



**COUNCIL OF
THE EUROPEAN UNION**

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PROPOSAL

from:	European Commission
dated:	9 December 2011
No Cion doc.:	COM(2011) 846 final
Subject:	Proposal for a Council decision on relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

Encl.: COM(2011) 846 final



EUROPEAN COMMISSION

Brussels, 7.12.2011
COM(2011) 846 final

2011/0410 (CNS)

Proposal for a

COUNCIL DECISION

**on relations between the European Union on the one hand, and Greenland and the
Kingdom of Denmark on the other**

{SEC(2011) 1484 final}

{SEC(2011) 1485 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Prior to 1982 Greenland was considered as a part of the European Union (EU) through Denmark, allowing for EU vessels to fish in Greenlandic waters. Following 1982, Greenland withdrew from the EU, and became associated as an Overseas Country and Territory (OCT) through the Greenland Treaty. The treaty emphasised the need to maintain the close relation between the EU and Greenland, notably the development needs of Greenland and fishing rights of the EU.

A fisheries agreement was signed on 13 March 1984. Following the Mid-Term Review of the Fourth Fisheries Protocol, the European Council (2003) concluded that an arrangement should take into account the importance of fisheries and the structural development problems in Greenland. The Joint Declaration between the EU, Greenland and Denmark, defined the common objectives of a new partnership and was the political basis for the Council Decision 2006/526/EC, which defined the framework for cooperation between the parties for the period 2007-2013. The partnership defined in Council Decision 2006/526/EC is concluding on the 31 December 2013.

Without prejudice to the existing EU/Greenland Fisheries Partnership Agreement, the increased geostrategic importance of Greenland, and the importance of the Arctic region for the EU and its climate induced increased accessibility, as well as the structural weaknesses of Greenland, justifies a new instrument in order to respond to these developments.

The partnership between the European Union, Greenland and Denmark shall facilitate consultations and policy dialogue on the objectives and areas of cooperation established through this Decision. Particularly the partnership shall define the framework for policy dialogue on issues of common interest for either partner, providing the basis for broad cooperation and dialogue in areas such as:

- Global issues such as energy, climate change and environment, natural resources, including raw materials and excluding fisheries products, maritime transport, research and innovation.
- Arctic issues, within areas of interest to the European Union.

The specific objectives of the partnership are:

- To assist Greenland in addressing its major challenges in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve the Greenlandic information systems in the field of Information and Communication Technologies.
- To reinforce the capacity of the Greenlandic administration to better formulate and implement national policies in particular in new areas of mutual interest as identified in the PDSO referred to in Article 4(2).

The areas of cooperation of the partnership would be:

- (a) education and training, tourism and culture;
- (b) natural resources¹, including raw materials;
- (c) energy, climate, environment and biodiversity
- (d) international cooperation on Arctic issues, such as Arctic Council, maritime transport and exploitation of natural resources;
- (e) The social sector; mobility of workforce; social protection systems; food safety and food security issues;
- (f) Research and innovation in areas such as energy, climate change, disaster resilience, natural resources, including raw materials, and sustainable use of living resources.

The new partnership will also attempt to respond to the need of the EU and of Greenland to mutually address challenges emerging from global issues such as climate change and environment, maritime transport, research and development. Furthermore, the partnership will contribute to addressing the issue of structural weaknesses of the Greenlandic economy by providing the appropriate framework for the formulation and implementation of policies by the competent authorities that would lead to the diversification of the economy.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The Commission held a public consultation on future funding for EU external action between 26 November 2010 and 31 January 2011. A majority of the respondents confirms that EU financial intervention provides a substantial added value in the main policy areas supported through EU financial instruments for external action².

Over two thirds of respondents believe that EU interests are sufficiently taken into account in its external action, and that the latter should be based to a larger extent on EU values and principles, and on development objectives of the partner countries. Increased flexibility of the geographic limits of EU instruments is supported by a significant majority of respondents as a way to respond to interregional challenges.

Several assessments and evaluations have been made about the EU's cooperation with OCTs, and stakeholders were furthermore consulted. In that context the European Commission organised a public consultation that ran from July to October 2008³, which included a

¹ Natural resources do not include fisheries products, that are subject to another arrangement between the EU and Greenland.

² i.e. peace and security, poverty reduction, humanitarian aid, investing in stability and growth in enlargement and neighbourhood countries, tackling global challenges, promoting EU and international standards and values, and supporting growth and competitiveness abroad

³ <http://ec.europa.eu/development/how/consultation/index.cfm?action=viewcons&id=3841>

stakeholder conference in Brussels in October 2008.⁴ A mid-term review of the EU/Greenland partnership 2007-2013 (under finalisation) was also undertaken with positive findings as to the results of the current instrument.

In the context of the Impact Assessment undertaken for the purpose of this new partnership, three options were considered.

- (1) The option of no partnership with Greenland;
- (2) The option of maintaining the status quo;
- (3) The option of a revised partnership that takes account of the geostrategic importance of Greenland in the context of global issues, such as global warming, natural resources, including raw materials, and the emerging international awareness towards Greenland, while allowing for the EU to fully project its interests and policies abroad.

The present proposal builds on the third option, described above.

3. LEGAL ELEMENTS OF THE PROPOSAL

Article 198-204 of the Treaty on the Functioning of the European Union (TFEU) apply to Greenland, subject to the specific provisions set out in the Protocol on special arrangements for Greenland annexed to the TFEU (Protocol No 34).

In a globalised environment, different internal EU policies (climate change, environment, Arctic policy, energy, migration, raw materials, innovation etc.) are increasingly becoming part of the EU's external action and in line with the Communication from the Commission 'Europe 2020 - A strategy for smart, sustainable and inclusive growth' and the TFEU, a mutual reinforcement of internal and external actions is needed.

