



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 19 June 2006

10506/06

**PESC 588
COEST 183
OC 465**

"I/A" ITEM NOTE

From : General Secretariat of the Council
To : Coreper / Council
Subject : Draft Council Joint Action regarding a further contribution of the European Union to the conflict settlement process in Georgia/South Ossetia
COMMON GUIDELINES
Consultation deadline for Bulgaria and Romania: 21.06.2006

1. On 22 May 2006, the Eastern Europe and Central Asia Working Party agreed to continue the support to the settlement process in Georgia/South Ossetia.
2. On 7 June 2006, the Foreign Relations Counsellors Working Party reached agreement on the text of a draft Council Joint Action regarding a further contribution of the European Union to the conflict settlement process in Georgia/South Ossetia and on the related financial statement submitted by the Commission, as annexed hereto. The financial reference amount is EUR 140 000.
3. In these circumstances, Coreper is invited to confirm the agreement on the draft Joint Action and on the relevant financial statement and recommend that the Council adopt the Council Joint Action regarding a further contribution of the European Union to the conflict settlement process in Georgia/South Ossetia as set out, after finalisation of the text by the legal/linguistic experts, in document 10183/06 PESC 546 COEST 180 OC 458.

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): External Relations
Activity(ies): CFSP – Common Foreign and Security Policy

Title of action: Implementation of COUNCIL JOINT ACTION 2006/___/CFSP of ___ 2006 regarding a further contribution of the European Union to the [OSCE-led] conflict settlement process in Georgia/South Ossetia

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

19 03 03 “Conflict Resolution, verification, support for the peace process and stabilisation”

2. OVERALL FIGURES

2.1. Total allocation for action: € 140,000 for 2006 commitment

2.2. Period of application:

The operation’s duration of execution will be 12 months. Implementation will start after the signature of a grant agreement between the Commission and the implementing body, and not before 17 July 2006, when the present agreement terminates.

2.3. Overall multiannual estimate on expenditure:

a) Schedule of commitment appropriations/payment appropriations (financial intervention)

(see point 6.1.1)

[€ million (to 3rd decimal place)]

	Year n [2006]	n + 1	n + 2	n + 3	n + 4	n + 5 and subs. Years	Total
Commitments	0.140						0.140
Payments	0.108	0.032					0.140

b) Technical and administrative assistance and support expenditure (see point 6.1.2)

N/A

c) Overall financial impact of human resources and other administrative expenditure

(see points 7.2 and 7.3)

N/A

TOTAL a+b+c							
Commitments	0.140						0.140
Payments	0.108	0.032					0.140

2.4. Compatibility with financial programming and the financial perspective

- Proposal compatible with the existing financial programming
- This proposal will entail reprogramming of the relevant heading in the financial perspective
- This may entail application of the provisions of the Interinstitutional Agreement

2.5. Financial impact on revenue:

- No financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA participation	Participation applicant countries	Heading Financial Perspective
Non-comp DNO	Diff/ CD	NO NON	YES [Norway]	NO NON	No 4

4. LEGAL BASIS

Treaty on European Union, in particular Article 14 thereof
 Treaty establishing the European Community
 Council Regulation (EC) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, in particular Article 75(2) thereof

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The General Objectives of this follow-up Action build upon the achievement of the current action, which will terminate on 30 June 2006 [the contract terminates on 17 July 2006], and seek to ensure a continuation and further progress of the conflict settlement process in Georgia/South Ossetia, namely:

- to contribute to the creation of the conditions for the Georgian and South Ossetian sides¹ to achieve political progress towards a lasting and peaceful settlement of their differences, and
- to demonstrate the EU's commitment to supporting efforts to prevent and resolve conflicts in the Southern Caucasus.

5.1.2. Measures taken in connection with ex ante evaluation

This Joint Action follows three Joint Actions in support of the JCC, adopted in 2001, 2003 and 2005 respectively. Each Joint Action is preceded by an assessment by the Council.

5.1.3. Measures taken following ex post evaluation

Acknowledging the rather positive impact of the EU grants towards the overall peace process, the JCC Co-Chairmen and the OSCE Mission to Georgia have now appealed for follow-up assistance. The current Grant Agreement, concluded between the Commission and the OSCE Mission to Georgia, ends on 17 July 2006. Disbursement of financial aid provided under this new Joint Action will be conditional upon the holding of regular meetings of the JCC and the other mechanisms in the JCC framework within twelve months of the starting date of the financing agreement to be concluded between the Commission and the OSCE Mission to Georgia. Both the Georgian and South Ossetian sides should make demonstrable efforts to achieve real political progress towards a lasting and peaceful settlement of their differences.

