by measure contained in the request for co-financing):
- (c) Problems encountered in implementing the national annual programme:
- (d) Any other remarks on implementation:

ANNEX 4

MODEL FINAL REPORT*(Article 23(4) of Decision 2004/904/EC)*

To be sent to:

European Commission Directorate-General for Justice, Freedom and Security Unit B/4 European Refugee Fund B-1049 Brussels
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Member State: Annual programme year: Responsible authority: (name of contact person, department or organisation, address, fax, telephone, e-mail) Due date: no more than nine months after the eligible deadline for the annual programme.

A. OPERATIONAL CONTEXT

1. Description of any significant developments in the situation in the Member State, as compared to the situation described in the annual programme:
2. Consequences of the above developments on the implementation of the programme:
3. Measure undertaken to ensure coherence and complementary with other related policies at national or European level (including competition, public procurement, equal opportunities and environment policies):

B. PROGRAMME ADMINISTRATION AND MANAGEMENT

1. Description of programme management structures, financial circuits, methodology and criteria for project selection, monitoring and control system (if identical to information given in request for co-financing: simply refer to request for co-financing):
2. Details of any modifications to programme management and monitoring systems:
3. Description of technical assistance activities undertaken in implementing the programme: results obtained:
4. Information and publicity: activities undertaken. Detailed description of how visibility was afforded to Community co-financing. All project documentation and publications shall mention EU co-financing. 'This project is co-financed by the European Refugee Fund'. (Attach a copy of all project-related publications, press articles, etc.):
5. Information on the controls carried out in accordance with Article 24(1) of Decision 2004/904/EC, including an explanation on the cost-benefit aspects of the sampling method in accordance with Article 7(2) of this Decision:
6. Information on the risks linked to the activities: (a risk being the possibility of an event occurring that will have an impact on the achievement of objectives:).

C. PROGRAMME IMPLEMENTATION**1. Timetable**

- Start date of implementation of national annual programme:
- End date of national annual programme (final date for execution of expenditure as set out in co-financing decision):

2. Financial aspects

- (a) Financial report table (specify date – no earlier than one month before submission of the summary report)

FINANCIAL REPORT
(Final Report Article 23.4, 24.3 and 28.2)

ERF NATIONAL PROGRAMMES

Situation as of

COUNTRY

Programme Year

	Programmed (1)		Commitments (2)			Payments (3)			% payments (4 = 3/2)			ERF still to pay/to recover by the RA (5)
	Total costs (a)	ERF Fund- ing (b)	Total costs (a)	Total eli- gible costs (b)	ERF Fund- ing (c)	Total costs (a)	Total eli- gible costs (b)	ERF Fund- ing final due (c)	ERF Fund- ing paid (d)	Total costs (a)	ERF Fund- ing final due (b)	ERF Fund- ing paid (c)
Activity A – Reception & Asylum Procedures												
Action 1												
Action 2												
Action 3												
Total Activity A	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00			
Activity B – Integration												
Action 1												
Action 2												
Total Activity B	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00			
Activity C – Voluntary Return												
Action 1												
Action 2												
Total Activity C	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00			
Activity D - Projects covering more than one activity												
Action 1												
Action 2												
Total Activity D	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00			
TOTAL ACTIONS	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00			
Total E Technical Assistance												
GRAND TOTAL	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00			

(1) Programmed = as programmed in the agreed annual programme (sometimes no detail by project at this stage).

(1a) Total costs = total cost of actions as forecast in the approved annual programme.

- (1b) ERF Funding = amount of ERF Funding per action as forecast in the approved annual programme.
- (2) Committed = as agreed by the cofinancing agreement/financing decision between the Responsible Authority and the beneficiary organisation.
- (2a) Total cost = total cost of the action agreed by Grant Agreement/Financing Decision.
- (2b) Total eligible costs = total eligible costs of the action as agreed in the Grant Agreement/Financing Decision (= Total cost - Contributions in kind).
- (2c) ERF Funding = maximum amount of ERF funding agreed in the Grant Agreement/Financing Decision between Responsible Authority and beneficiary.
- (3) Paid = actually incurred and paid to date.
- (3a) Total cost = total cost of the action incurred by the beneficiary as approved by the Responsible Authority.
- (3b) Total eligible costs = eligible costs of the action incurred by the beneficiary as approved by the Responsible Authority (= Total cost - contributions in kind).
- (3c) ERF Funding Max due = final amount of ERF funding due to the beneficiary in accordance with the provisions of the grant agreement/financing Decision and expenditure approved by the Responsible Authority.
- (3d) ERF Funding paid = amount of ERF funding paid to date by the Responsible Authority to the beneficiary (including amounts recovered).
- (4) Variation between committed and paid to date.
- (4a) Total cost = total cost of the action incurred by the beneficiary as approved by the Responsible Authority (3a)/total cost of the action agreed in Grant Agreement or Financing Decision (2a).
- (4b) ERF Funding final due = final amount of ERF funding due (3c)/amount of ERF Funding granted to the action (2b).
- (4c) ERF Funding paid = amount of ERF funding paid to date to the beneficiary in accordance with the provisions of the grant agreement or financing Decision (3d)/amount of ERF Funding granted to the action (2b).
- (5) ERF still to pay/recover = difference between final amount of ERF funding due to the beneficiary in accordance with the provisions of the grant agreement/financing Decision and amount of ERF funding paid to date by the RA to the beneficiary (including amounts recovered) - (5) = 3(c) - 3(d).

