



Brussels, 26.5.2016
C(2016) 2989 final

COMMISSION IMPLEMENTING DECISION

of 26.5.2016

**on the 2016 Partnership Instrument Annual Action Programme for cooperation with
third countries to be financed from the general budget of the European Union**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Regulation (EU) no 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action and in particular Article 2 thereof¹,

Having regard to the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, and in particular Article 84 (2) thereof²,

Having regard to the Regulation (EU) N° 234/2014 of the European Parliament and of the Council of 11 March 2014 establishing a Partnership Instrument for cooperation with third countries³,

Whereas:

- (1) The Regulation (EU) N° 234/2014 of the European Parliament and of the Council of 11 March 2014 establishes a Partnership Instrument for cooperation with third countries to advance and promote Union and mutual interests.
- (2) The Commission shall adopt Annual Action Programmes, based on the Multi-annual Indicative Programmes referred to in Article 4 of the Regulation (EU) N° 234/2014 establishing a Partnership Instrument for cooperation with third countries.
- (3) The Annual Action Programmes shall specify for each action the objectives pursued, the expected results and main activities, the methods of implementation, the budget and an indicative timetable, any associated support measures and performance monitoring arrangements.
- (4) The Commission has adopted an Implementing Decision on the first Multiannual Indicative Programme for the period 2014-2017 under the Partnership Instrument for cooperation with third countries⁴.
- (5) In line with the Multiannual Indicative Programme for the period 2014-2017, this Annual Action Programme includes measures in the following areas: support for the Union's cooperation partnership strategies, cooperation on global challenges, implementation of the international dimension of the "Europe 2020" strategy and promotion of the Unions internal policies abroad, support for economic and trade relations as well as promotion of the Union's values and interests

¹ OJ L 77, 15.3.2014, p. 95

² OJ L 298, 26.10.2012, p. 1

³ OJ L 77, 15.3.2014, p 77

⁴ C(2014) 4453 final of 3 July 2014

- (6) Budget-implementation tasks under indirect management may be entrusted to the entity identified in the attached Annex 7, subject to the conclusion of the relevant agreement.
- (7) Grants may be awarded without a call for proposal by the authorising officer responsible in accordance with Article 190 of Delegated Regulation (EU) no 1268/2012.
- (8) This Decision constitutes a financing decision within the meaning of Article 84 of Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council.
- (9) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of Delegated Regulation (EU) No 1268/2012 to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (10) The measures provided for in this Decision are in accordance with the opinion of the Partnership Instrument Committee.

HAS DECIDED AS FOLLOWS:

Article 1

The Annual Action Programme 2016 (phase 1), constituted by the actions laid down in the Annexes to this Decision: 2016 Partnership Instrument Annual Action Programme (phase I) for cooperation with third countries, is hereby approved.

Article 2

The maximum contribution of the European Union authorised by this Decision for the implementation of the 2016 Partnership Instrument Annual Action Programme (Phase I) for cooperation with third countries is at EUR 73 450 000 to be financed from budget line 19.0501 of the general budget of the European Union for 2016.

The financial contribution referred to in Article 2 shall also cover any possible interests due for late payment.

Article 3

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set by the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94 (4) of Delegated Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the action. The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 26.5.2016

For the Commission
Federica MOGHERINI
Vice-President



This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Platform for Policy Dialogue and Cooperation between EU and China on Emissions Trading

1. IDENTIFICATION

Title of the action	Platform for Policy Dialogue and Cooperation Between EU and China on Emissions Trading			
Country(ies)/ Region	China			
Total cost	Total estimated cost: EUR 10 000 000 Total amount of the EU budget contribution: EUR 10 000 000			
Total duration ¹	66 months			
Method of implementation	Direct management Procurement – Services			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The action aims to enhance the cooperation between the EU and China on policies tackling climate change by continuing and reinforcing cooperation on emission trading. To this end, the action is going to establish an annual policy dialogue for discussion of all aspects relevant for the development and functioning of emission trading in China and the EU. Furthermore, the action entails important capacity building elements to further support China in building up and successfully establishing its nation-wide emission trading system.

2.2. Context

China is the largest emitter of greenhouse gases in the world with more than a quarter of the total and accounting for more than the accumulated greenhouse gas emissions of the EU and the US. Tackling climate change successfully requires China to deliver its share of global emission reductions. An effective emission trading system in China is very much in the interest of the EU, as it will contribute to achieve cost-effective emission reductions in China. The evolution of a functioning Chinese carbon market under an effective emission trading system could affect carbon leakage issues in Europe and open up prospects for a wider carbon market. It may also bring about new business opportunities to European companies offering low carbon technologies.

Following the announcement of the 12th Five-Year-Plan (2011 – 2015), seven emission trading pilot systems have been established in China since 2013 and are operational since 2014. In September 2015, the Chinese President XI Jinping stated that China will introduce a nation-wide emission trading system as from 2017.

On 29 June 2015, on the occasion of the EU-China Summit, an EU-China Joint Statement on Climate Change was adopted. In this document, EU and China agree to "further enhance existing bilateral cooperation on carbon markets, building upon and expanding on the on-going EU-China emission trading capacity building project and work together in the years ahead on the issues related to carbon emissions trading".

This was also further confirmed by the following UNFCCC Conference of the Parties (COP21) that took place in Paris from 30 November to 11 December 2015.

2.3. Lessons learnt

The project builds upon and benefits from the lessons learnt and experience gathered from an ongoing EU funded project aiming at supporting the design and implementation of emission trading in China. While successful, this project demonstrated the importance of a well-conceived "train-the-trainer" approach as a major pillar of any efforts to deliver capacity building and training, when it comes to nation-wide emission trading in China. It also underlined the need to maintain a certain level of flexibility in the implementation of the project, bearing in mind that establishing a national emission trading system in China remains a moving target in terms of how best to achieve it.

2.4. Complementary actions

A number of European Economic Area (EEA) Member States (e.g. Germany, United Kingdom, Norway) are actively supporting Chinese efforts to introduce emission trading and multilateral actions (e.g. Partnership for Market Readiness initiative of the World Bank) are ongoing, but do not overlap or conflict with the proposed FPI project. Coordination among the various donors is ensured in an informal, but increasingly effective manner.

3. DETAILED DESCRIPTION

The project aims to enhance bilateral cooperation with China as the largest emitter of greenhouse gases in the world, which makes China an important strategic partner in the fight against climate change. The importance of bilateral cooperation has been acknowledged by the joint EU-China Statement that called for enhancing cooperation on emission trading.

China is determined to use emission trading as an effective instrument to reach its emission target. Emission trading as the most important pillar of EU climate change policy is now also playing a more and more important role in China. Therefore, enhancing the policy dialogue and effective capacity building measures to support China in building up an effective emission trading system is fully appropriate.

3.1. Objectives

The overall objective of this project is to enhance cooperation with China on climate change by continuing to support China in building up a nation-wide emission trading system contributing to reduce its emissions.

The specific objectives of the project can be summarised as follows:

1. Establish and reinforce a political dialogue between China and the EU on the development of emission trading in both constituencies with a view to increasing the mutual understanding of relevant developments affecting the effectiveness and efficiency of emission trading systems in the EU and China (Component A).
2. Support China in building up an effective emission trading system by building effective emission trading capacities in the country. This should be done by enabling Chinese participants in the project to train Chinese verifiers as well as professionals from Chinese authorities and industries involved in the implementation of emission trading in China (train-the-trainer approach - Component B). The project will build upon an ongoing capacity building project to allow the first Chinese trainers to start relatively soon after the start of the project. Furthermore, direct, screen-based training of industry representatives is foreseen (Component C). As a certain level of flexibility is required to take account of ongoing training efforts launched by Chinese authorities, the still not finally decided design and features of the Chinese Emission Trading System (CN ETS) and other developments that cannot be anticipated, the project should be able to identify and design proper responses to additional and currently unforeseen capacity building and training requirements to the extent possible (Component D).