An external Audit was launched by the Commission in 2004 and finalized in 2005.

5.2. Actions envisaged and arrangements for budget intervention

To help achieve the objectives indicated under 5.1.1. above and to assist the activities of the Joint Control Commission [JCC], its Steering Committee [SC] and the Experts' and other Groups, the EU will contribute in the form of a Grant to the OSCE. ***This follow-up Grant will cover in particular mission expenses [transportation, hotel, subsistence] of the Georgian and South Ossetian Delegations to meetings in the framework of the JCC, as well as some running costs for the respective Secretariats.***

¹ "South Ossetia" was formerly the "South Ossetian Autonomous Region", which is part of "Georgia", where it is today technically referred to as the "Tskhinvali Region", the legal status of which has not yet been distinguished (this is the main reason for the differences). It borders on the "Republic of North Ossetia - Alania" in the north, which is part of the "Russian Federation".

5.3. Methods of implementation

While the Commission is entrusted with taking all the measures required to make available the financial resources and allocate the grant, the OSCE Mission to Georgia shall be responsible for its implementation [reimbursing mission expenses, organisation of conferences under the aegis of the JCC, etc.]. The grant agreement will stipulate that the OSCE Mission to Georgia shall ensure visibility of the EU contribution to the project and shall provide the Commission with regular reports on its implementation.. A standard Grant Agreement for an Action will be concluded between the Commission and the OSCE Mission to Georgia.

6. FINANCIAL IMPACT

6.1. Total financial impact (over the entire programming period)

6.1.1. Financial intervention [Commitments in € million (to the 3rd decimal place)]

Breakdown	Year N [2006]	N+1 [2007]	Total
Contribution EC	0.140	--	0.140
Germany (*)	p.m.	p.m.	p.m.
Norway (*)	p.m.	p.m.	p.m.
OSCE Mission to Georgia (*)	p.m.	p.m.	p.m.
TOTAL	0.140		0.140

(*) These two countries pledged to fund the editing and printing of the JCC Newsletter, the OSCE parts of the running costs

6.1.2. *Technical and administrative assistance, support expenditure and IT expenditure (Commitment appropriations)*

N/A

6.2. Calculation of costs by measure envisaged (over the entire programming period)

The costs indicated under 6.3. are based on a budget table received from the OSCE Mission to Georgia.

6.3. Itemised Breakdown of costs [indicative]

2006-2007 EU Contribution to Support JCC Activities

BUDGET OF THE ACTION

Project Title

Project Budget*****	12 MONTHS			
	Expenses	Unit	# of units	Unit rate (in EUR)
1. Human Resources				
1.1 Salaries (gross amounts, local)		N.A.		-
1.2 Salaries (gross amounts, expat/int. staff)		N.A.		-
1.3 Per diems for missions/travel				
1.3.1 Abroad (project staff)	Per diem			-
1.3.2 Local (project staff)	Per diem			-
1.3.3 JCC meetings (Per diem)				
1.3.3.1 2xJCC Moscow x12 pers. x3 days xEUR 70		72	70	5.040
1.3.3.2 2xJCC Vladikavkaz x12 pers. x3 days xEUR 70		72	70	5.040
1.3.3.3 2xJCC Tskhinvali x12 pers. x3 days xEUR 70		72	70	5.040
1.3.3.4 2xJCC Tbilisi x12 pers. x3 days xEUR 70		72	70	5.040
1.3.3.5 2xJCC/ SC Vienna x10 pers. x 3days xEUR 70		60	70	4.200
1.3.4 JCC meetings (Accommodation)				
1.3.4.1 2xJCC Moscow x12 pers. x3 days xEUR 150		72	150	10.800
1.3.4.2 2xJCC Vladikavkaz x12 pers. x3 days xEUR 80		72	80	5.760
1.3.4.3 2x JCC/SC Vienna x10 pers.(+2 interp) x3daysxEUR 150		72	150	10.800
1.3.5 Steering Committee meetings	Per month	2	200	4.800
1.3.5.1 2x SC Yerevan x10 pers. x4 days xEUR 70 (Per diem)		80	70	5.600
1.3.5.2 2x SC Baku x10 pers. x4 days xEUR 70 (Per diem)		80	70	5.600
1.3.5.3 2x SC Yerevan x10 pers.4 x days xEUR 80 (Accommodation)		80	80	6.400
1.3.5.4 2x SC Baku x10 pers. X 4 days xEUR 80 (Accommodation)		80	80	6.400
Subtotal Human Resources				80.520
2. Travel				
2.1. International travel	Per flight			-
2.1.1 Tbilisi-Moscow, 2xJCC x 6 pers.		12	300	3.600
2.1.2 Vladikavkaz-Moscow, 2xJCC x 6 pers.		12	220	2.640
2.1.3 Tbilisi-Vienna, 2 SC x 5 pers.(+2interpreters)		14	700	9.800
2.1.4 Vladikavkaz-Moscow-Vienna,2 x SCx 5 pers.		10	800	8.000
2.1.5 Tbilisi-Baku, 2 x SC x 5 pers.		10	300	3.000
2.1.6 Minvodi-Baku, 2 SC x 5 pers.		10	270	2.700
2.1.7 Minvodi-Yerevan, 2 SC x 5 pers.		10	270	2.700
2.2 Local transportation (over 200 km)	per trip	15	200	3.000
2.2.1 Local transportation between Tbilisi-Tskhinvali	per month	12	100	1.200
Subtotal Travel				36.640