Global issues such as the increasing impact of climate change on human activity and the environment, maritime transport, natural resources, including raw materials, as well as research and innovation, has increased the geostrategic importance of Greenland. Moreover EU Arctic concerns, including the impact of climate change, would be better addressed through a new and enhanced partnership with one of the territories, nearly the size of Europe but sparsely populated, located in the Arctic Region.

This proposal meets the requirements of Article 5 of the TFEU to the extent that the principles of subsidiarity and proportionality are met and call for action at EU level.

In spite of the fact that there is a Danish annual support to Greenland which amounts to approximately EUR 450 million Denmark does not support any singular strategy, but the Greenlandic system in its entirety. The EU support will be given to national strategies, initiated, adopted and implemented by the Government of Greenland, and would permit broader dialogue of strategic interest to both parties.

⁴ The results of the public consultation were summarised in the Commission Communication of 6 November 2009. The latter was discussed at the 8th and 9th OCT/EU Forums which were respectively held in March 2010 and March 2011.

Concerning the financing decision the aid modality would primarily be budget support, which will imply a regular dialogue about the focal sector(s) chosen in the context of the strategies agreed upon for the period.

4. BUDGETARY IMPLICATION

Within the Commission Communication on the Future Financial framework for the European Union, under Heading 4 ('Global Europe') the line "others" includes an amount of €217.8 million for the post 2013 partnership with Greenland.

Proposal for a

COUNCIL DECISION

on relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty for the Functioning of the European Union, and in particular Article 203 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament⁵

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with a special legislative procedure,

Whereas:

- (1) The Treaty amending, with regard to Greenland, the Treaties establishing the European Communities⁶ (The Greenland Treaty), which entered into force on 1 February 1985, provides that the Treaty for the Functioning of the European Union shall no longer apply to Greenland, but that Greenland, being a part of a Member State shall be associated to the European Union as one of the overseas countries and territories (OCTs).
- (2) In its preamble, the Greenland Treaty states that arrangements should be introduced which permit close and lasting links between the Union and Greenland to be maintained and mutual interests, notably the development needs of Greenland, to be taken into account and that the arrangements applicable to OCTs set out in Part Four of the Treaty on the Functioning of the European Union provide an appropriate framework for these relations.
- (3) In accordance with Article 198 of the Treaty on the Functioning of the European Union, the purpose of association is to promote the economic and social development of the OCTs and to establish close economic relations between them and the European Union as a whole. Pursuant to Article 204 of the Treaty on the Functioning of the European Union, the provisions of Articles 198 to 203 apply to Greenland, subject to

⁵ OJ C , , p.

⁶ OJ L 29, 1.2.1985, p. 1. (z) OJ L 314, 30.11.2001, p. 1.

the specific provisions set out in the Protocol on special arrangements for Greenland annexed to the Treaty on the Functioning of the European Union (Protocol No 34).

- (4) The provisions for the application of the principles set out in Articles 198 to 202 of the Treaty on the Functioning of the European Union are set out in Council Decision 2001/822/EC of 27 November 2001⁷, amended by Decision 2007/249/EC, on the association of the overseas countries and territories with the European Community (Overseas Association Decision), which continues to apply to Greenland under the conditions laid down in that Decision.
- (5) The Council of the European Union, recognising the geostrategic importance of Greenland to the European Union, in its conclusions of 24 February 2003 on the Mid-term Review of the Fourth Fisheries protocol between the European Community, the Government of Denmark and the Home Rule Government of Greenland, and recognising the spirit of cooperation resulting from the Union's decision to grant the status of overseas territory to Greenland agreed that there was a need to broaden and strengthen future relations between the European Union and Greenland taking into account the importance of fisheries and the need for structural and sectoral orientated reforms in Greenland. The Council further expressed its commitment to base the future relationship of the European Union with Greenland after 2006 on a comprehensive partnership for sustainable development which would include a specific fisheries agreement, negotiated according to the general rules and principles for such agreements.
- (6) The Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other concluded by Council Decision 2006/1006/EC⁸, recalls the spirit of cooperation resulting from the Community's decision to grant the status of overseas territory to Greenland.
- (7) The 2006 Joint Declaration between the European Union, the Government of Greenland and the Government of Denmark, recalls the close historical, political, economic and cultural connections between the European Union and Greenland and emphasises the need to strengthen further their partnership and cooperation.
- (8) The EU needs to build comprehensive partnerships with new actors on the international scene, in order to promote a stable and inclusive international order, the pursuit of common global public goods, and the defence of core EU interests as well as increased knowledge of the EU in these countries.
- (9) An EU-Greenland partnership should allow for the continuation of strong relations between the partners and respond to the global challenges, allowing for the development of a proactive agenda and the pursuit of mutual interests in line with the objectives of the EU2020 strategy and the European Union's Arctic policy, thus adding credibility and consistency with the EU2020 strategy by linking the promotion of

⁷ The Decision currently in force is Decision 2001/822/EC of the Council of 27 November 2001 on the association of the overseas countries and territories with the European Community, OJ L 314, 30.11.2001, p. 1. Decision as amended by Decision 2007/249/EC (OJ L 109, 26.4.2007, p. 33).

⁸ OJ L 411, 30.12.2006, p. 27.

internal policies, such as the Communication on Raw Materials, to cooperation activities with Greenland.