3.2. Expected results and main activities

Specific task 1: Review mechanism on technical assessment and identification of training needs

Expected results:

In the light of the inherent complexity and challenges - including the size of China - that the roll-out of the CN ETS is likely to bring about, unexpected events and/or developments, including relevant activities launched before the start of the project, a change of policy (e.g. scope of the CN ETS) or the re-definition of priorities of the counterparts of the project (e.g. design issues) may change and impact what initially has been conceived as appropriate and/or up-to-date.

For these reasons, a review mechanism on technical assessment and identification of training needs should guarantee the most effective outcome of the project with respect to its overall objective. To this end, this mechanism will identify any training requirements that are considered essential for the effective operation of the CN ETS, that cannot be covered by components B or C and have not been foreseen in the preparatory phase of the project. Activities to address these training requirements under component D would only be delivered in the event and to the extent that the capacity building and training activities under components B and C are not fully required to achieve the objectives of the project. In such a case, a corresponding share of the funds attributed to components B and C should be allocated to component D in accordance with the findings accruing from the review mechanism on technical assessment and identification of training needs.

Activities:

1. In close cooperation with the partner country relevant project's counterparts, assessing and identifying the training needs to be carried out under component B and C of the project at the start of the project (inception phase) and every year thereafter during the operational period of the project before the establishment of the annual work plan.
2. If case may be, identifying the share of resources initially allocated to components B and C that can be made available to component D.
3. In close cooperation with the counterparts in China and other entities nominated, identifying training and capacity building requirements in accordance with the relevant criteria (see above).

Specific task 2: Information and management

Expected results:

Information and data to allow an independent end-of-project evaluation are available.

Activities:

1. Setting up and keeping records of all activities carried out under all components and specific tasks of the project through a project information management system. The system will capture input and output per component and subtasks to document activities.
2. On the basis of these records and implemented activities, preparing regular reports on progress achieved and activities carried out with a view to allowing a 360° view on the implementation of the project.

Component A: EU – China Platform for Policy Dialogue on Emission Trading

Expected results:

Enhanced mutual understanding of EU and CN ETS on both sides; reinforced cooperation at various levels; established political dialogue on emission trading in China and the EU.

Activities:

1. Organisation of annual policy dialogue meetings to discuss and exchange views on recent developments of emission trading systems in China and the EU as well as policies with relevance to emission trading, and to ensure high level coordination of the overall activities to be carried out under the project.
2. Organisation of the annual Project Steering Committee (PSC) meetings in charge of training and capacity building activities of the project to ensure effective and value adding implementation of training activities.
3. Organisation and set up of a Chinese emission trading trainer network to facilitate and promote exchange of training experience and information on technologies relevant for emission trading.
4. Facilitating joint research of Chinese and European experts on issues related to the roll-out of the Chinese nation-wide ETS.

Component B: Capacity building for trainer ("Train-the-trainer" concept)

Expected results:

Adequate training is provided so that a sufficient amount of Chinese emission trading trainers acquire competences to cover the training needs of Chinese authorities, industry representatives and verifiers on emission trading in China.

Activities:

1. Definition of training needs and content so as to determine a realistic number of emission trading trainers needed to cover total training requirements for emission trading in China, thereby supplementing the efforts of Chinese authorities to provide sufficient training capacities on emission trading to authorities, industry representatives and verifiers.

2. Setting up and delivering a sufficient number of training courses for Chinese emission trading trainers including peer-to-peer training in accordance with the training needs determined and the training content in accordance with an appropriate level of expertise.

Component C: Capacity building for industry

Expected results:

Adequate training is provided so that a critical mass of Chinese industry representatives becomes capable to carry out day-to-day activities under an emission trading system.

Activities:

1. Developing and testing the necessary software covering trading, dealing with the registry and, if appropriate, electronic monitoring & reporting of sectors included in the CN ETS.
2. Setting up and delivering a sufficient number of training courses for Chinese industry representatives.

Component D: Unforeseen training requirements for industry representatives, authorities and verifiers

Expected results:

Proper responses to additional and currently unforeseen capacity building and training requirements are identified, designed and delivered in the event of and to the extent to which resources are made available from components B and C.

Activities:

1. Conceptualising and elaborating training courses to address specific training requirements of authorities, industry representatives and verifiers in accordance with the findings of the review mechanism "technical assessment and identification of training needs" (specific task 1).
2. Preparing and delivering these specific training courses.

3.3. Risks and assumptions

Following the public announcement of the Chinese President to establish a nationwide emission trading system in China in 2017, it is assumed that emission trading represents a policy line fully supported by the current Chinese political leadership.

Risk	Risk level (H/M/L)	Mitigating measure
Overlaps with projects from other donors	L	Informal coordination with other donors to avoid overlaps; Component D introduces necessary level of flexibility to avoid overlaps.

Beside the National Development and Reform Commission (NDRC), another counterpart is needed, but not confirmed yet.	L	Acknowledgement by NDRC of the need of another beneficiary mitigates this risk. However; agreement from the Chinese government is required
Emission trading in China is a dynamic process entailing unforeseen developments.	H	In-built flexibility allows adapting the project to new requirements.

3.4. Stakeholders

Main stakeholder is the Chinese government, represented by the Climate Change Department of NDRC (National Development and Reform Commission), which is, together with the Ministry of Commerce (MOFCOM) also the main interlocutor for the EU side represented by the Commission (CLIMA, FPI) and EEAS (EU-Delegation Beijing). Other interlocutors and counterparts to the EU are expected to be nominated by the Chinese government and will play important roles in specific aspects of the project.

In addition, key stakeholders are Chinese think tanks dealing with emission trading, local governments and Chinese companies included in the emission trading system.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

(a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.

(b) Indicative timing to launch the call: 2nd quarter 2016

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement (direct management)	10
Totals	10

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

A Project Steering Committee will be established involving representatives of the partner country, the Commission, EUD and the implementing partner.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility activities will be an integral part of each event organised in the framework of the project. At the start of the project, the implementing partner will establish a communication plan in line with relevant guidelines that specify, inter alia, which specific EU visibility actions will be taken.

Regular information will be sent to key stakeholders including think tanks representatives summarising the key messages from activities under Component A and the key elements addressed in the activities under Component B, C and, if case may be, D.

All communication activities will respect the relevant EU visibility guidelines. All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.



This action is funded by the European Union

ANNEX 2

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Sustainable and climate-friendly Phaseout of Ozone Depleting Substances (SPODS)

1. IDENTIFICATION

Title of the action	A Sustainable and climate-friendly Phaseout of Ozone Depleting Substances (SPODS)			
Country(ies)/ Region ¹	Latin America and the Caribbean: Mexico, Colombia, Paraguay, Costa Rica, Venezuela, Cuba and Grenada.			
Total cost	Total estimated cost: EUR 3 000 000 Total amount of the EU budget contribution: EUR 3 000 000			
Total duration ²	66 months			
Method of implementation	Direct management Procurement – Services			
Markers (from CRIS DAC form)	Rio convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

¹ The proposed list of countries may be subject to change during project formulation/implementation as per section 3.3.

² The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The European Union presented an amendment proposal to the Montreal Protocol in April 2015 to reduce its climate impact by also regulating the consumption of hydrofluorocarbons (HFCs). The Dubai Pathway was agreed in November 2015 committing all Parties to a path of negotiating such an amendment.

This action will support EU political objectives on climate change policies in the Latin American/Caribbean. Its main purpose is to increase understanding of and support among countries of this region to the EU political objectives of expanding the scope of the Montreal Protocol and taking quick and effective mitigation action on HFCs. To achieve buy-in, the EU must effectively demonstrate that it is willing to support these countries, financially and technically, in fulfilling any future obligations under the Montreal Protocol related to HFC mitigation. This action would be a very important signal in this regard and impact positively on the relevant negotiations and implementation, including under the Paris Agreement, and demonstrate the feasibility of technical alternatives.