FINAL DECLARATION OF EXPENDITURE ERF ANNUAL PROGRAMME

(Article 23.3 and 24.3 of Council Decision)

Commission reference number:

Country:

Date:

(in Euro)

Activities	Total expenditure				
	Eligible expenditure			Contributions in kind	Total expenditure
	Direct eligible costs	Indirect eligible costs	Total eligible expenditure		
Reception & Asylum Procedures Action 1					
Reception & Asylum Procedures Action 2					
Reception & Asylum Procedures Action 3					
(A) Total Reception & Asylum Procedures					
Integration Action 1					
Integration Action 2					
(B) Total Integration					
Voluntary Return Action 1					
Voluntary Return Action 2					
(C) Total Voluntary Return					
Mixed Action 1					
Mixed Action 2					
(D) Total Projects covering more than one activity					
(E) Technical assistance					
GRAND TOTAL					

[illegible]

*Appendix to the statement of expenditure***Amounts recovered included in this declaration of expenditure**

Project Reception & Asylum Procedures Action 2	
Amount to be repaid	
Debtor	
Issue date of the collection document	
Authority which issued the collection document	
Actual recovery date	
Amount recovered	
Project Reception Action 3	
Amount to be repaid	
Debtor	
Issue date of the collection document	
Authority which issued the collection document	
Actual recovery date	
Amount recovered	

(b) Payments received from the Commission with corresponding dates:

3. Implementation and programme measures

(a) Description of means used in practical and concrete terms to implement the acts foreseen in the national annual programme:

Example:

Action	Project as described in national implementation programme	Implementation
A - Reception	Project 1 – Create reception infrastructure for 1 000 persons	— creation of a reception centre for 450 persons located at ... — increased capacity to 500 persons of existing centres located at ...

(b) Outputs and impacts achieved (qualitative and quantitative description using relevant indicators as set out in the request for co-financing), assessment of effectiveness (compared to forecasts) and value for money:

(c) Any other remarks on implementation:

4. If applicable, description of any transnational activities and/or impact of the programme:

5. Detailed description of problems encountered in implementation of the national annual programme:

E. REPORT OF THE CONTROL AUTHORITY

1. Details of any modifications to the control system:

2. Results of these activities, irregularities detected and communicated, actions taken by Responsible Authority:

3. Appropriate action taken by Responsible Authority after comments resulting from control missions from the European Union (Court of Auditors, European Commission):
4. Detailed information on cases of irregularities detected, where there is a suspicion of fraud and appropriate action may be considered:

ANNEXES TO THE FINAL REPORT

- A. List of projects approved by activity
 - B. Summary description of individual projects half a page each plus summary financial indicators, budget committed per project in tabular form, final expenditure per project
 - C. Independent evaluation
-

ANNEX 5

EUROPEAN COMMISSION

EUROPEAN REFUGEE FUND

REQUEST FOR PAYMENT

(to be sent via the official channels to Unit B4 of DG Justice, Freedom and Security, LX 46, B-1049 Brussels)

Name of programme:

Commission Decision No of

Pursuant to Article 13 of Decision 2004/904/EC, I, the undersigned (name in capitals, stamp, position and signature of competent authority), representing the authority responsible for implementing the European Refugee Fund request payment of the amount of EUR as an second pre-financing payment/final payment. This request for payment meets admissibility requirements because:

	Delete as appropriate
(a) the progress report on implementation of the annual work programme and a declaration of expenditure accounting for at least 70 % of the amount of the initial payment provided for by Article 23(3) of Decision 2004/904/EC	— <i>has been supplied</i> — <i>is enclosed</i>
(b) the annual programme's final implementation report and the final declaration of expenditure provided for by Articles 24(4) and 28 (2) of Decision 2004/904/EC	— <i>has been supplied</i> — <i>is enclosed</i>
(c) the decisions of the responsible authority are consistent with the total amount of Fund contribution to the priorities concerned	
(d) any recommendations for improving the monitoring and management arrangements made by the Commission under Article 27 of Decision 2004/904/EC	— <i>have been acted upon</i> — <i>explanations have been given</i> — <i>no recommendations made</i>
(e) any request for corrective measures under Article 26 of Decision 2004/904/EC	— <i>have been acted upon</i> — <i>have been commented on</i> — <i>no expenditure included</i> — <i>no requests made</i>

Payment should be made to:

Beneficiary	
Bank	
Account no	
Account holder (if different from beneficiary)	

Date

Name in capital letters, stamp, position and signature of competent authority

ANNEX 6

EUROPEAN COMMISSION

EUROPEAN REFUGEE FUND

MODEL FOR THE DECLARATION OF EXPENDITURE (Article 25)

To the European Commission, Directorate General Justice, Freedom and Security

DECLARATION BY RESPONSIBLE AUTHORITY

(to be sent via the official channels to Unit B4 of DG Justice, Freedom and Security, LX 46, B-1049 Brussels)

1. I, (state name in capitals, title and department) hereby submit the final declaration of expenditure for the European Refugee Fund annual programme for the year and the application to the Commission for payment of the balance of the Community co-financing.
2. I can provide assurance on the national annual programme for the year that:
 - (a) the statement of expenditure is accurate and results from reliable accounting systems and is based on verifiable supporting documents;
 - (b) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of projects selected for funding in accordance with the criteria applicable to the annual programme and complying with the applicable Community and national rules;
 - (c) for the purposes of certification, the Certifying Authority has received adequate information from the Responsible Authority on the management procedures operated, the projects co-financed by the fund and the controls carried out in relation to expenditure included in statements of expenditure;
 - (d) the results of all audits carried out by the Control Authority have been duly taken into account;
 - (e) the recovery of any amounts of Community funds found to have been unduly paid as a result of irregularities detected, together with interest where appropriate has been duly deducted from the declaration of expenditure.

Date

Name in capital letters, stamp, position and signature of responsible authority.

EXPENDITURE BY ACTIVITY

Commission reference number:

Name:

Date:

(in Euros)

Activity	Total eligible expenditure paid ⁽¹⁾					
	Public				Private	Total
	Community (ERF)	State	Regions	Local authorities		
(A) Reception & asylum procedures						
(B) Integration						
(C) Voluntary return						
(D) Projects covering more than one activity						
(E) Technical assistance						
Total	0,00	0,00	0,00	0,00	0,00	0,00
ERF Total						

⁽¹⁾ Please refer to Article 16 of this Decision.

Appendix to the statement of expenditure

Amounts recovered since the last declaration of expenditure included in this declaration of expenditure
(grouped by measure)

Amount to be repaid	
Debtor	
Issue date of the collection document	
Authority which issued the collection document	
Actual recovery date	
Amount recovered	

Date

Name in capital letters, stamp, position and signature of responsible authority

CERTIFICATION

I, (state name in capitals, title and department), have examined the final statement of expenditure for the European Refugee Fund in (indicate period covered) and the application to the Commission for payment of the balance.