- (10) Union assistance should focus where it has more impact, having regard to its capacity to act on a global scale and respond to global challenges such as poverty eradication, sustainable and inclusive development or worldwide promotion of democracy, good governance, human rights and rule law, its long-term and predictable engagement in development assistance and its role in coordinating with its Member States.
- (11) The EU-Greenland partnership should provide for a framework permitting regular discussions on matters of interest for the Union or Greenland, such as global issues, where an exchange of views, and a possible convergence of ideas and opinions, could be beneficial for both parties. The increasing impact of climate change on human activity and the environment, maritime transport, natural resources, including raw materials, as well as research and innovation, calls for dialogue and enhanced cooperation.
- (12) The financial support from the Union, allocated through the new partnership, should bring a European perspective to the development of Greenland and will contribute to the strengthening of close and long lasting ties with that territory, while strengthening the position of Greenland as an advanced outpost of the Union, based on the common values and history which links the two partners.
- (13) The Union's financial support for the period 2014-2020, should be focused on one, or a maximum of two areas of cooperation, allowing for the partnership, to maximise the impact and further allow for economies of scale, synergy effects, greater effectiveness and visibility for the Union's action.
- (14) The cooperation should ensure that resource flows are accorded on a predictable and regular basis and are flexible and tailored to the situation in Greenland. To this end budget support will be used wherever feasible and appropriate.
- (15) The financial rules applicable to the annual budget of the Union are laid down in a Regulation of the European Parliament and of the Council, which should be referred to hereafter as "the Financial Regulation", such reference being made in all instances to the latest version of that Regulation being in force, and including the corresponding rules adopted by the Commission for implementing the Financial Regulation
- (16) The financial interests of the European Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, penalties. These measures will be carried out in accordance with the applicable agreements concluded with international organisations and third countries.
- (17) The programming documents and financing measures necessary for the implementation of this Decision should be adopted in accordance with Regulation No 182/2011 of 16 February 2011 of the European Parliament and the Council laying down the rules and general principles concerning the mechanisms of control by

Member States of the Commission's exercise of implementing powers⁹. Taking into account the nature of those implementing acts, in particular their policy orientation nature or their financial implications, the examination procedure should in principle be used for their adoption, except for technical implementing measures of a small financial scale.

- (18) Power to adopt acts in accordance with Article 290 of the Treaty of the Functioning of the European Union should be delegated to the Commission for adopting specific rules supplementing this Decision. It is of particular importance that the Commission should carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should further ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.

HAS ADOPTED THIS DECISION:

Part One:

*GENERAL PROVISIONS ON THE RELATIONS BETWEEN THE
EUROPEAN UNION AND GREENLAND*

Article 1

Subject matter and scope

1. The partnership between the European Union, Greenland and Denmark aims to preserve the close and lasting links between the partners, while supporting the sustainable development of the Greenlandic society.
2. It acknowledges the geostrategic position of Greenland in the Arctic Region, the issues of exploration and exploitation of natural resources, including raw materials, and ensures enhanced cooperation and policy dialogue on these issues.

Article 2

General principles of the partnership

1. The partnership between the European Union, Greenland and Denmark shall facilitate consultations and policy dialogue on the objectives and areas of cooperation established through this Decision.
2. The partnership shall define in particular the framework for policy dialogue on issues of common interest for either partner, providing the basis for broad cooperation and dialogue in areas such as:

⁹ OJ L 055, 28.02.2011 P. 013 - 018

- Global issues such as energy, climate change and environment, natural resources, including raw materials, maritime transport, research and innovation.
 - Arctic issues, within areas of interest to the European Union.
3. In implementing this Decision, coherence shall be ensured with other areas of EU external action as well as other relevant EU policies. To this end, measures financed under this Decision shall be programmed on the basis of EU cooperation policies set out in instruments such as agreements, declarations and action plans, and in accordance with the cooperation strategies adopted pursuant to Article 4.
 4. Cooperation activities shall be decided upon in close consultation between the European Commission, the Government of Greenland and the Government of Denmark. Such consultations shall be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners. To this end the implementation of this Decision shall be managed by the European Commission and the Government of Greenland in accordance with the roles and responsibilities of each of the partners as established in the financing agreements referred to in Article 8.4.

Article 3

Objectives and main areas of cooperation

1. The specific objectives of the partnership are:
 - (a) To assist Greenland in addressing its major challenges in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve the Greenlandic information systems in the field of Information and Communication Technologies. The achievement of these objectives shall be measured by the percentage of trade balance in GDP, the percentage of the fisheries sector in total exports, and the results of education statistical indicators.
 - (b) To reinforce the capacity of the Greenlandic administration to better formulate and implement national policies in particular in new areas of mutual interest as identified in the PDSO referred to in Article 4(2). The achievement of this objective shall be measured by the number of administrative staff completing training and the percentage of civil servants that are (long-term) residents in Greenland.
2. The main areas of cooperation are:
 - (a) education and training, tourism and culture;
 - (b) natural resources, including raw materials;
 - (c) energy, climate, environment and biodiversity
 - (d) international cooperation on Arctic issues;

- (e) The social sector; mobility of workforce; social protection systems; food safety and food security issues;
- (f) Research and innovation in areas such as energy, climate change, disaster resilience, natural resources, including raw materials, and sustainable use of living resources.

Part Two:

PROGRAMMING AND IMPLEMENTATION

Article 4

Programming

1. Within the framework of the partnership, the Government of Greenland shall assume the responsibility for the formulation and adoption of sector policies in the areas of cooperation as defined in Article 3(2). It shall also provide adequate follow-up.
2. On this basis, the Government of Greenland shall prepare and submit an indicative Programming Document for the Sustainable Development of Greenland (hereinafter referred to as the PDSD). The PDSD will aim at providing a coherent framework for cooperation between the Union and Greenland, consistent with the overall purpose and scope, objectives, principles and policies of the European Union.
3. The preparation and implementation of the PDSD shall apply principles of aid effectiveness: national ownership, partnership, coordination, harmonisation, alignment to national systems, mutual accountability and results orientation.
4. The PDSD shall be approved in accordance with the examination procedure provided for in Article 11(2). This procedure shall also apply to substantial reviews which have the effect of modifying significantly the strategy or its programming. It shall not apply to non-substantial modifications to the PDSD making technical adjustments, reassigning funds within the indicative allocations per priority area, or increasing or decreasing the size of the initial indicative allocation by less than 20%, provided that these modifications do not affect the priority areas and objectives set out in the document. In such case, adjustments shall be communicated to the European Parliament and the Council within one month.