The project will promote climate-friendly solutions for phasing out ozone-depleting substances. It will strive to demonstrate approaches to achieve wide-scale climate benefits through the deployment of improved technologies, as well as illustrating the possible synergies between using the Montreal Protocol and the Climate Convention to curb the strong growth of the HFCs. The action lays the groundwork for an uptake of green, low carbon technologies replacing ozone depleters in the partner countries.

Besides the political interest there is also a strong business case for this action as it is geared toward capacity building and know-how transfer to enable a more efficient, sustainable use of resources and reducing greenhouse gases in the most-cost effective way ("low carbon technologies").

2.2. Context

The Montreal Protocol is a very successful global environmental treaty from 1987 that has reduced the emissions of ozone depleting substances so effectively that a full recovery of the ozone hole by 2050 is now forecast by scientists. The European Union proposed in April 2015 to amend the Montreal Protocol in order to also reduce its climate impact. It strives to reduce the hydrofluorocarbons (HFCs), which are gases commonly used in equipment such as refrigeration and air conditioning or foams, and which have been used in large quantities in developed countries to replace ozone depleting substances without paying attention to their effect on the climate. This proposal has received very positive feedback from many crucial players, including during a recent diplomatic demarche carried out in February 2015. The agreement in Dubai in November 2015 (the "Dubai Pathway") to negotiate the inclusion of HFCs under the Montreal Protocol sets a precedent for developing countries taking on ambitious mitigation action.

Europe is a world leader both in having strict regulations in place to reduce HFCs after having eliminated ozone depleters already, but also in having the relevant technological know-how on alternative technologies and skilled service personnel. Many countries in Latin America are, in principle, supportive of the concept of

addressing HFCs, but require better access to technologies, as well as technical and financial support in building a stronger uptake and their technical mastering. Leapfrogging from ozone depleters to green technologies and skipping the HFCs would support sustainable development in these countries when introduced with adequate standards and practices, as well as contribute significantly to ozone and climate protection.

EU companies as leaders of climate-friendly alternatives to ozone depleting substances can find new market opportunities for their green technology products, in particular with a global agreement under the Montreal Protocol in the making.

2.3. Lessons learnt

Countries in this region are weary of committing to yet another phase-down. Experience so far has shown that they fear that (i) financial support from developed countries will not be sufficiently forthcoming and that (ii) market penetration of alternative technologies is not sufficient in their region. This action intends to take account of these lessons learnt and give an important signal to these countries that the EU not only takes credible and ambitious measures on HFCs itself³, but is also willing to support developing countries in meeting the challenges of moving away from ozone depleting substances in a climate-friendly way. Furthermore, the project seeks to address some of the existing market failures as it addresses existing bottlenecks to the uptake of green technologies such as the lack of trained service personnel, refrigerant provision, end-of life treatment, as well as familiarity with using alternative technologies.

2.4. Complementary actions

HFCs are a mitigation issue that have received widespread attention from world leaders recently (e.g. declaration by G7 summits 2015 and 2014; G20 summit 2014; Ban Ki-Moon summit September 2014; bilateral declarations at heads of state level between EU and China, EU and US, US and India, US and China and US and Brazil in 2014 and 2015). It is one area where effective mitigation is possible and cost-effective to help bridge the existing mitigation gap.

The EU wants to advance the international negotiations on this issue as much as possible in the near term. Reaching agreement under the Montreal Protocol was difficult before the Paris COP 21, as developing countries feared compromising their negotiation position. However, due to the momentum generated by the "Dubai Pathway" and the "Paris Agreement", it is hoped that such an agreement will be achievable in 2016. The EU is currently involved in extensive outreach with partner countries to explain its ideas on HFCs.

This action is complementary with two actions funded under DEVCO-ENRTP programme with UNEP that seek to support countries in implementing ozone policies, one focussing on the destruction of ozone depleting substances at the end of

³ Regulation (EU) No 517/2014 will reduce EU emissions of HFCs by two-thirds by 2030. http://ec.europa.eu/clima/policies/f-gas/index_en.htm

their useful life, the other on the maximisation of climate benefits of the ongoing phase-out of these substances. These actions focus more on the development side and seek, first and foremost, to increase our engagement with the participating countries on these policies. Neither of these actions focuses on Latin America, hence there is no risk of potential duplication.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of the action is to support EU's political role, overall ambition and policy aspirations in the global fight against climate change.

The specific objectives are, on the one hand, to shore up support and build alliances among Latin American/Caribbean countries on global HFC mitigation policies, particularly in relation to the EU's proposal to amend the Montreal Protocol, and, on the other, to foster the adoption of climate-friendly replacement technologies by countries in the region, thereby contributing to create new market opportunities for EU companies leaders in green technology products representing climate-friendly alternatives to ozone depleting substances.

3.2. Expected results and main activities

Expected results

- Vocal support from countries in the region is raised in international fora for the EU political goals on HFC mitigation action (Montreal protocol amendment, pre-2020 mitigation action under UNFCCC);
- Engagement with these countries is reinforced and mutual understanding enhanced, thereby creating enabling conditions to facilitate future Montreal Protocol and climate discussions;
- Progressive national approaches and ambitious mitigation action by these partner countries on HFCs as part of their climate commitments are adopted;
- Relevant stakeholders possess objective information on suitable technology options and better awareness of the feasibility and costs of sustainable technologies;
- Enhanced capacity of key personnel in these countries to handle alternative technologies and demonstrate the feasibility of low carbon technologies;
- Supported regional networking, enabled follow-on activities in the region or elsewhere such as know-how exchange, capacity development, demonstration projects, training as well as policy support, thus creating conditions for increased opportunities for EU businesses.

Main indicative activities

- *Development of country strategies for HFC mitigation actions (A_1.1):*

National development strategies for the pilot countries will be designed for the most suitable, sustainable and climate-friendly ozone phase-out approaches, as a decision tool for the participating countries. These will in particular focus on cost-effective

measures that are identified for early action on a country-specific basis. Good practice approaches and know-how from European technology providers and service personnel shall be the basis. The relevance of removing barriers including restrictive standards and training shall be highlighted and recommendations issued on how to best remove them. The strategies will support countries to fulfil their commitments under the Montreal Protocol, in particular any new commitments on HFCs such as proposed by the EU, as well as provide advice on how to integrate the achievable emission savings as mitigation action for their country-specific NDCs⁴.

- *Developing a strategy for infrastructure to provide low Global Warming Potential (GWP) refrigerants (A_1.2):*

Develop a strategy for cost-effective provision of low GWP refrigerants (i.e. pure-grade hydrocarbons such as butane, isobutane, propane) to replace ozone depleters in relevant equipment in the participating countries. This should consider existing know-how and hydrocarbon production facilities that today do not have the technical and physical capacity for the needed purification and bottling of these gases, as well as their provision to the end users for manufacture and servicing of equipment to replace the use of ozone depleters. Cross-border and regional cooperation should be encouraged.

- *Developing a strategy for end-of-life treatment (A_1.3)*

Develop a strategy for cost-effective collection and destruction of ozone depleting substances and HFCs from end-of-life equipment in the region that will be recovered as alternatives are put in their place. This should consider existing know-how and suitable facilities in the region (e.g. cement kilns) that could in the future be converted towards taking up these activities as well as questions of relevant infrastructure and cross-border cooperation.