SCOPE OF THE EXAMINATION

The certification aimed to provide assurance that:

- (a) the statement of expenditure is accurate and results from reliable accounting systems and is based on verifiable supporting documents;
- (b) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of projects selected for funding in accordance with the criteria applicable to the annual programme and complying with the applicable Community and national rules;
- (c) for the purposes of certification, the Certifying Authority has received adequate information from the Responsible Authority on the management procedures operated, the projects co-financed by the fund and the controls carried out in relation to expenditure included in statements of expenditure;
- (d) the results of all audits carried out by the Control Authority have been duly taken into account;
- (e) the recovery of any amounts of Community funds found to have been unduly paid as a result of irregularities detected, together with interest where appropriate has been duly deducted from the declaration of expenditure.

OBSERVATIONS

1. The scope of the examination has been limited by the following:

- (a) ...
- (b) ...
- (c) etc

(Indicate any obstacles encountered in the examination, for example systemic problems, management weaknesses, lack of audit trail, lack of supporting documentation, cases under legal proceedings, etc; estimate the amounts of expenditure affected by these obstacles and the corresponding Community co-financing)

2. The examination, together with the conclusions of other national or Community controls to which I have had access, reveal a low/high (indicate as appropriate; if high please explain) frequency of errors/irregularities. The errors/irregularities reported have been satisfactorily dealt with by the responsible authorities and they do not appear to affect the amount of Community co-financing payable, with the following exceptions:

- (a) ...
- (b) ...
- (c) etc

(Indicate the errors/irregularities which have not been satisfactorily dealt with, and for each case, the possible systemic character and extent of the problem and the amounts of Community co-financing which appear to be affected)

CONCLUSION

Either:

If no obstacles were encountered in the examination, the frequency of errors found is low and all problems have been satisfactorily dealt with:

- (a) In the light of the examination and the conclusion of other national or community checks to which I have access, it is my opinion that the final statement of expenditure presents fairly, in all material aspects, the expenditure incurred in accordance with Decision 2004/904/EC, and the request to the Commission for payment of the balance of the Community co-financing appears to be valid.

Or:

If certain obstacles were encountered in the examination, but the frequency of errors is not high, or if some problems have not been satisfactorily dealt with:

- (b) Except for the matters referred to at point 3 and/or the errors/irregularities referred to at point 4 which do not appear to have been satisfactorily dealt with, it is my opinion, based on the examination and the conclusions of other national or Community checks to which I have had access, that the final statement presents fairly, in all material respects the expenditure incurred in accordance with Decision 2004/904/EC and its implementing rules, and that the application to the Commission for payment of the balance of the Community co-financing appears to be valid.

Or:

If major obstacles were encountered in the examination or the frequency of errors found is high even if the reported errors/irregularities have been satisfactorily dealt with:

- (c) in view of the matters referred to at point 3 and/or given the high frequency of errors reported at point 4, I am not in a position to express an opinion on the final statement of expenditure and the application to the Commission for payment of the balance of the Community co-financing.

Date

Name in capital letters, stamp, position and signature of certifying authority.

COMMISSION DECISION
of 9 February 2006
establishing the Community Eco-label working plan
(Text with EEA relevance)

(2006/402/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 1980/2000 of the European Parliament and of the Council of 17 July 2000 on a revised Community Eco-label award scheme ⁽¹⁾, and in particular Article 5 thereof,

Whereas:

- (1) Regulation (EC) No 1980/2000 provides that the Commission is to establish a Community Eco-label working plan.
- (2) The working plan should include a strategy for the development of the scheme, setting out objectives for environmental improvement and market penetration, a non-exhaustive list of product groups which should be considered as priorities for Community action, and plans for co-ordination and co-operation between the Community scheme and other Eco-label award schemes in Member States.
- (3) Furthermore the working plan should provide measures for the implementation of the strategy and include the planned financing of the scheme.

- (4) The revised working plan should be drafted on the basis of the experience gained during the implementation of the first Community Eco-label working plan ⁽²⁾.
- (5) The working plan should be reviewed periodically.
- (6) The measures provided for in this Decision are in accordance with the opinion of the Committee set up pursuant to Article 17 of Regulation (EC) No 1980/2000.

HAS ADOPTED THIS DECISION:

Article 1

The revised Community Eco-label working plan for the period from 1 January 2005 to 31 December 2007, set out in the Annex, is adopted.

Article 2

A review of the working plan shall be initiated before 31 December 2007.

Article 3

This Decision is addressed to the Member States.

Done at Brussels, 9 February 2006.

For the Commission
Stravros DIMAS
Member of the Commission

⁽¹⁾ OJ L 237, 21.9.2000, p. 1.

⁽²⁾ OJ L 7, 11.1.2002, p. 28.

ANNEX

COMMUNITY ECO-LABEL WORKING PLAN

INTRODUCTION

The Community Eco-label was introduced in 1992 to encourage businesses to develop goods and services with a reduced environmental impact throughout their whole life-cycle and to provide consumers with better information about these impacts.

The Community Eco-label scheme is part of a broader strategy aimed at promoting sustainable production and consumption. This aim can be achieved in the context of a 'framework for an integrated life-cycle oriented product policy', as indicated in the Sixth Environmental Action Programme (6EAP). The key objectives are to ensure a high level of protection and to break the link between environmental pressures and economic growth, thus working in the framework of the European Union's Lisbon Strategy of Economic and Social Renewal (2000) ⁽¹⁾ and Sustainable Development Strategy (Gothenburg, 2001) ⁽²⁾.

More specifically, the Communication on Integrated Product Policy ⁽³⁾ (IPP) proposes a new strategy to strengthen and refocus product-related environmental policies and develop the market for greener products. The Community Eco-label is one of the tools that can help to reach this aim. Within the Eco-label Scheme there is considerable information and expertise on product policy based on life-cycle thinking which should be made available to stakeholders involved in further developing the Integrated Product Policy approach.

In the framework of the shift towards sustainable consumption and production, the new public procurement Directives ⁽⁴⁾ integrating environmental considerations into public procurement and the recently published Handbook on Environmental Public Procurement open new opportunities for the Community Eco-label. While public purchasers may not explicitly demand products and services bearing the Community Eco-label in their tenders, the new directives offer possibilities to use criteria set out by the Scheme or equivalent when defining performance-based or functional environmental requirements. This should encourage public authorities to take the political decision to green their purchasing via the Community Eco-label and its criteria or other equivalent schemes, which provide a strong product information basis.