Article 5

Implementation rules

The European Commission shall adopt the detailed implementation rules supplementing this Decision within three months after this Decision takes effect, in accordance with the delegation of power and the procedure laid down in respectively Articles 9 and 10 of this Decision.

Article 6

Scope of financing

Within the framework of the sector policies established by the Government of Greenland, financial support may be given to the following activities:

- (a) Reforms and projects that are in line with the PDSD, as referred to in Article 4(2);
- (b) Institutional development, capacity building and integration of environmental and climate change aspects;
- (c) Technical cooperation programmes.

Article 7

Financial provisions

The Union's financial assistance shall be provided mainly through budget support.

Article 8

Protecting the Union's financial interests

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Decision are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties.
2. The Commission and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds.

The European Anti-fraud Office (OLAF) shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing that there has been fraud, corruption or any other illegal activity in connection with a grant agreement or decision or a contract concerning Union funding.

Without prejudice to the previous sub-paragraphs, agreements with third countries and international organisations and grant agreements and decisions and contracts resulting from the implementation of this Decision shall expressly entitle the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections, in accordance with the Financial Regulation.

3. Greenland shall conduct regular checks to ensure that the actions to be financed from the European Union budget have been implemented correctly. In addition to its

annual reporting on achievements under the sector policies, Greenland shall provide an annual statement assuring legality and regularity. It shall take appropriate measures to prevent irregularities and fraud and if necessary shall bring prosecutions to recover funds wrongly paid.

4. The detailed obligations of the Government of Greenland in respect of the management of European Union funds shall be set out in financing agreements concluded with the Commission for the purpose of implementing this Decision. In particular, the financing agreements shall establish the sector indicators - setting the conditions for payments which must be met, and the verification methods for reporting progress on sector indicators and for ensuring compliance with those conditions.

Part Three:

FINAL PROVISIONS

Article 9

Delegation of powers to the Commission

The European Commission shall be empowered to adopt a delegated act in accordance with Article 10 for establishing the implementation rules for this Decision.

Article 10

Exercise of the delegation

1. The delegation of powers referred to in Article 9 shall be conferred for the period of validity of this Decision.
2. The delegation of powers may be revoked at any time by the Council. A decision of revocation shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
3. As soon as it adopts a delegated act, the Commission shall notify it to the Council.
4. A delegated act adopted shall enter into force only if no objection has been expressed by the Council within a period of 2 months of notification of the act to the Council or if, before the expiry of that period, the Council have informed the Commission that it will not object. That period shall be extended by 2 months at the initiative of the Council.

Article 11

Committee procedure

1. The European Commission shall be assisted by the Greenland Committee, hereinafter referred to as 'the Committee'. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
3. Where the opinion of the committee is to be obtained by written procedure, the procedure shall be terminated without result when, within the time limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so requests.
4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

The adopted decision shall remain in force for the duration of the adopted or modified document, action programme or measure.

Article 12

Evaluations and reports

1. By 31 December 2017, the European Commission, the Government of Greenland and the Government of Denmark shall undertake a mid-term review of the partnership and its' impact on Greenland as a whole. The Commission shall associate all relevant stakeholders, including non-State actors and local authorities, in the evaluation phase of the Union assistance provided under this Decision.
2. No later than mid-2018, a report shall be established by the Commission on the achievement of the objectives and the European added value of this Decision, by means of results and impact indicators on the efficiency of the use of resources, in view of a decision on the renewal, modification or suspension of the types of measures financed under this Decision. The report shall additionally address the scope for simplification, the internal and external coherence of the cooperation established by this Decision, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account any findings and conclusions on the long-term impact of the former Decision.
3. The report shall be submitted to the European Parliament and the Council including, if appropriate, a legislative proposal introducing the necessary modifications to this Decision.
4. The values on 1 January 2014 of the indicators referred to in Article 2 shall be used as a basis for assessing the extent to which the objectives of this Decision have been achieved.
5. Greenland shall be required by the Commission to provide all the data and information necessary, in line with the international commitments on aid effectiveness, to permit the monitoring and evaluation of the concerned measures.

6. The longer-term impacts and the sustainability of effects of this Decision will be evaluated after its duration in accordance with the rules and procedures applicable at that time.

Article 13

Financial reference amount

The indicative amount for the implementation of this Decision for the period from 2014 to 2020 shall be EUR 217,8 million.

Article 14

Publication

This Decision shall enter into force the third day following that of its publication in the Official Journal of the European Union. It shall apply on the 1 January 2014.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities
- 2.4 Estimate of the costs and benefits of the controls

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. Summary of estimated impact on expenditure
 - 3.2.2. Estimated impact on operational appropriations
 - 3.2.3. Estimated impact on appropriations of an administrative nature
 - 3.2.4. Compatibility with the current multiannual financial framework
 - 3.2.5. Third-party participation in financing
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

The EU/Greenland Partnership

1.2. Policy area(s) concerned in the ABM/ABB structure¹⁰

21 07: Development cooperation actions and ad-hoc programmes

1.3. Nature of the proposal/initiative

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action**¹¹

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The EU/Greenland partnership aims to preserve the **close and lasting links** between the partners, while supporting the **sustainable development** of the Greenlandic society.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Objective No.1: To assist Greenland in addressing its major challenges in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve the Greenlandic information systems in the field of Information and Communication Technologies.

Objective No.2: To reinforce the capacity of the Greenlandic administration to better formulate and implement national policies in particular in new areas of mutual interest as identified in the PDSO referred to in Article 4(2).

ABM/ABB activity(ies) concerned

21 07 Development cooperation actions and ad-hoc programmes, (see point 1.2).

¹⁰ ABM: Activity-Based Management – ABB: Activity-Based Budgeting.
¹¹ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

Results regarding objective No.1: To assist Greenland in addressing its major challenges in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve the Greenlandic information systems in the field of Information and Communication Technologies.