- *Training component (A_2.1)*

Trainers and instructors as well as relevant personnel in the pilot countries will be instructed in the safe handling of sustainable alternative technologies, in particular on hydrocarbon refrigerants. The "train the trainer"-approach will provide multiplication effects, ensure knowledge transfer and build capacities. Suitable trainees (future trainers) will be selected on the basis of NOU recommendations. Typically the training will include 30% theoretical seminars, 70% hands-on practical training and demonstrations and testing of the participants. The training under this component refers to small-scale equipment, such as unitary air conditioning units. The limited number of equipment required for the training will not be provided by the project: relevant equipment manufacturers will be involved to this end and are expected to provide the equipment free of charge as a way of gaining market access. Existing public or private training institutes in the pilot countries will be involved.

- *Identification and promotion of large scale pilot projects in refrigeration and air conditioning (A_2.2)*

Pilot projects shall showcase low-GWP technology to these countries by demonstrating best practices in sustainable solutions and opening the markets to alternative technologies already available in the EU. The project will identify pilot initiatives and/or good practices that have already been successfully carried out in

⁴ NDC: "Nationally Determined Contributions"- country mitigation actions under UNFCCC

Latin America (and, if relevant, in other regions), raise awareness locally on the feasibility and profitability of using alternative, climate-friendly technologies and facilitate the possible conclusion of cooperation agreements through the organisation of matchmaking activities.

Shall cooperation agreements materialise within the lifespan of the project, the contractor may provide technical assistance on design and training in the safe handling of sustainable alternative technologies. It is expected that relevant equipment manufacturers will be involved and cooperate with the project as a way of gaining market access.

EU commercial companies have an interest in entering these new markets, nonetheless, upfront costs for the endusers are currently somewhat high, and (considerable) energy efficiency gains through alternative equipment are barely considered by operators ahead of making new investments.

The change of paradigm promoted by the project, including a more favourable legal environment, would increase opportunities for alternative technologies in sectors such as air conditioning and refrigeration.

- *Communication and dissemination (A_3.1)*

The project will seek to showcase its results in neighbouring countries, making best use of the regional network of NOUs⁵ that meets twice a year and is composed of all Latin American and Caribbean countries. Workshops will be organised to disseminate the training measures (A_2.1), the strategy plans for country approaches (A_1.1), regional refrigerant provisions (A_1.2) and end-of-life treatment (A_1.3), as well as the pilot projects (A_2.1). This will demonstrate to other countries in the region the feasibility of using these technologies under local conditions, as well as improve the accessibility of the technology. Technical advice on measures to promote alternative technologies such as through green public procurement will be provided to national authorities.

3.3. Risks and assumptions

Assumptions

The main assumption for this action is that the authorities of the concerned countries remain genuinely committed to cooperate with the EU on global HFC mitigation policies and to facilitate the adoption of climate-friendly technologies.

Risk	Risk level (H/M/L)	Mitigating measure
Low interest of external know-how	L	On the one hand, equipment for training is of small scale and limited number, resulting in overall very limited cost.

⁵ NOUs: National Ozone Units. See under 3.4. Stakeholders

providers to provide equipment for training (component A_2.1)		On the other hand, companies have a commercial interest to enter into new markets, which should be an excellent motivation to participate. In the event this risk were to materialise, the project would be scaled down accordingly
Countries low technical buy-in to planned actions	L	NOUs have been identified as the main relevant contact points for the action, and as responsible authorities have the right technical understanding and close links to the relevant industry, as well as being directly linked to the policy making process. All NOUs have been contacted and declared their interest in the project and the technical measures.
Countries withdrawing from project for political reasons	L/M	Some of these countries may withdraw or lose interest in the project due to internal political developments. In that case the project would be scaled down (i.e. implemented in less countries) or additional countries will be selected, based on their interest and willingness to take on alternative technologies.
No cooperation agreements are concluded within the lifespan of the project due to reluctance of local business to install alternative technologies and/or to lack of interest from EU hardware providers to be part of the action		The project will encourage the participation of commercial know-how providers from the EU. End users have the incentive of potential profits arising from future energy savings linked to the use of new greener equipment. Moreover, NOUs have good links to local stakeholders and can help in the identification of existing and potential pilot projects. As far as EU companies are concerned, business opportunities potentially arising from their active role in this initiative do constitute an incentive to their participation. Should interest finally be lower than expected, the scope of activities under component A_2.2 of the project will be scaled down accordingly.

3.4. Stakeholders

The action targets the contact points of National Ozone Units (NOUs) in participating countries which are responsible for implementing ozone policies in their countries. They usually form part of relevant national authorities such as the Environment Ministry. The NOUs will enable the relevant contacts to officials, service personnel, technology distributors and end-users. The NOUs also exchange information in regional networks all across Latin America and the Caribbean so that this would be an excellent way for multiplication of the action in the future.

Relevant stakeholders, whose participation will be ensured through the NOUs, are in particular the service personnel associations as well as large end-users in the countries. Implementation will therefore closely involve the NOUs of the participating partner countries.

The project will focus on countries whose voice carries a weight in the region on Montreal Protocol and climate issues and which may, therefore, influence others with their attitude towards HFCs, especially as countries are cooperating more closely on ozone issues. For the Latin American countries, the project will target on the one hand some progressive countries, such as Mexico (co-proponent, together with USA and Canada, of a second HFC amendment proposal), Colombia (who has been a very strong and vocal positive voice under the Montreal Protocol and in UNFCCC), Costa Rica and Paraguay, and on the other hand some more sceptical countries such as Cuba and Venezuela. Also one Caribbean country will be included, notably Grenada, which has been very vocal under the Montreal Protocol and often speaks for the issues faced by the whole Caribbean region, as well as island states at large in the climate change context. All these countries have been approached at NOU (and partly delegation) level and have signalled their interest to participate orally as well as in writing (Paraguay, Costa Rica, Mexico, and Venezuela).

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

(a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed covering all seven countries and the six main activities. However, should the need arise to sign more than one contract in view of the complexity of the action, it will be duly assessed.

(b) Indicative timing to launch the call: 4th quarter 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement (direct management)	3
Totals	3

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner’s responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The action will be supervised by a steering committee, whose indicative composition comprises the EU Delegation in Mexico, other EU Delegations in partner countries

as needed, DG CLIMA and other EU services (COM/EEAS/FPI) as relevant. DG CLIMA will provide the technical oversight of the actions.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the project. The implementing partner will establish a communication plan in line with relevant guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.

Action A_3.1 will focus on showcasing the results achieved in the pilot countries to the whole region, making use of existing networking activities of the regional NOU-network and exchange of best practices. Further replicability in other regions, such as countries in Africa that are faced with similar problems such as the lack of access to technology and lack of skilled technicians will be explored.



This action is funded by the European Union

ANNEX 3

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Low carbon business action in Brazil and Mexico, phase 2

1. IDENTIFICATION

Title of the action	Low carbon business action in Brazil and Mexico, phase 2			
Country(ies)/ Region	Brazil and Mexico			
Total cost	Total estimated cost: EUR 7 500 000 Total amount of EU contribution: EUR 7 500 000			
Total duration ¹	54 Months			
Method of implementation	Direct management Procurement – Services			
Markers (from CRIS DAC form)	Rio convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (24 months); (iii) the closure phase (indicatively 12 months).

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action constitutes the second phase of a programme that aims to promote green industries by adopting low carbon² technology (including energy efficiency) in areas such as energy production and consumption, transport, manufacturing process³, waste management, agriculture and forestry. This will be achieved by establishing "Cooperation Partnerships Agreements" between EU and Brazilian / Mexican businesses with a view to supporting the implementation of joint "bankable" proposals that results in low carbon technology solutions and reflect the interests of both parties.