The Community Eco-label also interrelates with a wide variety of instruments aiming at cleaner production, development and use of environmental technologies. Its structures, procedures and knowledge are recognised as a strong starting point for designing the implementing measures for the proposed directive on the Eco-design of Energy-using Products. A priority field of activities under the Environmental Technologies Action Plan (ETAP), namely design and implementation of performance targets, includes exploring the relationship between the concept of performance targets and the environmental performance of goods and services addressed by EU initiatives like the Community Eco-label.

Enlargement, with 10 New Member States in May 2004, has created new conditions for the development of the Community Eco-label and for contributing to the field of environmental communication and awareness-raising. A clear, pan-European Eco-label like the Flower, could make it much easier for consumers to buy green across Europe, while it also helps their understanding of Type I labelling.

Well designed, market-based environmental labelling schemes will remain attractive to consumers because of their immediacy and simplicity and because they ensure better and more accessible information on the environment for citizens. They are also business-friendly because they act as product enhancers that offer marketing advantages at the point of sale, if they are developed in partnership with manufacturers and come at a reasonable cost for enterprises.

It is clear that the Community Eco-label has not yet achieved satisfactory market penetration. It is now in a better situation than before, with a continuously widening range of product groups (including both goods and services) and with new applications coming in steadily, nevertheless it is clear that the scheme has to be revised if it is to properly achieve its original aims and in particular its active take-up by the business community. In view of the revision of the Community Eco-label Scheme an evaluation study is being carried out assessing its overall effectiveness in reducing negative environmental impacts. The Scheme's contribution to sustainable consumption and production will be assessed, and proposals will be made on how, through its revision, it should best meet the challenge of promoting sustainable development in Europe, as well as making it more attractive to economic operators and in particular to SMEs. This working plan should fully support the evaluation of the Scheme and its revision while not prejudicing in any way the possibility for making any changes to the Eco-label Scheme when the Regulation is revised.

⁽¹⁾ COM 2000/7: http://europa.eu.int/growthandjobs/key/index_en.htm.

⁽²⁾ COM(2001) 264 final: http://europa.eu.int/eur-lex/en/com/cnc/2001/com2001_0264en01.pdf.

⁽³⁾ COM(2003) 302 final: http://europa.eu.int/eur-lex/en/com/cnc/2003/com2003_0302en01.pdf.

⁽⁴⁾ OJ L 134, 30.4.2004, p. 1 and 114.

The fundamental aim of this revised working plan is, therefore, to build on the lessons and experience obtained from the functioning of the Eco-label scheme and lay down the programme of work for the next three years aiming at the following:

- Make the Community Eco-label a more successful and effective instrument for improving the environmental quality of goods and services.
- The revised working plan should also focus on supporting the currently on-going evaluation of the Eco-label Scheme and the upcoming revision of the Regulation.
- Continue the contribution to making consumption more sustainable, and to the policy objectives set out in the Community's Sustainable Development Strategy and the Sixth Environmental Action Programme.
- Make the most effective use of the resources allocated to the scheme by the Commission, the Member States and the members of the European Union Eco-Labeling Board (EUEB) ⁽¹⁾.

STRATEGY FOR THE DEVELOPMENT OF THE SCHEME

2005-2007

1. Policy and strategy towards the revision of the Eco-label Regulation

The Community Eco-label is continually developing and adapting its long-term policy and strategy. It needs to be closely integrated with the ongoing discussions and the work for the implementation of the EU Integrated Product Policy Communication and also with other legislative instruments under development, such as the proposed directive on the Eco-design of Energy-using Products (EuP), the 92/75/EEC Framework Directive for domestic appliances and the Energy Star Council Decision for office equipment, the implementation of ETAP, the Sixth Environmental Action Programme and Community's Sustainable Development Strategy. The Community Eco-label also needs to follow closely the wider developments in product eco-labelling, as well as ethical, quality and health labels, by also ensuring an appropriate involvement of the different scientific committees in order to further improve the scientific basis of the ecological criteria. Equally important are the developments in the field of Environmental Management Systems, in particular with respect to the Community Eco-Management and Audit Scheme (EMAS).

In order to manage more effectively the various related discussions and information flows, both within the Scheme and with respect to external forums, and to prepare and lead the debate on the future of the Scheme, an active Policy Management Group was set up in the first Eco-label working plan. It has delivered a very valuable contribution to the future policy and strategy of the Scheme, by addressing the issues of integration with other environmental policies, synergies with other information instruments and a wide range of long term policy issues. It has clearly identified the main challenges that the Scheme is facing at the moment and has contributed to the discussion by developing a variety of ideas about the evaluation and the revision of the Scheme. These ideas should be fed into the discussions on the revision of the Scheme where meetings involving stakeholders should be considered a priority.

Objective

It should be a priority of the EUEB, Member States and the Commission to develop and adapt the long-term policy and strategy of the Eco-label Scheme in the light of the upcoming revision of the Regulation. They should also contribute to the integration of the Eco-label in the various policy developments taking place in relation to sustainable consumption (such as IPP, EuP, Green Public Procurement, wider labelling, reduced taxation for green products, ETAP, etc.).

Actions

The EUEB, Member States and the Commission should make it a priority to input into the evaluation and revision of the Eco-label Scheme in order to help develop and adapt its long-term policy and strategy. This input should come in the form of dedicated meetings, investigations and mobilisation of expertise following the publication of the results of the study.

⁽¹⁾ Note: The Commission acts as the secretariat for the EUEB and participates in all its activities.

2. Objectives for environmental improvement and market penetration

The objectives for environmental improvement and market penetration will be set out in the light of the revision of the scheme. They will aim in particular:

- (a) to widen the number of markets potentially open to eco-labelled products by progressively expanding the range of Eco-label product groups and make it more attractive to manufacturers;
- (b) within each of these markets/product groups, to increase significantly the visibility of the Eco-label (i.e. the number of eco-labelled products on the market);
- (c) to consider the overall environmental benefits of the scheme and its contribution in making consumption more sustainable;
- (d) to further build on the potential synergies between Community Eco-label and EMAS.

(a) Product group development

Currently criteria have been adopted for 23 product groups: tissue paper, dishwashers, soil improvers, bed mattresses, indoor paints and varnishes, footwear, textile products, personal computers, laundry detergents, detergents for dishwashers, copying paper, light bulbs, portable computers, refrigerators, washing-machines, all purpose and sanitary cleaners, hand dishwashing detergents, televisions, hard floor covering, vacuum cleaners, tourist accommodation service, camp-site service, and lubricants.