- Increased number of internet providers and internet connections.
- Better educated and more flexible labour force, with the required skills for a diversified economy.
- Better trade balance with a decrease of the traditional sector in the total exports of the Country, and an increased weight of the natural resources, including raw materials in the total exports.
- An economy less dependent on EU and Danish support

Results regarding objective No. 2: To reinforce the capacity of the Greenlandic administration to better formulate and implement national policies in particular in new areas of mutual interest as identified in the PDSO referred to in Article 4(2).

- Increased ability of the Greenlandic administration to better formulate and implement national policies, including new areas and global issues.
- A Greenlandic administration receiving regular training on relevant areas.
- A reduced turnover of staff in the Greenlandic administration.

Regarding dialogue and consultation with the relevant **stakeholders and beneficiaries**, e.g. teachers, students, trade unions and employers' organisations, it can be underlined that they are consulted on a regular basis by the Government of Greenland in the context of events organised for that purpose. Moreover the European Commission tends to attend these events to take stock of the views of direct and indirect beneficiaries of the EU support and to express its own views on the issue under discussion.

1.4.4. *Indicators of results and impact*

Indicators regarding objective No.1: To assist Greenland in addressing its major challenges in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve the Greenlandic information systems in the field of Information and Communication Technologies.

- Number of internet providers
- Number of internet connections
- Expenditure on education as a percentage of total public expenditure
- Completion of education, total
- % of trade balance in GDP

- % of fisheries in total exports
- % fiscal deficit without grants in GDP
- % of natural resources, including raw materials, in the total exports.

Indicators regarding objective No.2: To reinforce the capacity of the Greenlandic administration to better formulate and implement national policies in particular in new areas of mutual interest as identified in the PDSO referred to in Article 4(2).

- Number of administrative personnel completing training.
- Number of new policies defined/reviewed.
- Number of apprenticeship places in European industries (either in Greenland or outside).
- Number of public officials on training in European public administrations
- % of civil servants that are (long-term) residents in Greenland.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The target population of the future EU/Greenland partnership is the Greenlandic population in general. Should the focal sector remain Education and vocational training, there will be specific focus on the target group of elementary school graduates and unskilled workers.

1.5.2. Added value of EU involvement

The proposed EU-Greenland partnership will allow the continuation of strong relations between the partners. It should respond to the global challenges and allow for the development of a proactive agenda and the pursuit of mutual interests in line with the objectives of the EU2020 strategy and the EU's Arctic policy.

It would add credibility and seek consistency to the EU2020 strategy by linking the promotion of internal policies, such as the Communication on Raw Materials, to cooperation activities with Greenland.

As the EU is the only donor besides the Kingdom of Denmark, the support allocated through the new partnership will bring an EU perspective to the development of Greenland and will contribute to the strengthening of close and long lasting ties with that territory.

Greenlanders enjoy the citizenship of the Member State to which they are constitutionally linked (Denmark), and subsequently hold EU citizenship, making for the corresponding parts of the Treaty to apply to them. The EU support strengthens the position of Greenland as an advanced outpost of the EU, based on the common values and history which links the two partners.

1.5.3. *Lessons learned from similar experiences in the past*

The EU-Greenland partnership established a process which over time has improved namely through the development of monitoring tools to better assess progress achieved in the focal areas of the cooperation and through a policy dialogue that takes place on a biannual basis.

Furthermore, as foreseen in the Council Decision, a Mid-Term Review (MTR) of the strategy chosen (education and vocational training) is under finalisation on the basis of an external evaluation which took place in 2010. The evaluation confirmed the choice of focal sector and recommended that it should remain for the period beyond 2013. Furthermore it recommends that policy areas such as social sector, research and innovation, natural resources, including raw materials, and environment should be duly taken into account in the future negotiations.

The Government of Greenland undertakes regular consultations with the relevant stakeholders that include teachers, students, private sector and trade unions. The discussions aim at fine tuning the strategy and identify the views of the stakeholders in regards to the priority areas. The Commission takes active part in these consultations/discussions.

1.5.4. *Coherence and possible synergy with other relevant instruments*

In a globalised environment, internal EU policies (such as climate change, Arctic policy, environment, biodiversity, natural resources, including raw materials, energy, migration etc.) are increasingly becoming part of the EU's external action.

The new partnership will continue to provide the framework for dialogue between the European Union and Greenland in areas of specific importance for the two parties, such as health and consumer protection, natural resources, including raw materials, Arctic issues, energy, research and innovation, industry, etc.

Under the new partnership it is proposed to pursue a comprehensive cooperation between EU and Greenland on the basis of Greenland's status as an OCT and in conformity with the provisions of the post 2013 Overseas Association Decision.

The Veterinary Agreement between the EU and Greenland (2011/408/EU) is intended to mutually recognise production standards and food safety measures for products from fisheries live bivalve mollusc etc. Such an arrangement will increase trade and reduce the costs of production, inspection and certification.

Moreover under the new partnership, the cooperation with Greenland should be aligned with the priorities of the Europe 2020 Strategy, as well as those of the EU Arctic Policy¹².

On offshore safety in connection with particularly oil exploration, the protection of the environment through international cooperation and capacity building in non EU neighbour countries feature strongly in internal EU policies.

¹² Commission Communication on 'The European Union and the Arctic region', COM (2008) 763. The second communication of the Commission and the Council on the EU Arctic Policy is currently under preparation.

The fisheries sector is not covered under the scope of the present Council Decision. It is the object of a specific partnership agreement between the EU and the Government of Greenland. The outcome and the implications of the present and future EU/Greenland Fisheries Partnership Agreement will be duly looked into in the implementation of the present Council Decision.

1.6. Duration and financial impact

- Proposal/initiative of **limited duration**
 - Proposal/initiative in effect from 01/01/2014 to 31/12/2020
 - Financial impact from 01/01/2014 to 31/12/2020
- Proposal/initiative of **unlimited duration**
 - Implementation with a start-up period from YYYY to YYYY,
 - followed by full-scale operation.