The two phases of this programme are articulated as follows:

- Phase 1: (a) mapping of specific needs and gaps and identification of potential partners in target sector in Brazil and Mexico; (b) mobilisation of identified potential partners in Brazil and Mexico (and Europe), (c) matchmaking activities between European and Brazilian and Mexican clusters and businesses resulting in the establishment of Cooperation Partnership Agreements – currently being implemented through service contracts managed by the FPI/ EU Delegations in Brazil and Mexico.
- Phase 2: Support facility for elaboration of bankable proposals by Cooperation Partnerships and cooperation with national and international financial institutions in Brazil and Mexico with a view to financing these. This phase is the subject of this action.

2.2. Context

Brazil: Brazil passed its "Law on the National Policy on Climate Change" in late 2009, which among others sets the quantitative emissions mitigation target that had been publicly pledged at the Copenhagen climate conference: reduction of 36.1% to 38.9% with regard to a likely (projected) business-as-usual increase of emission by year 2020 in the forestry, agriculture and energy sectors. The law also sets the basic principles and main sectorial instruments and policies (Lei 12187/2009) to achieve emission reductions.

The elaboration and the implementation of Brazil's domestic climate policy are defined by an Inter-ministerial Committee on Climate Change (CIMC), gathering 17 federal organs under the chairmanship of the "Casa Civil" (Presidency Office).

On 29 September 2015 at the UN Conference and ahead of COP21 in Paris, Brazil became the first major economy to pledge absolute greenhouse gas emission reduction target. Brazil pledged to cut its emissions by 37% in 2025 and by 43% in

² In the context of this document the term "low-carbon" is used as a synonym for "low greenhouse gas emission".

³ In Europe, many industrial sectors have submitted their low-carbon road-maps 2050, which include stock-taking of the past improvements and reduced emissions (both efficiency improvements and technologies) and estimates for the future emission reduction possibilities. They might serve as a model for the purposes of this component.

2030, from its 2005 levels. This shall mainly be achieved by reducing deforestation and boosting the share of renewable sources in its energy matrix.

According to the presidential announcement, by 2030 Brazil aims to get 66% of its electricity from hydropower and 23% from other renewable energies, including wind, solar and biomass, with a longer term target of reaching 45% of renewable energies.

This would build on previous efforts made to achieve emissions cuts in the 2005-2015 decade, looking to end illegal deforestation and reforest 12 Million hectares, to reduce emissions from its current level of 1.6 billion tons/year to 1.3 billion tons in 2030.

In this sense, and given the current economic recession, many analysts think that the time is right for investments in clean energy industries, especially wind and solar industries as a way to create jobs and revive growth. This could contribute to renewed competitiveness, as it marks a diversification from traditional fossil-fuel industries.

Mexico: Mexico has often played a leadership role in addressing climate change. In 2009, as part of the UNFCCC Copenhagen Accord, Mexico committed to reduce GHG emissions 30 percent below business-as-usual (BAU) by 2020, given sufficient financial and technological support from developed countries as part of a global agreement. In 2012, Mexico approved a new Climate Change Law, which contains provisions to reduce emissions of carbon dioxide by 30% below business-as-usual levels by 2020, and by 50% below 2000 levels by 2050. Furthermore, the law stipulates that 35% of the country's electricity should come from renewable sources by 2024, and it requires mandatory emissions reporting by the country's largest polluters. Mexico is in the process of preparing sectoral strategies in order to achieve its mitigation and renewable energy targets. Mexico has also decided to reduce emissions from deforestation and forest degradation (REDD+) in the wider context of sustainable rural development, seeking to create policy synergies with non-forest policies and to strengthen governance.

More recently, in March 2015, Mexico was the first non-Annex I country to the UN Framework Convention on Climate Change to present its contribution (INDC) to the 21st conference of the parties of the UN Convention on Climate Change (COP21).

Mexico is undergoing an important Energy sector reform to liberalise its market and open up opportunities to foreign investors. There is potential for cooperation on low carbon technologies between the EU and Mexican companies.

2.3. Lessons learnt

The proposed Phase 2 of the action will have to draw lessons from the results, methodology and activities of Phase 1, that shall end with to the signature of solid Cooperation Partnerships between Brazilian/Mexican and EU companies and confirm the interest of financial institutions to fund the related business and innovation proposals in phase 2.

The success of phase 2 will be contingent to the quality and solidity (long-term ambition and feasible business plan) of the Cooperation Partnerships established during phase 1 and on the preparatory work that shall have been carried out with the financial institutions, which need to be sensitised to the objectives and potential of this kind of business proposals.

2.4. Complementary actions

The action will be synergetic to the new Technology Mechanism under the United Nations Framework Convention on Climate Change (UNFCCC), in particular the Climate Technology Centre (CTC) and Network (CTC/N) that aim to provide practical support for the transfer of mitigation and adaptation technologies. UNEP and 13 partner organisations operationalize the Technology Centre (CTC) and Network (CTC-N) from 2013. As the CTC-N addresses the absorption capacity of developing and middle income countries for low carbon technology projects, it will be complementary to this initiative.

The Commission and Member States are also supporting the REDD+ Strategies of Brazil and Mexico through large multilateral initiatives such as the World Bank's Forest Carbon Partnership Facility, the UNREDD and the EU REDD Facility.

The European Cluster Collaboration Platform and the Enterprise Europe Network in Brazil and Mexico can be mobilised to facilitate the mobilisation of stakeholders from both sides.

The COSME programme supports EU internationalisation in terms of capacity building and preparing for international cooperation through a bottom-up approach. These actions will not include cooperation with the proposed middle income countries and they will not support business cooperation as an activity. Furthermore, there will not be a low carbon focus. The proposed action will therefore complement COSME on the above aspects and furthermore provide technical and financial support for the establishment of cooperation partnerships, elaboration of joint “bankable” proposals that reflect the interests of both parties, and facilitate implementation in the partner countries.

Similarly, the ELAN action does not directly support business cooperation on the ground but rather will provide a reference framework in the form of a web-based platform with market information and analysis on specific Latin American countries fed by a network of local trade experts which will be of great value for the implementation of the low carbon action. Therefore, close links should, obviously, be established with ELAN in the targeted Latin American countries in order to benefit from its expertise, exploit synergies and ensure complementarity.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this action is to support the efforts of Brazil and Mexico to tackle climate change. This will be done by assisting them in a shift towards decoupling economic growth and CO₂ emissions, which is in line with EU strategic priorities.

The specific objective of this action is to facilitate the uptake of low carbon technology (including energy efficiency) by industries through EU-Mexico/Brazil business partnerships, in areas such as energy production and consumption, transport, manufacturing processes, waste management, agriculture and forestry.

The action will combine concrete technology transfer activities with more strategic long-term cooperation to facilitate the development and mainstreaming of low carbon industries in Brazil and Mexico through cooperation with European SMEs, notably through clusters, on joint projects. The proposed strategy should therefore facilitate greener value chains that deliver climate and biodiversity benefits without hampering productivity, livelihoods and development perspectives.

In addition the action will contribute to:

- Instigate the adoption of low carbon technology by existing industry: contribute to stimulate and create enable conditions for industries, to adopt low carbon technology, which implies the transformation of industrial energy systems towards greater sustainability through uptake of new low-carbon technologies, energy efficiency and by expanding renewable energy sources.
- Foster the creation of low carbon technology industries in Brazil and Mexico: contribute to establish and expand emerging industries that can deliver low carbon technology and solutions. This includes technology itself as well as the provision of environmental and energy consulting and services, e.g. for monitoring, measuring and analysis services.
- Promote the internationalisation of EU SMEs: facilitate industrial cooperation between low carbon solution providers from the EU and industrial partners from middle income countries, resulting in long-term cooperation between clusters and their member SMEs, research centres, science parks and incubation centres, etc. in the field of low carbon technologies and related services.