A variety of conditions need to be met in order for a product group to be considered as a priority for the Community Eco-label. Article 2(2) of Regulation (EC) No 1980/2000 in particular expresses some key requirements concerning its suitability for eco-labelling. The product must be significant in terms of the internal market and be sold for final consumption or use. It must involve significant environmental impacts that can be positively influenced by consumer choice, and manufacturers and retailers must be willing to put the Eco-label on their products.

On the basis of a check-list of questions provided in the first working plan, a prioritisation study ⁽¹⁾ was carried out and the resulting prioritised product group list is presented in Appendix 1. In the light of the revision of the scheme, the EUEB and Member States should continue to develop the methodology for the prioritisation of product groups on the basis of the study and according to the recommendations for further work and improvements published in the study results. They should also extend the evaluation of the environmental benefits and marketing perspectives of the candidate product groups. The special requirements for assessing the degree of priority for services must also be further analysed.

The improved methodology should provide an objective way of prioritising product groups for goods and services. It should also take into consideration whether a given good or service has a clear relationship with existing product groups.

An ad-hoc management group should be set up to objectively and transparently specify which should be the top priority product groups.

The work done on product group development, however, should not prejudice the possibility for making changes to how product groups are dealt with in the revision of the Eco-label Scheme.

Objectives

In the light of the revision of the scheme, establish a set of product groups which forms a sufficiently complete and manageable range of products to attract retailers, manufacturers, including SMEs and consumers.

Make the best use of the resources allocated to product group development by focusing attention on those product groups which are the most suitable for the Community Eco-label.

Within five years, the number of established product groups should increase to between 30 and 35.

⁽¹⁾ AEAT in Confidence, Prioritisation of New Ecolabel Product Groups, A Report for the European Commission, DG Environment, May 2004.
http://europa.eu.int/comm/environment/ecolabel/product/pg_prioritisation_en.htm.

Actions

The priority product group list should be updated regularly, following consultation with the EUEB. On the occasion of the revision of each product group, its priority should be reassessed by the EUEB.

Taking into account the prioritisation study carried out during the previous working plan Competent Bodies and the EUEB should continue to improve the prioritisation methodology, in particular seeking to develop an appropriate weighting of the 'prioritisation questions' in the study. Amongst other factors this should take into account of the success or failure of the established product groups, the environmental benefits deriving from the candidate product groups and the special requirements for assessing the degree of priority for services, in the light of the results and orientations coming out from the ongoing evaluation of the scheme.

The Commission, the EUEB and the Member States should, in addition to carrying out the necessary revisions, aim to establish two new product groups every year. The duration of validity of product group criteria should in general be set at four to five years (although this period may be adapted on a case-by-case basis).

An ad-hoc management group of the EUEB should be established to meet once a year in order to recommend which are the top priority product groups and to advise the timetable for product group revisions. The group will also establish a methodology for defining the urgency of criteria revision based on the technical developments in the relevant fields.

The development of new product groups, however, should not prejudice the need to dedicate time and resources to inputting into the process of the revision of the Eco-label scheme.

(b) Market penetration, visibility and consumer awareness

There are four parameters for measuring the visibility of the Eco-label:

- companies: the number of companies awarded the Eco-label
- products: the number of products for which these companies have the Eco-label
- articles: the number of articles of these products marketed bearing the Eco-label
- values: the ex-factory sales value of these articles

Currently (May 2005) there are over 250 companies that use the Community Eco-label (compared with 87 in August 2001), on several hundreds of their products. Textiles, indoor paints and varnishes, and tourist accommodation service are the most successful product groups in terms of the number of applicants. The distribution of Community Eco-label holders and their products over the European Union and the European Economic Area is still fairly uneven but shows a much better and more balanced coverage of products compared with the past.

The number of Community Eco-label articles sold in 2004 is estimated to be around 400 million (compared with 54 million in 2001), with an ex-factory sales value estimated at EUR 700 million compared with EUR 114 million in 2001.

In terms of actual market penetration, Community Eco-labelled products are however still relatively insignificant, currently still accounting for far less than 1 % of the total market for the different product groups.

The main objective of the scheme should be to improve significantly its attractiveness to economic actors as well as to increase considerably the number of labelled products in order to make the Eco-label visible on the market and increase its environmental impact. At the same time, it should aim to continuously reinforce this visibility so as to move towards the full theoretical potential for market penetration of the Eco-label, which generally lies between 5 % and 25 % of the overall market (depending on the product group in question and the selectivity of its related Eco-label criteria).

In this respect, the Eco-label Competent Bodies should continue identifying target product groups in each Member State. An integrated marketing strategy could significantly improve consumer orientation and market attractiveness, as the European Flower Week of October 2004 has successfully proven.

The experience gained shows that the demand side has to be more proactively considered and the recent experience of the European Flower Week 2004 shows that a combined supply-demand strategy could make the difference.

It is very important to promote the recognition of the Community Eco-label within all Member States and to motivate companies to apply for it and to emphasise the practical benefits that they can gain from it.

The need for a common consumer survey methodology has arisen from the work of marketing management group throughout the implementation of the first working plan. Surveys need to be undertaken to monitor the degree of recognition and to follow the development of consumer awareness. It will be important to promote the recognition of the Community Eco-label in all Member States and at the same time to share experiences in the implementation of the Eco-label between the 'old' and 'new' Member States.

A series of brochures, explaining the aims and meaning of the Eco-label for specific product groups, are being prepared by the Commission to accompany Eco-labelled products as they are sold to the consumer. A variety of brochures aiming at providing producers and retailers with information on the leading product group criteria have also been developed (general, textile products, footwear, laundry detergents, paints and varnishes). This material should be further improved and distributed systematically by the members of the EUEB.

In order to optimise the use of marketing resources Member States should work in co-operation with producers with the aim of organising common marketing campaigns in their countries.

Objectives

Annual increase of at least 50 % of the value and/or number of Eco-labelled articles.

Achieve before the end of the working plan a minimum level of visibility in all the Member States, including a methodology on how to measure it in a cost-effective way.