1.7. Management mode(s) envisaged¹³

- Centralised direct management** by the Commission
- Centralised indirect management** with the delegation of implementation tasks to:
 - executive agencies
 - bodies set up by the Communities¹⁴
 - national public-sector bodies/bodies with public-service mission
 - persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation
- Shared management** with the Member States
- Decentralised management** with third countries
- Joint management** with international organisations (*to be specified*)

¹³ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

¹⁴ As referred to in Article 185 of the Financial Regulation.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

In the context of the existing partnership, a set of indicators have been agreed between the parties that will permit the follow up of the overall developments in the Greenlandic economy and society. In context of the new enhanced EU/Greenland partnership the indicative list of indicators that might be complemented by additional indicators which proves necessary to better account for the new areas of cooperation. This matter will be further discussed with the Greenlandic authorities.

The European Commission's Monitoring and Evaluation systems are increasingly focussed on results. They involve internal staff as well as external expertise.

In the case of the EU support to Greenland assistance is given to the development of indicators that permit the follow up of the partnership and the policies that are being supported as far as the Greenland Education Programme is concerned. A special focus is put on output and outcome indicators and it is envisaged to expand the use of impact indicators in the future partnership. The disbursement of variable budget support tranches relies on a set of indicators with definition of the targets to be achieved within a given year.

As in the past, a midterm review of both the new Programming Document and the Council Decision will be carried out in close cooperation between the relevant stakeholders.

Task Managers continuously monitor the implementation of projects and programmes in various ways, including wherever possible through field visits. Monitoring provides valuable information on progress; it helps managers to identify actual and potential bottlenecks, and to take corrective action.

External, independent experts are contracted to assess the performance of EU external actions through three different systems. These assessments contribute to accountability, and to the improvement of ongoing interventions; they also draw lessons from past experience to inform future policies and actions. The tools all use the internationally-recognised OECD-DAC evaluation criteria including (potential) impact.

Firstly, at the project level, the Headquarters-managed Results Oriented Monitoring (ROM) system provides a brief, focused snapshot of the quality of a sample of interventions. Using a highly structured, standardised methodology, independent ROM experts attribute grades which highlight the strengths and weaknesses of the project and give recommendations on how to improve effectiveness.

Project-level evaluations deliver a more detailed, in depth analysis and help project managers to improve ongoing interventions and prepare future ones. External, independent experts with thematic and geographic expertise are hired to conduct the analysis and gather feedback and evidence from all stakeholders, not least the final beneficiaries.

The Commission also conducts strategic evaluations of its policies, from programming and strategy to the implementation of interventions in a specific sector (such as health, education etc), in a country or region, or of a specific instrument. These evaluations are an important input to the formulation of policies and the design of instruments and projects. These evaluations are all published on the Commission's website and a summary of the findings is included in the Annual Report to the Council and the European Parliament.

2.2. Management and control system

2.2.1. Risk(s) identified

<p>Risk environment</p> <p>The operational environment of aid under this instrument is characterised by the following risks of not achieving the instrument's objectives, suboptimal financial management and/or of not complying with the applicable rules (legality and regularity errors):</p> <ul style="list-style-type: none">– economic/political instability and/or natural disaster may lead to difficulties and delays in the design and implementation of interventions, particularly in fragile states;– a lack of institutional and administrative capacity in partner countries may lead to difficulties and delays in the design and implementation of interventions;– geographically dispersed projects and programmes (covering approximately many states/territories/regions) may pose logistical/resource challenges to monitoring - particularly any 'on-the-spot' follow-up of activities;– diversity of potential partners / beneficiaries with their diverse internal control structures and capacities can fragment and therefore reduce the effectiveness and efficiency of the Commission's available resources to support and monitor implementation;– poor quality and quantity of available data on the outcomes and impact of external aid / national development plan implementation in partner countries may hinder the Commission's ability to report on and be accountable for results;– a lack of administrative credits may lead to insufficient resources to properly manage the instrument. <p>Expected level of risk of non-compliance with applicable rules</p> <p>The compliance objective for the instrument is to maintain the historic level of risk of non-compliance (error rate) for DEVCO portfolio which is a residual 'net' level of error (on a multi-annual basis after all planned controls and corrections have been executed on closed contracts) of less than 2%. This has traditionally implied an estimated error range of 2-5% in terms of an annual randomised sample of transactions undertaken by the European Court of Auditors for the purposes of the annual Statement of Assurance (DAS). DEVCO considers this to be the lowest risk of non compliance achievable in relation to its high risk environment and taking into account the administrative burden and necessary cost effectiveness of compliance controls.</p>
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2.2.2. Control method(s) envisaged

<p>DEVCO Internal Control architecture</p> <p>DEVCO's internal control / management process is designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of its operations, the reliability of its financial reporting and compliance with the relevant legislative and procedural framework.</p>
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Effectiveness and efficiency

To ensure the effectiveness and efficiency of its operations (and to mitigate the high level of risk in its external aid environment), in addition to all the elements of the Commission wide Strategic Policy and Planning process, internal audit environment and other requirements of the Commission's Internal Control Standards, DEVCO will continue to have a tailored aid management framework in operation under all its instruments which will include:

- A devolved management of the majority of external aid by EU delegations in the field.
- Clear and formalised lines of financial accountability (from the Delegated Authorising officer (Director General)) by means of a subdelegation from the Subdelegated Authorising Officer (Director) at HQ to the Head of Delegation;
- Regular reporting from EU Delegations to HQ (External Assistance Management Reports) including an annual Statement of Assurance by the Head of Delegation;
- Provision of a substantial programme of training for staff both at HQ and in delegation,
- Significant HQ/Delegation support and guidance (including via internet);
- Regular 'verification' visits to 'devolved' delegations every 3 to 6 years;
- A project and programme cycle management methodology including:
 - Quality support tools for the design of the intervention, its delivery method, financing mechanism, management system, assessment and selection of any implementing partners, etc.
 - Programme and project management, monitoring and reporting tools for effective implementation including regular external on-the-spot monitoring of projects.
 - Significant evaluation and audit components.