3.2. Expected results and main activities

The action consists of two interlinked phases that will be reproduced for Brazil and Mexico:

Phase 1 - currently being implemented:

- Awareness raising & "matchmaking" activities that identify technology transfer needs and potential partners in the countries covered and bring them together with EU clusters and companies that are interested in transferring their technologies

and expertise to these new markets, resulting in mutual agreements (Cooperation Partnerships). The signature of the agreements shall be overseen by the respective EU Delegations in the two countries.

- Phase 1 will end with the launching of one or several **call(s) for expressions of interest** managed by the FPI/EU Delegations. Through this/these call(s) the formalised Cooperation Partnerships will be requested to submit a **concept note** outlining their intended joint cooperation project and detail their request for customised assistance from a support facility for the elaboration of bankable proposals/commercially viable projects promoting the take-up of low carbon technologies and more sustainable solutions, to be provided under Phase 2.
- The **concept notes** should take the form of a technology uptake agenda or roadmap that defines:
 - the guiding principles for implementation,
 - the owners of the problems and the proposed solutions,
 - the expected impact,
 - the technical support needed, duly justified, to elaborate a bankable proposal,
 - a series of milestones/obligations to be fulfilled by the Cooperation Partnerships.

Phase 2 (subject of this action):

- Provision of technical assistance for the elaboration of "bankable" proposals for joint projects by Cooperation Partnerships promoting the take-up of low carbon technologies and more sustainable solutions (cluster cooperation), as well as proposals for direct low carbon technology transfer between businesses (business joint ventures).

Expected results

The expected result of phase 1 of this programme is that 120 Cooperation Partnerships will be established (80 in Brazil and 40 in Mexico).

Based on an overall estimation of need, the expected result of phase 2 is that a maximum of 120 Cooperation Partnerships (80 from Brazil and 40 from Mexico) will receive technical assistance for an amount of around EUR 55,000 on average. However, only those Cooperation Partnerships who present a robust concept note in response to the above-mentioned call(s) for expression of interest clearly justifying their needs for technical assistance for the elaboration of "bankable" proposals for joint projects by Cooperation Partnerships will receive support in phase 2.

Cooperation Partnerships may need a combination of different types of technical assistance to elaborate their bankable proposals/joint ventures. The amount of the technical assistance demanded will usually depend on the type and size of the business project envisaged by each Cooperation Partnership: the average amount of technical assistance to be provided to each Cooperation Partnership is expected to range between EUR 50,000 and EUR 70,000. However, in case of large, complex projects a EU support of up to EUR 220,000 can be envisaged. This method of

implementation will provide us with sufficient flexibility to support proposals with high potential that require more substantial technical assistance.

Main Indicative Activities

- Phase 2 will start with the assessment and ranking of the concept notes submitted by the Cooperation Partnerships. The first activity to be conducted under Phase 2 is to set up an **evaluation committee** to assess the feasibility, robustness and “bankability” of the concept notes submitted by the Cooperation Partnerships at the end of Phase 1. The evaluation committee will be set up by the Delegation with the assistance of the contractor entitled with the implementation of Phase 2. The evaluation committee will draw up a **ranking** of the concept notes presented by the Cooperation Partnerships on the basis of their potential to become bankable proposals. The final decision on the concept notes to be supported will be done by the EU Delegations/FPI/Commission services.
- The evaluation committee shall be formed of representatives from the EU Delegations, Commission services (if and when relevant) and external experts, ensuring a balanced representation of different fields of expertise and interests. The selection of the external experts will ensure their independence, appropriate expertise and geographical balance. The EU Delegations/FPI/Commission services will be consulted on the final selection of external experts.

External experts forming part of the evaluation committee shall be hired by the contractor entitled with the implementation of Phase 2.

- The evaluation committee will assess each of the proposals submitted by the Cooperation Agreements and submit an opinion and ranking to the EU Delegation, which will take the final decision on the proposals that shall benefit from technical assistance under this programme.
- It is expected that Cooperation Partnerships will be signed gradually. In order to allow for sufficient flexibility and avoid unnecessary delays the evaluation committee may convene several times in order to assess the CPAs as they arrive.
- The selected Cooperation Partnerships will receive technical assistance to further elaborate their joint projects or ventures in the form of a standardised service package. Each Cooperation Partnership will address one or more specific technology need/s and will develop its own joint projects or ventures.
- The provision of technical assistance will be gradual and parallel to the fulfilment of agreed obligations by the Cooperation Partnerships on the basis of their commitment as responsible for taking the business plan forward.
- Such **technical assistance services** may include, inter alia:
 - technical feasibility studies,
 - environmental assessments,
 - impact assessment and cost-benefit analyses,
 - financial viability modelling,
 - legal advice, including on intellectual property, taxation, regulatory environment, etc,

○ other support required for the drafting and formalisation of the proposal resulting in a fully-fledged investment application to be submitted to the identified investment facility/financial institution.

- The conditions for the actual provision of technical assistance, as well as responsibilities of the partners of the selected beneficiaries Cooperation Partnerships, will be laid down in writing. Adequate standardised tools for this purpose will be elaborated by the project. Agreed upon provisions will include rules on the identification of milestones and the verification of their achievement on the basis of which technical assistance will be gradually released.

3.3. Risks and assumptions

Assumptions

The main assumption for this action is that Brazil and Mexico remain committed with the fight against climate change and continue supporting the transition towards greener economies.

Risk	Risk level (H/M/L)	Mitigating measure
As Phase 1 and 2 are being implemented as two separate projects delays or drawbacks suffered under Phase 1 may negatively affect Phase 2	Medium risk	Action under Phase 1 is to fully take into account the design and objectives of Phase 2 Ensure proper hand over and transition between the contractors of Phase 1 and Phase 2. Carry out proper monitoring under Phase 1 in order to detect early enough potential delays/difficulties and adapt Phase 2 accordingly.
Despite the efforts and investment under Phase 1 of the programme, Mexican/Brazilian companies may not be interested in cooperating and/or Cooperation Partnerships may not be able to come up with solid enough/bankable business plans	Medium risk	Having established a Cooperation Partnership under the support of the EU may help to keep interest alive; on the other hand, the provision of technical assistance will be linked to proven commitment by the partners as owners and responsible for the success of the project and will be delivered in phases each linked to milestones.
Financial institutions may not be interested in providing financial support to the proposed projects, as they may not perceive their overall potential/profitability	Medium risk	Phase 1 will already establish contacts with financial institutions and start sensitising them on the benefit potential of projects encouraging greener technologies. The contractor will facilitate the cooperation during the TA phase where

		needed. This risk will be further reduced by requiring that the service provider engage with local commercial banks, regional development banks and other financing institutions to facilitate engagement already during the stage of elaboration of the "bankable proposals".
Cooperation partnerships may lack the necessary political support	Low risk	The contractor will ensure close cooperation and coordination between the technical assistance providers of Phase 2 and local/regional and state authorities where the business cooperation agreements may be implemented.
Continued low energy prices make low-carbon investments less profitable and delay their dissemination	Medium Risk	Experience in Europe suggests that policy makers should engage with private sector stakeholders for a long-term target setting for carbon reduction. For investment cycles of about 30 years, the long-term targets matter more than low spot energy prices, which substantially mitigate this risk. Projection or measure of the potential of projects to contribute to the national carbon reduction targets, shall be part of the TA and a value taken into account in all "bankable proposals".

3.4. Stakeholders

Key stakeholders for this action are being identified in the exploratory phase 1, which is currently under way in Brazil and Mexico. The importance of different types of stakeholders may vary according to the country, state and sector identified. Overall, the following groups are of high relevance:

- Businesses, business clusters and business associations in Brazil, Mexico and the EU.
- Municipal/regional public authorities, in particular in cases where municipalities run businesses that are to be promoted under this action (e.g. waste management).
- National or state-level administrations in charge of planning and / or of investments in the sectors identified for this action, e.g. the energy sector.
- Financial institutions and investors.
- Think tanks and civil society.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Procurement (direct management)

4.1.1. Procurement (direct management)

(a) The project will be implemented through the procurement of services. Indicatively, two service contracts will be signed, one for Brazil and one for Mexico. The need to sign more than two contracts may arise and will be duly assessed.