All relevant manufacturers and retailers should be aware of the Community Eco-label and in the long-term, more than half of European consumers should recognise the Community Eco-label logo as a label of environmental excellence.

Actions

Before the end of the first year of the implementation of this working plan the Marketing Management group, with input from the Member States, should make recommendations on how 'Market penetration, visibility and consumer awareness' can be measured and on what the target levels of such awareness should be, taking into consideration the experienced gained from the Flower Week campaign of 2004.

The EUEB should improve the reporting mechanisms already in place to establish annual statistics for tracking this market penetration for the different product groups.

The EUEB, Member States and the Commission should promote the Community Eco-label in order to reach the agreed targets. In particular, retailers and public procurement officers (see below) should be targeted. These actions should be reported (and information on them exchanged) during the EUEB meetings at least once a year. In parallel, feedback from stakeholders should be systematically sought and taken into account.

To this end each Member State should develop a marketing strategy which should include the relevant activities in order of priority.

Alliances with all interested parties (including NGOs, producers, consumer organisations and retailers) must be built up, as appropriate, in order to increase the knowledge of the scheme in these organisations and encourage marketing of the Flower through their contact networks.

The EUEB, Member States and the Commission should promote the sharing of experiences in the implementation of the Eco-label between the 'old' and 'new' Member States e.g. in the form of organised tutoring sessions.

See also joint promotional actions (sections 4b and 5)

(c) Environmental benefits

The overall objective of the Eco-label is to promote products which have the potential to reduce negative environmental impacts, on the basis of scientific evidence and in line with Article 1(4) of the Eco-label Regulation (Regulation (EC) No 1980/2000), as compared with the other products in the same product group, thus contributing to the efficient use of resources and a high level of environmental protection. In doing so it contributes to making consumption more sustainable, and to the policy objectives set out in the Community's Sustainable Development Strategy (for example in the fields of climate change, resource efficiency and eco-toxicity), the Sixth Environmental Action Programme, and the Communication on Integrated Product Policy.

Previous studies and reports have shown that the specific environmental benefits of Eco-labels are difficult to calculate due to the difficulty of isolating and measuring these from environmental benefits achieved via other environmental measures. Whereas direct benefits relate mainly to the environmental savings that could be gained if the market share of eco-labelled products were to increase, indirect benefits take account of other positive effects the Eco-label has had, and could potentially have, in the future. The recently completed study on the Direct and Indirect Benefits of the Community Eco-label shows that with a 20 % increase of its market uptake the Community Eco-label could achieve significant savings through its indirect benefits, potentially working as one of the more cost-effective instruments for reducing emissions of CO₂ compared with a basket of other policy and programme activities.

Public procurement accounts for approximately 16 % ⁽¹⁾ of total EU GDP and purchasers in companies and other governmental and non-governmental organisations should be encouraged more systematically to use Eco-label criteria or equivalent in their calls for tender. The recently published Handbook on Environmental Public Procurement contributes significantly in this direction.

The awareness of purchasers is, however, not yet high enough to have significant effects on the market. Thus, one specific objective should be to increase in particular public purchaser demand for green products over the next three years. Measures to increase such demand should be explored.

Objectives

Enhance sustainable consumption and reinforce the policy objectives set out in the Community's Sustainable Development Strategy, the Sixth Environmental Action Programme and the Communication on IPP.

Public procurement officers should be informed as soon as possible of the possibilities of using the Community Eco-label criteria or equivalent in their calls for tenders.

Actions

The EUEB should continue to work to estimate the direct and indirect environmental benefits of the Eco-label as a whole. The potential benefits should also be systematically estimated for all new or revised product group criteria.

The EUEB, Member States and Commission should inform public and private procurement officers on the opportunities for using Community Eco-label criteria or equivalent in their calls for tenders.

(d) Synergies between Community Eco-label and EMAS

The complementary and mutually supportive roles of the Community Eco-label and EMAS need to be analysed and upgraded to a real partnership in light of the revision of the two schemes. Close co-operation and a clear understanding of how they will work together is essential to assure the success of both schemes. As was stated in the previous working plan, a company that has EMAS or ISO 14001 is clearly one that is systematically managed from the environmental point of view and is continuously improving its environmental performance over and above minimum legal requirements. A product bearing the Community Eco-label is clearly one of the best from an environmental point of view. A company with EMAS would benefit from using the Community Eco-label criteria in its environmental policy as a clear and positive environmental objective for its products. Clear environmental performance targets can be drawn from the implementation of the Eco-label criteria. A company that has, or wants, the Eco-label for its products would benefit from using EMAS to manage and maintain its compliance with all the related criteria, while at the same time profiting from the expanded marketing opportunities. Under the Community Eco-label Scheme, various fee reductions e.g. for EMAS and ISO 14001 certified companies, SMEs and first movers have become possible.

⁽¹⁾ Commission's report on the economic effects of public procurement 'A report on the functioning of public procurement markets in the EU: benefits from the application of EU directives and challenges for the future', 3.2.2004.
http://europa.eu.int/comm/internal_market/publicprocurement/docs/public-proc-market-final-report_en.pdf.

3. Co-operation, co-ordination and linkages between the EU scheme and other Type I Eco-label schemes in the Member States

As stated in the previous working plan, co-ordination and co-operation between the Community Eco-label and other Eco-labels in the Member States should progressively become more systematic and comprehensive. This could increase the economic efficiency of the scheme and would help to reduce potential distorting trade impacts. For this purpose, the permanent Co-operation and Co-ordination Management Group was set up, and has met about four times per year.

In the light of the experience gained during the last three years in the Co-operation and Co-ordination Management Group, the objectives related to co-operation and co-ordination are still valid. The group has not achieved all of its theoretical potential yet.

Main positive results are concentrated in two areas: a lot of information has been gathered on how competent bodies work, and as a consequence of this, actions have been taken to harmonise the procedures of the different competent bodies. This is an important step forward, as the credibility of the system requires that homogeneous procedures are applied by all competent bodies.

However, co-operation and co-ordination between the Community Eco-label and other Eco-label schemes in the Member States clearly still has a long way to go as a high level of co-operation demands a high level of commitment from all parties.