Financial Reporting and Accounting

DEVCO will continue to pursue the highest standards of accounting and financial reporting using the Commission's accruals based accounting system (ABAC) as well as external aid specific tools such as the Common Relex Information System (CRIS).

In relation to compliance with the relevant legislative and procedural framework, compliance control methods are set out in section 2.2 (measures to prevent fraud and irregularities).

2.3. Measures to prevent fraud and irregularities

Given the high risk environment in which EuropeAid operates, its systems need to anticipate a significant occurrence of potential compliance errors (irregularities) in transactions and build in a high level of prevention, detection and correction controls as early as possible in the payment process. This means in practice that EuropeAid's compliance controls will place most reliance on significant ex-ante checks on a multi-annual basis by both external auditors and Commission staff

in the field before final project payments (while still executing some ex-post audits and checks), going well beyond the financial safeguards required by the Financial Regulation. EuropeAid's compliance framework is made up *inter alia* of the following significant components:

Preventative measures

- Compulsory core training covering fraud issues for aid management staff and auditors;
- Provision of guidance (including via internet) including the Practical Guide to Contracts, the EuropeAid Companion and the Financial Management Toolkit (for implementing partners);
- Ex-ante assessment to ensure that appropriate anti-fraud measures to prevent and detect fraud in the management of EU funds are in place in the authorities managing the relevant funds under joint and decentralised management);
- Ex-ante screening of the anti-fraud mechanisms available in the partner country as part of the assessment of the eligibility criterion of public finance management for receiving budget support (i.e. active commitment to fight fraud and corruption, adequate inspection authorities, sufficient judicial capacity and efficient response and sanction mechanisms);
- The Commission signed the International Aid Transparency Initiative (IATI) in Accra in 2008, agreeing on a standard for aid transparency which ensures more timely, detailed and regular data on aid flows and documents.
- The Commission implements since 14 October 2011 the first phase of the IATI standard for publishing aid information transparency before the next High Level Forum on aid effectiveness in Busan in November 2011. In addition, the Commission will work in cooperation with the EU Member States on a joint web-based IT application called TR-AID which transforms the EU aid data provided through the IATI and other sources into user-friendly aid information.

Detective and corrective measures

- External audits and verifications (both mandatory and risk based) including the European Court of Auditors;
- Retrospective checks (on a risk basis) and recoveries;
- Suspension of EU funding where there is a serious fraud case, including large scale corruption, until the authorities have taken appropriate action with a view to correcting and preventing such fraud in the future

EuropeAid will further devise its anti-fraud strategy in line with the Commission's new anti-fraud strategy (CAFS) adopted on 24 June 2011 in order to ensure *inter alia* that:

- EuropeAid's internal anti-fraud related controls are fully aligned with the CAFS;
- EuropeAid's fraud risk management approach is geared to identify fraud risk areas and adequate responses;
- The systems used for spending EU funds in third countries enable relevant data to be retrieved with a view to feeding this data into fraud risk management (e.g. double funding);

- Where necessary, networking groups and adequate IT tools dedicated to analysing fraud cases related to the external aid sector could be set up.

2.4 Estimate of the costs and benefits of the controls

For the EuropeAid portfolio as a whole, internal control / management costs total an estimated annual average of € 658 million in commitments in the 2014-2020 budget planning. This figure includes the management of the EDF which operates in an integrated way within the management structure of EuropeAid. These 'non operational' costs represent approximately 6,4 % of the estimated annual average of € 10.2 billion planned for the overall (operational + administrative) commitments by EuropeAid on its expenditure portfolio financed by the General Budget of the EU and the European Development Fund for the period 2014-2020.

These management costs take into account all EuropeAid staff at HQ and in Delegations, infrastructure, travel, training, monitoring, evaluation and audit contracts (including those launched by beneficiaries).

EuropeAid plans to reduce the management / operational activities ratio over time under the improved and simplified arrangements of the new instruments, building on changes likely to come in under the revised Financial Regulation. The key benefits of these management costs are realised in terms of meeting policy objectives, efficient and effective use of resources, and the exercise of robust cost-effective preventative measures and other checks to ensure the legal and regular use of funds.

While improvements in the nature and targeting of management activities and compliance checks in relation to the portfolio will continue to be pursued, these costs are globally necessary to effectively and efficiently achieve the objectives of the instruments at a minimal risk of non compliance (below 2% residual error). They are significantly less than risks involved in removing or scaling back internal controls in this high risk area.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description.....]	Diff./non-diff (15)	from EFTA ¹⁶ countries	from candidate countries ¹⁷	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
IV	Number 21 01: Administrative expenditure of the 'Development and relations with ACP States' Policy Area 21 01 04 20 Administrative support expenditures for the 'Development and relations with ACP States' policy area	non-diff	NO	NO	NO	NO
	Number 21 07: Development cooperation actions and ad-hoc programmes 21 07 02 Cooperation with Greenland	Diff	NO	NO	NO	NO

- New budget lines requested¹⁸

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
IV	Number 21 01: Administrative expenditure of the 'Development and relations with ACP States' Policy Area 21 01 04 20 Administrative support expenditures	non-diff	NO	NO	NO	NO

¹⁵ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations

¹⁶ EFTA: European Free Trade Association.