3. Equipment and supplies***				
3.1 Purchase or rent of vehicles	---	N.A.		
3.2 Office furniture, computer equipment incl. printer, mobile phones, internet connection, air conditioning, electric generator	Per side	N.A.		
3.3 Spare parts/equipments for machines, tools		N.A.		
3.4 Other		N.A.		
Subtotal Equipment and supplies				-
4. Local office/project costs				
4.1 Vehicle costs	---	N.A.		
4.2 Office rent		N.A.		-
4.3 Consumables - office + medical supplies	Per side	2	1.000	2.000
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per side	2	1.000	2.000
Subtotal Local office/project costs				4.000
5. Other costs, services				
5.1 Publications**		N.A.		
5.2 Studies, research**		N.A.		
5.3 Auditing costs		N.A.		
5.4 Evaluation costs		N.A.		
5.5 Translation, interpreters (Vienna x2pers.x3days)		6	200	1.200
5.6 Financial services (bank guarantee costs etc.)		N.A.		
5.7 Costs of conferences/seminars				
5.7.1 Meeting room rental, JCC/SC Vienna x 3 days		3	600	1.800
5.7.2 Meeting room rental, 2x SC Yerevan x 3 days		6	150	900
5.7.3 Meeting room rental, 2x SC Baku x 3 days		6	150	900
Subtotal Other costs, services				4.800
6. Real Estate and works****		N.A.		
7. Other		N.A.		
Subtotal Other costs, services				
8. Subtotal direct project costs (1.-7.)				125.960
9. Administrative costs (7 % of 8., direct eligible project cost)	[7%]			8.817
10. Total eligible project costs (8.+ 9.)				134.777
11. Contingency reserve* (maximum 5 % of 10., total eligible project costs)	3,73			5.223
12. Total costs(10.+11.)				140.000

The authorising officer responsible is hereby authorised to vary each of the above amounts related to the budget of this JA according to exact operational requirements and possibilities and in keeping with sound financial management, while not exceeding the overall amount of the financing decision.

6.4. Financial Precedents [EUR]

<u>Council Joint Action</u>	Budgetary Year	Credits for Commitments	Commitments
CO COUNCIL JOINT ACTION 2001/759/CFSP of 29 October 2001 regarding a contribution of the European Union to the [OSCE-led] conflict settlement process in South Ossetia [Georgia]	2001	210 000	210 000
CO COUNCIL JOINT ACTION 2003/473/CFSP of 25 June 2003 [OJ L 157 of 26.6.2003, p. 73] regarding a contribution of the European Union to the [OSCE-led] conflict settlement process in South Ossetia [Georgia]	2003	160 000	160 000
CO COUNCIL JOINT ACTION 2005/561/CFSP of 18 July 2005 [OJ L 189 of 21.7.2005, p. 69] regarding a contribution of the European Union to the [OSCE-led] conflict settlement process in South Ossetia [Georgia]	2005	133 000	133 000

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

- 7.1. Impact on human resources *p.m.*
- 7.2. Overall financial impact of human resources *p.m.*
- 7.3. Other administrative expenditure deriving from the action *p.m.*

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The Council's COEST Group, based on a need-assessment by the EUSR for the South Caucasus in association with the Commission, will suggest if there should be any follow-up to this action, 10 months after the entering into force of this JA.

8.2. Arrangements and schedule for the planned evaluation

The Commission may conduct controls, on-the-spot checks and an evaluation of the action in the context of its budgetary execution competence.

9. ANTI-FRAUD MEASURES

Controls may be undertaken by the Commission services, including OLAF, as well as by the European Court of Auditors.