In order to improve this situation several actions have been taken within the framework of the previous working plan, such as actively contacting national Eco-label schemes to encourage them to further co-operate with the Community Eco-label. Initiatives taken by the Co-operation and Co-ordination Management Group include organising a meeting between the Community Eco-label and the chairs or representatives of the national Eco-label schemes, as well as exploring the similarities of stakeholder involvement and verification between the Community Eco-label and other national labels. Other actions consist of exploring the harmonisation of product group criteria, with encouraging results in some Member States, e.g. Austria. Important work in this area is still under way.

As stated in the previous working plan, considerable resource savings will be achieved by a better co-ordination of product group development.

Last but not least, enlargement, with 10 new Member States, has brought in some new national Eco-labels, which open up new opportunities for co-operation – as well as new challenges.

Objective

Exploit the synergies between the Community Eco-label and other Eco-labels in the Member States by progressively and systematically stepping up the co-operation, co-ordination and linkages between them, specifically with a view to the revision of the Eco-label scheme.

Actions

The co-operation and co-ordination management group should prepare and implement a strategy on how to encourage the national Type I Eco-labels to further co-operate and link with the Community Eco-label.

(a) Co-ordination of product group development

The Community Eco-label and the other labels should systematically exchange information on their existing product groups and on their programmes for product group development, and should where appropriate co-ordinate their efforts, pooling resources, expertise, and results. This would lead to mutual savings, clarification of the respective roles of the different schemes, and facilitate harmonisation (in cases where similar labels have similar objectives). All the bodies involved should work to develop their thinking on how the Community Eco-label and other labels can best interact in the long term in light of the upcoming revision of the Community Eco-label Regulation.

During the previous working plan this has been done (for example with the 'Nordic Swan' and the 'Stichting Milieu-keur') but co-operation has not been systematic and more effort is necessary to reach a threshold level of harmonisation. The co-ordination efforts between the Community Eco-label and the national schemes will now focus in the areas of product group development prioritisation, convergence, awareness raising with respect to specific needs and conditions at a national level – all in relation to providing input for the revision of the Eco-label Regulation.

In order to make the process of co-ordination clearer and more systematic, the position of the Member States on the strategy regarding the relevant national schemes should be made explicit at the beginning of the development or revision of the product group. In particular, when Community Eco-label criteria already exist for a product group and the Member State independently decides to develop new criteria for its national label, the reasoning behind the criteria development work and the specific national conditions that make it necessary should be discussed at the EUEB.

Objective

Progressively enhance co-ordination of product group development in the different labelling schemes in the EU, specifically in light of the revision of the Eco-label scheme.

Actions

The EUEB should encourage co-operation with the national labels in Member States in order to review and catalogue all product groups covered by Eco-labels in the EU and continue the work on establishing and updating a central register of these product groups and their criteria. This work should be used to consider how the revision of the Community Eco-label Regulation can contribute of the better co-ordination with national and international labels.

The EUEB and the other labels in the Member States should progressively co-ordinate their work programmes and systematically exchange information.

The EUEB should take into account relevant work being carried out with the Global Eco-labelling Network (GEN), again, in light of the revision of the Eco-label scheme.

- (b) **Joint actions to promote the Community Eco-label Scheme and other Eco-labels in Member States, and their eco-labelled products, in order to raise consumer awareness and understanding of the common and complementary roles of the schemes**

As stated in the previous working plan, information should be given to the different stakeholders explaining the environmental value of the different Eco-labels in Europe, presenting the different schemes not as competitive, but rather as complementary.

This requires a lot of joint discussion between the Community Eco-label and the national labels to arrive at a common understanding and presentation of the schemes and of their common and complementary aims and roles.

Joint promotional campaigns for common product groups, a joint web-site/database, mutual recognition mechanisms and specially adapted fees for producers applying for both schemes should be further explored.

Objective

Study examples of where the Community Eco-label and other Eco-labels in the Member States are strongly complementary, and investigate possible joint actions.

Actions

The Co-operation and Co-ordination Management Group, the Commission, the Member States and the other labels in the Member States should jointly develop a list of common roles and aims of national labels and the Community Eco-label.

The EUEB and the other labels in Member States should explore the possibilities of developing a joint 'green store' of eco-labelled products on the internet (and/or related actions). If favourable, a timetable and budget for its realisation should be proposed.

The Commission, in consultation with the EUEB has adapted the Community Eco-label fee structure to offer an appropriate discount to applicants who want both the Community Eco-label and one or more of the other labels in the Member States ⁽¹⁾. The other labels in the Member States should be encouraged to do the same.

⁽¹⁾ Commission Decision 2000/728/EC of 10 November 2000 establishing the application and annual fees of the Community Eco-label (OJ L 293, 22.11.2000, p. 18). Commission Decision 2003/393/EC of 22 May 2003 amending Decision 2000/728/EC establishing the application and annual fees of the Community Eco-label (OJ L 135, 3.6.2003, p. 31).

4. Joint actions on promotion

A voluntary scheme can only be successful and have a significant impact on the market if it provides an economic incentive for potential applicants and it is supported by a significant amount of marketing and promotion activities. Article 10 of the revised Regulation (EC) No 1980/2000 calls upon Member States and the Commission, in co-operation with the members of the EUEB, to promote the use of the Community Eco-label by awareness-raising actions and information campaigns for consumers, producers, traders, retailers and the general public. The involvement of different stakeholders and in particular of those who can act as multipliers (such as the retail sector, and consumer and environmental NGOs), is of crucial importance.

The EUEB should continue to organise regular meetings of the Marketing Management Group at least twice a year, devoted essentially to marketing, promotion and strategic development.

A joint use of the existing resources could allow the preparation of more ambitious campaigns devoted to consumers, such as the 'Flower Week' in October 2004.

Objective

The EUEB, the Commission and the Member States should, to an appropriate degree, co-ordinate their marketing efforts and develop and implement joint actions.

Actions

The marketing management group should meet at least twice a year to discuss marketing and promotion with respect to the strategic development of the Scheme.

As stated in the previous working plan, the EUEB, the Commission and the Member States should jointly identify the different key target groups and define and implement a strategy for each.

(a) Joint promotion activities to improve stakeholder awareness

The main objective is to continuously inform manufacturers, consumers and multipliers (retailers and NGOs), indeed all stakeholders, about the Community Eco-label and its developments. Printed material (brochures and newsletters, articles) and the website are some of the appropriate means. In parallel, feedback from stakeholders should be systematically sought and taken into account.