¹⁷ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

¹⁸ This concerns a change in the title of the heading to include the mentioning of Greenland.

	for the cooperation with Greenland					
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3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	Number	Heading IV - Global Europe
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DG: DEVCO			Year N ¹⁹ 2014	Year N+1 2015	Year N+2 2016	Year N+3 2017	Year N+4 2018	Year N+5 2019	Year N+6 2020	Year N+7 2021	TOTAL
• Operational appropriations											
Cooperation with Greenland (21.07.02)	Commitments	(1)	29,061	29,656	30,251	30,846	31,415	32,037	32,731		215,996
	Payments	(2)	23,260	29,537	30,132	30,727	31,254	31,961	32,536	6,590	215,996
Number of budget line	Commitments	(1a)									
	Payments	(2a)									
Appropriations of an administrative nature financed from the envelop of specific programs ²⁰											
Number of budget line 21.01 04 20		(3)	0,239	0,244	0,249	0,254	0,285	0,263	0,269		1,804
TOTAL appropriations for DG DEVCO	Commitments	=1+1a +3	29,300	29,900	30,500	31,100	31,700	32,300	33,000		217,800
	Payments	=2+2a +3	23,499	29,781	30,381	30,981	31,539	32,224	32,805	6,590	217,800

¹⁹ Year N is the year in which implementation of the proposal/initiative starts.

²⁰ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

• TOTAL operational appropriations	Commitments	(4)	29,061	29,656	30,251	30,846	31,415	32,037	32,731		215,996
	Payments	(5)	23,260	29,537	30,132	30,727	31,254	31,961	32,536	6,590	215,996
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)	0,239	0,244	0,249	0,254	0,285	0,263	0,269		1,804
TOTAL appropriations under HEADING <4> of the multiannual financial framework	Commitments	=4+ 6	29,300	29,900	30,500	31,100	31,700	32,300	33,000		217,800
	Payments	=5+ 6	23,499	29,781	30,381	30,981	31,539	32,224	32,805	6,590	217,800

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)									
	Payments	(5)									
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)									
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6									
	Payments	=5+ 6									

Heading of multiannual financial framework:	5	" Administrative expenditure "
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EUR million (to 3 decimal places)

		Year N 2014	Year N+1 2015	Year N+2 2016	Year N+3 2017	Year N+4 2018	Year N+5 2019	Year N+6 2020	TOTAL
DG: DEVCO									
• Human resources		0,487	0,482	0,477	0,472	0,472	0,472	0,472	3,335
• Other administrative expenditure		0,174	0,153	0,153	0,152	0,152	0,152	0,152	1,089
TOTAL DG DEVCO									
Appropriations		0,661	0,634	0,630	0,625	0,625	0,625	0,625	4,424

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0,661	0,634	0,630	0,625	0,625	0,625	0,625	4,424
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EUR million (to 3 decimal places)

		Year N 2014	Year N+1 2015	Year N+2 2016	Year N+3 2017	Year N+4 2018	Year N+5 2019	Year N+6 2020	Year N+7 2021	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	29,961	30,534	31,130	31,725	32,325	32,925	33,625		222,224
	Payments	24,160	30,415	31,011	31,606	32,164	32,849	33,430	6,590	222,224

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:
- The type of financing envisaged for the EU support to Greenland, will mainly be sectoral budget support. A set of indicators presented under section 1.4.4. will be used in principle on a annual basis for the purpose of the monitoring of this Council Decision.
- Following the agreement between the parties on the focal sectors for cooperation, the indicators mentioned under 1.4.4. can be further supplemented with others that will be discussed in course of the programming for the period 2014-2020. Below an indicative division of the financial resources per objective is provided.

Commitment appropriations per year and objective in EUR million (to 3 decimal places)

Indicate objectives			Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	TOTAL
			2014	2015	2016	2017	2018	2019	2020	
↓										
OBJECTIVE No 1: To assist Greenland in addressing its major challenges in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve the Greenlandic information systems in the field of Information and Communication Technologies.										

Sub-total for specific objective N°1	26,06 1		26,65 6		27,25 1		27,84 6		28,41 5		29,03 7		29,73 1					194,9 96
OBJECTIVE No 2: To reinforce the capacity of the Greenlandic administration to better formulate and implement national policies in particular in new areas of mutual interest as identified in the PDSO referred to in Article 4(2).																		
Sub-total for specific objective N°2	3,000		3,000		3,000		3,000		3,000		3,000		3,000					21,00 0
TOTAL COST	29,06 1		29,65 6		30,25 1		30,84 6		31,41 5		32,03 7		32,73 1					215,9 96

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year N ²¹	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources	0,487	0,482	0,477	0,472	0,472	0,472	0,472	3,335
Other administrative expenditure	0,174	0,153	0,153	0,152	0,152	0,152	0,152	1,089
Subtotal HEADING 5 of the multiannual financial framework	0,661	0,634	0,630	0,625	0,625	0,625	0,625	4,424
Outside HEADING 5²² of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature	0,239	0,244	0,249	0,254	0,285	0,263	0,269	1,804
Subtotal outside HEADING 5 of the multiannual financial framework	0,239	0,244	0,249	0,254	0,285	0,263	0,269	1,804

TOTAL	0,901	0,879	0,879	0,879	0,910	0,888	0,894	6,229
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²¹ Year N is the year in which implementation of the proposal/initiative starts.

²² Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary agents)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)	3,7	3,7	3,6	3,6	3,6	3,6	3,6
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)²³							
XX 01 02 01 (CA, INT, SNE from the "global envelope")	0,2	0,2	0,2	0,2	0,2	0,2	0,2
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 <i>yy</i>²⁴	- at Headquarters ²⁵						
	- in delegations						
XX 01 05 02 (CA, INT, SNE - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
TOTAL	3,9	3,9	3,9	3,8	3,8	3,8	3,8

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

²³ CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délégation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

²⁴ Under the ceiling for external personnel from operational appropriations (former "BA" lines).

²⁵ Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

Description of tasks to be carried out:

Officials and temporary agents	
External personnel	

3.2.4. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework²⁶.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations cofinanced								

²⁶ See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget year	Impact of the proposal/initiative ²⁷						
		Year N	Year N+1	Year N+2	Year N+3	... insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)		
Article								

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

²⁷ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.