(b) Indicative timing to launch the calls: 3rd quarter 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
Procurement – (Direct Management)	7.5
Totals	7.5

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

Steering Committees will be set up to provide strategic orientation to the project and ensure overall coherence and continuity of the Action from phase 1. The exact composition will be defined at a later stage.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the project. The implementing partners will establish a communication plan in line with relevant guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.

To ensure continuity, all communication aspects, products, materials and website established in Phase 1 will be transferred to the contractor of Phase 2, who must maintain coherence with the already established visibility.



This action is funded by the European Union

ANNEX 4

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Low Carbon Action in Korea

1. IDENTIFICATION

Title of the action	Low Carbon Action in Korea			
Country(ies)/ Region	Republic of Korea			
Total cost	Total estimated cost: EUR 2 400 000 Total amount of the EU budget contribution: EUR 2 400 000			
Total duration ¹	66 months			
Method of implementation	Direct management Procurement – Services			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This project intends to support Korea's efforts in transition to a low carbon economy. More specifically, it aims to establish an EU-Korea Joint Platform on Low Carbon Economy and joint Partnership Agreements in Green Urban Development between the European and Korean stakeholders to enhance networking and dialogue on climate change and to stimulate uptake of low carbon urban development strategies.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

First, following implementation of the EU climate change outreach activities in 2015 and early 2016 (planned under Policy Support Facility), this action aims to establish a Joint EU-Korea Platform on Low Carbon Economy. This platform will become the main communication channel on the issues of low carbon economy and climate change between EU and Korean stakeholders, targeting primarily civil society organizations, but also Government, private sector, academia and other stakeholders.

Second, based on findings of the mapping on low-carbon opportunities in Korea (underway and financed through the Policy Support Facility) this action aims to mobilize potential partners in Korea and Europe for implementation of specific pilot actions under the joint Partnership Agreements in green urban development. Such partnerships would primarily involve municipalities, private sector as well as academia and research organizations.

2.2. Context

Climate change and low carbon growth objectives are embedded in the Korean legislation. Korea announced its GHG reduction target of 30% below business-as-usual emissions by 2020 in 2009. The country established the 'Low Carbon & Green Growth Basic Act' in 2009 and enacted 'Korean ETS Act' in 2012. In January 2014, the Korean government released Korea's GHG Reduction Roadmap to 2020 and in January 2015 Korea has launched its Emissions Trading System (ETS). Meanwhile, Korea profits of its status of a 'developing country' in the international climate change negotiations. Korea's ambition and success in its domestic climate policies is very important in the context of policies aspired to by other countries in Asia and globally.

Despite its earlier commitments, following recent shift of priorities of the new Government, Korea is lowering down its climate change ambition. It is evidenced in expansion of coal-fired power capacity in Korea's 2014-2035 Energy Plan, recent postponement of vehicle carbon emission tax to 2020, easing requirements and 2-year postponement for mandatory use of renewable energy by power companies. At the same time, Korea faces such challenges as steadily deteriorating air quality, low energy efficiency (especially in buildings), and slow uptake of renewable energy. Korea's contribution of renewable sources to total primary energy supply is the lowest in the OECD. The main reasons seem to be lack of full-fledged governmental assistance, small domestic demand and market size and low level of public support for climate action. The shortcomings of Korea's climate action ambition can also be attributed, in part, to the relative strength of energy intensive industries compared to other stakeholders. Hence, there is a clear case for a bottom-up approach to stimulating climate action in Korea in line with the EU's priorities.

Civil society involvement in the decision making process and general public awareness on the climate change issues remains low and fragmented. Civil society is largely politically marginalised and unable to convey messages to the Government in a constructive way. Environmental NGOs in Korea appear to be relatively active compared to other NGOs, but they lack capacity to make a real impact, while their limited funding often derives from corporations looking for CSR type of activities to boost their image without any genuine interest in environmental, climate change or low carbon growth matters. A potentially important actor are various think tanks (including faith-based), who could be an additional channel of communication with legislators, although their interest in climate change is not obvious. Moreover, a

number of Korean cities are keen on greening their urban development plans and setting up higher targets than at national level, hence, role of the local government is of utmost importance.

Overall, a wide range of advocacy and networking tools need to be deployed in order to bring civil society and decision makers closer and to further stimulate Korea's efforts in reducing greenhouse gas emissions. The bottom up approach, with a focus on Korean civil society and on the local government may bring best results in influencing Korean domestic policy.

Tackling climate change is an important policy priority for the EU, who is broadly recognised as a lead actor in international climate change negotiations. To achieve EU goals to limit the impact of climate change, significant reductions of greenhouse gas emissions are needed both within the EU and in other countries around the world. Hence, such action is in a mutual interest of EU and Korea. European knowledge and experience in participative approach with the civil society as well as uptake of the low carbon urban development strategies would provide an important impetus towards achieving and reinforcing low carbon growth objectives in Korea. Sharing the EU best practices and knowledge can reinforce EU company presence in Korean market and expand basis for business opportunities for the private sector.

At the latest EU-Republic of Korea Summit (September 2015) the parties agreed on the need for more ambitious action to reduce greenhouse gas emissions and committed to strengthening bilateral cooperation on climate action. This action intends to contribute to translating this political commitment into concrete interventions. This action addresses the PI Objective 1(2)a: 'Supporting engagement with relevant third countries on bilateral and global issues of common concern' and 'Stimulating efforts in partner countries to reduce greenhouse gas emissions'. It also responds to one of the three priorities of the "Europe 2020" Strategy, i.e the "Sustainable Growth", by encouraging Korea to engage further in developing a more resource efficient and greener economy.

2.3. Lessons learnt

The project builds upon and benefits from the lessons learnt and experience gathered from two ongoing PI projects that are supported under the Policy Support Facility – (1) Climate Change Outreach in Korea and (2) Mapping on Low-carbon Stakeholders and Opportunities. In particular, the strategic mapping exercise of opportunities, needs and gaps in green urban development and key low carbon economy sectors in Korea carried out under the (2) action has revealed that a diverse number of Korean stakeholders (NGOs, Government, Business, Research and Education institutes) have an interest in climate change, and that a number of existing initiatives in sectors such as transportation, buildings, power generation and energy production, the public sector, industry, waste and agriculture and fishery have potential for cooperation with the EU. Similarly, a high number of European stakeholders across all EU Member States have been identified as having a potential interest in low-carbon cooperation with Korea. Based on these findings, this project action would be an important step to stimulate broad stakeholder involvement in view of further scaling up and strengthening targeted EU interventions in green urban development and low carbon economy in Korea.

2.4. Complementary actions

So far, there were no stand-alone EU funded projects for Korea which could directly complement current action. Synergies can be established with the EU Green Gateway Programme (approved under PI AAP 2014 and recently contracted), which aims to enhance EU SME presence in Korea in green technology sectors, as well as some other sectors while giving European businesses a better understanding of Korean business culture. The more Korea embraces low carbon economy, the more relevant European companies may benefit from the market. Synergies with this action could be established insofar as relevant members of the EU and Korean business communities successfully involved in the Green Gateway Programme may be invited to participate in specific activities undertaken under the Joint Platform. Their increased understanding of mutual green business practices, alongside their better preparedness to collaborate with each other may in fact positively influence the implementation of the envisaged activities under the Platform. The action will also complement the PI funded project on EU-Korea cooperation on Emissions Trading System (approved under PI AAP 2014 and recently contracted), especially with regard to awareness raising among various climate change stakeholders on the ETS implementation. In particular, the action envisages the involvement of a wide range of stakeholders, including national government (i.e. Ministry of Environment), business entities, civil society groups etc. Synergies with this action could be established insofar as the Joint Platform could amplify the results of the EU-Korea cooperation on ETS by extending lessons learned to a wider number of actors, including other government entities (i.e. Ministry of Trade, Industry and Energy) and an extended number of businesses and civil society members. This would contribute to EU-Korea sharing best practices and knowledge, which is encouraged by this action, and potentially to delivering a reinforced presence of EU green business models in Korea, which would be beneficial to the overall objective of this action.