A complete range of brochures has been developed by the Commission and different competent bodies and is systematically made available to relevant stakeholders as well as being regularly updated and improved. During the last three years efforts have been made to make better use of the limited resources in developing brochures, newsletters and information material and to diffuse them more systematically to key target groups.

Similarly the Community Eco-label website (<http://europa.eu.int/ecolabel>) has been a successful source of all relevant information and has been regularly updated. The number of hits has been constantly rising, and is currently at about 75 000 per month. To reinforce its credibility and transparency, regular input has been encouraged from all stakeholders, including industry, consumers and environmental NGOs. It is important to continue this working line and to further develop the website to its full potential.

Apart from providing the appropriate information tools, it is also important to consider events, such as exhibitions and fairs, at which to present the Community Eco-label to a broader public. So far no systematic analysis was done to investigate which exhibitions or fairs are most suitable to promote the Scheme, although this has been done on an ad hoc basis, mainly during the targeted marketing actions. Another important aspect that has been explored is the possibility of using eco-labelled products at 'mega-events' such as world championships, the Olympic Games or festivals, etc. Results have been very positive, as for example during the Athens Olympic Games 2004 and the Winter Olympic Games 2006 in Turin.

The objectives and implementing measures stated in the previous working plan remain valid for the revised working plan.

Objective

Continuously inform all stakeholders about the Community Eco-label and its developments. In parallel, feed-back from stakeholders should be systematically sought and taken into account.

Actions

The EUEB and Member States should work closely with the Commission to:

- *update and improve the Eco-label website,*
- *continue to develop and distribute brochures and other awareness raising printed materials,*
- *provide stakeholders with information that clarifies the procedures, time and costs related to applying for the Eco-label,*
- and*
- *draw up a list of events where the Eco-label should be promoted.*

The EUEB should investigate complimentary information tools (databases, guidelines etc.) to be provided to applicants.

The Competent Bodies together with the Helpdesk shall collect information from each licence holder on where their products are sold.

(b) Joint promotion activities to improve public and private purchaser awareness

Information to purchasers is available on both the legal framework (how a purchaser can incorporate the Eco-label criteria in his calls for tenders) and on the performance-based environmental requirements as described in the Eco-label criteria documents for the different product groups. The role of the Eco-label website is important in this respect. Appropriate material facilitating the use of the Community Eco-label criteria in public purchasing should be developed, for example simplified check-lists for all product groups. Joint meetings between the EUEB and public purchasers should be organised, and national and/or regional campaigns should also be considered.

Objective

In the short-term, public procurement officers should be informed of the possibilities of using the Eco-label criteria or equivalent in their calls for tenders.

Actions

The EUEB, Commission and Member States should, in co-operation with responsible officers dealing with Green Public Procurement in public administrations, develop a joint strategy and a series of joint actions to promote the use of the Community Eco-label criteria or equivalent in public and private procurement.

The EUEB, Commission and Member States should ensure the widest possible diffusion of the Handbook to public purchasers and should develop relevant material. They should also organise training and information sessions and other relevant actions in co-operation with EMAS. Relevant information should be placed on the Eco-label website.

(c) Joint promotion and support to SMEs and distributors

During the last three years, the participation of the SMEs in the general meetings, but also in the working groups developing the criteria for the different product groups has been one of the key priorities of the Community Eco-label. SMEs do not always have the appropriate means or information to appreciate the opportunities offered by the Eco-label and to prepare a successful application. They should be assisted by networks involving other applicants, interest groups, competent bodies and other relevant organisations such as business federations or regional authorities.

Retailers, as the gate-keepers between manufacturers and consumers, also have a key role to play. They could, for example, use the Eco-label to enhance the quality image of their own-brand products, as well as seeking to offer other eco-labelled products to their customers. Developing strategic partnerships with retailers should therefore be a priority.

Actions

The EUEB should develop a strategy and actions for setting up Eco-label support networks for the SMEs.

The Competent Bodies of the EUEB should develop strategic partnerships with retailers.

5. Planned financing of the scheme

Because of the involvement of many organisations, including public administrations (the Commission budget, for example, is annual), it has been difficult to establish precise budgets during the last three years.

The requirements of the Community Eco-label Scheme have two main components: the resources for product group development and those for marketing and promotion.

The estimated resources devoted to the Scheme in 2003 (Commission plus Member States), were about EUR 3,2 million (not including salaries). The financial funding from fees was about EUR 370 000, which represents about 11,5 %. This means that the self-financing capacity of the Scheme is slightly above 10 %, which is far from the long term aim of self-financing.

The resources devoted to the Scheme have been adequate for the development and revision of the product groups during the last three years. They have been used in a very effective way. The increasing number of product groups and the consequent increase in the relevant marketing will logically lead to an increase in the Scheme's budget needs. The Scheme's budget therefore needs to be analysed in connection with the overall strategy of the development of product group criteria.

Objective

The long-term objective should be to achieve the self-financing of the Scheme and feasible short-term objectives should be set up and monitored in order to achieve it.

Actions

Before the end of the validity of this working plan, an analysis shall be carried out by the EUEB, in order to set up a coherent and realistic strategy aiming at the possibility of self-financing of the Scheme. This strategy should include a methodology for common measurement of spending and revenue from the Eco-label scheme by each Member State and on the associated reporting of financing.

*Appendix 1***Non-exhaustive list of priority product groups (*)**

Possible new product groups:

Passenger transportation services
Toys and games
Heating system (room)
Retail services
Shopping bags
Toiletries
Rubbish bags
Adhesives
Water heating system
Building components including insulation
Tyres
Small household electrical equipment
Sanitary products
Car wash services
Leather products including gloves
Dry cleaning services
Building services
Copiers
Socially responsible investment funds
Mechanical repair services
Tableware
Delivery services
Air Conditioning

(*) It should be stressed that this is non-exhaustive, as laid down in Article 5 of Regulation (EC) No 1980/2000. At any time, the Commission may give a mandate to the EUEB to develop and periodically review the ecological criteria, as well as the assessment and verification requirements, for a product group that is not listed in Appendix 1. The list may (shall) also be updated during the period of validity of this revised working plan (in accordance with the procedure laid down in Article 17 of Regulation (EC) No 1980/2000), and new product groups may be added.