With respect to green urban development, under the thematic lead of DG REGIO and DG ENER, a programme on 'International Urban Cooperation: Sustainable and Innovative Cities and Regions – Asia and the Americas' of EUR 20.2 million was adopted as part of the PI AAP 2016. The programme is due to start in 2016. It will comprise some activities in South Korea with focus on awareness-raising and networking (primarily at government level through policy dialogues) for promotion of the Global Covenant of Mayors. Synergies with this action could be established insofar as the results of the high-level promotion of the Covenant of Mayors could contribute to positively influencing the ROK government's attitude towards embracing and supporting the successful implementation of this action. Advancing the Global Covenant of Mayors through policy dialogue is in fact an opportunity to promote EU urban diplomacy in Korea and to further acquaint Korean society with the EU urban green growth agenda. As such, this could positively complement the action and stimulate Korean municipalities willing to engage in on-the-ground exchanges of best practices and joint initiatives with European partners envisaged under the joint Partnership Agreements.

Moreover, this action will be based on two Policy Support Facility actions implemented over 2015 and 2016. In particular, the strategic mapping exercise carried out under the PSF action is expected to serve an instrumental role in the development and implementation of this action. Upon its completion, the mapping exercise is, in fact, expected to identify a number of relevant stakeholders, both in

Korea and the EU, showing interest in forms of mutual cooperation and / or sharing of best practices. On the basis of these results, priority sectors for EU intervention in Korea will be identified, followed by a preliminary assessment of the potential to develop pilot partnerships per each priority sector. This process will also anticipate an evaluation of the gaps and needs in Korean sectors where EU intervention could be envisaged as having an added value through delivering tangible impacts. As such, the mapping exercise is expected to be an opportunity to not only generate information about the low-carbon sectors that could benefit most effectively from EU-Korea cooperation, but also test the potential for driving this cooperation towards achieving concrete, tangible impacts through engagement in specific actions under the Joint Partnership Agreements in green urban development. Based upon lessons learned as regards which stakeholders could be involved most effectively and which areas for undertaking joint, tangible low-carbon actions could be pursued, this process is ultimately expected to generate room for expansion and potentially improvement in the follow-up phases under this action.

In addition, it will be also important to take stock of the past or ongoing EUMS initiatives (including on research, study trips, conferences), in particular, those of Germany, Sweden, France, UK, who extensively involve also private sector. A preliminary mapping has been done by the EU Delegation, and further information is collected as a part of the mapping exercise under Policy Support Facility.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this action is to support EU's overall political ambition and policy aspirations in the global fight against climate change by supporting Korea's efforts in transition to a low carbon economy..

The specific objective of the action is to establish the EU-Korea Joint Platform on Low Carbon Economy and joint Partnership Agreements in Green Urban Development between European and Korean stakeholders. Initiatives generated by this action will be mutually reinforcing and are also expected contribute to creating new businesses opportunities for EU companies in the green technology sector.

3.2. Expected results and main indicative activities

Result 1: EU-Korea Joint Platform on Low Carbon Economy established. This would eventually lead to enhanced networking and dialogue among key climate change stakeholders, as well as raise public awareness on climate change and low carbon economy.

Main indicative activities will include:

- *A1.1 Establishment of Joint Platform*

Based on the results of the initial climate change outreach activities carried out under the Policy Support Facility, the service provider will facilitate establishment of the Joint Platform on Low Carbon Economy for EU and Korean stakeholders. The key stakeholders on both sides will be NGOs and civil society at large, as well as policy makers, private sector, academia, media. It will be important to inform the Korean

Government of this initiative at an early stage, in particular Ministry of Trade, Industry and Energy and Ministry of Environment, in order to secure sufficient buy-in necessary to implement specific actions.

- *A1.2 Implementation of activities under the Joint Platform*

Implementation of specific activities under this Platform, such as debates, workshops, targeted seminars, joint research initiatives, public outreach events etc. While the magnitude of stakeholder engagement in the activities will depend on the interests of the stakeholders involved and on the policy and economic agenda of Korean and EU Member States parties, activities at both the technical and high political level could be envisaged as taking place under the Platform. In particular, a minimum of five activities at the technical level / lower level (i.e. workshops, seminars etc.) and two activities at the higher level (i.e. policy dialogues or high-level climate events with involvement of government officials) per year could be envisaged. As such, the two high-level events could be used as an occasion to amplify the results of the technical activities by showcasing the mutual benefits of enhanced EU-Korea cooperation on the climate change front and particularly how the EU can positively influence Korean climate domestic policy making

EU Member States' embassies will be involved to help reach out to relevant stakeholders and participate in joint activities as appropriate, in particular for activities that focus on business.

Result 2: EU-Korea Partnership Agreements in Green Urban Development at municipal level established and specific pilot projects implemented that would result in increased commitment to low carbon urban development strategies and further uptake of low carbon technologies.

Main indicative activities will include:

- *A2.1 Establishment of Partnership Agreements*

Based on the findings of the strategic mapping conducted under Policy Support Facility and initial identification of potential partners in selected priority sectors, the service provider will mobilize respective partners in Korea and Europe. The approached stakeholders (mainly municipalities, private sector, academia and research organizations, as well as other actors with added value) will be invited to join Partnership Agreements. This may be conducted through match-making activities (either virtual/online matchmaking sessions or matchmaking mission in Korea and/or Europe), screening of candidates etc. that would eventually result in signed joint Partnership Agreements. Cooperation with the Enterprise Europe Network's Business Cooperation Centre in Korea will be sought, where relevant. Mobilization shall also include a communication campaign resulting in Statements of Intent or Declarations of Interest from Korean stakeholders to cooperate with EU partners in specific initiatives and sectors. The target is to establish a minimum of 5 such partnerships, each involving at least 2-3 partners from each side. Each partnership will have a specific objective and scope of work, aiming to implement at least 1 pilot initiative within the duration of this Action.

- *A2.2 Support for implementation of pilot projects*

Following the identification of pilot projects, the action will support their implementation by funding technical assistance for cities to prepare the pilot initiatives. The nature and scope of the technical assistance will depend upon the character of the Partnership Agreements put in place. Examples of the activities towards which assistance will be directed may include illustrative actions (i.e. sharing of EU best practices and subsequently paving the ground for their adaptation in Korea), but also collaborative actions (i.e. joint efforts by EU and Korean stakeholders in the development of common low-carbon strategies and solutions).

Result 3: Visibility of the action promoted and future scenario for possible cooperation analysed.

Activities to include:

- *A3.1 Website and evaluation*

The Joint Platform will have a simple website advertising the conducted activities. In addition, towards the end of the action, a short report covering the impact of the project, lessons learnt, and proposals for taking forward cooperation between EU and Korean stakeholders will be produced.

Expected impact of action on targeted stakeholders:

Strengthening pro-climate action civil society in Korea is crucial for persuading the central government to tackle climate change challenges domestically, and to engage on more ambitious targets at international level. Support to the empowerment of the civil society role on climate change issues through set up of the Joint Platform will increase general public awareness among citizens, enabling them as individuals or in groups to influence the decision making process in a constructive way. Implementation of the specific activities under Joint Platform will stimulate debate between the European and Korean civil society organisations, which will (a) complement the formal policy dialogue at governmental level; (b) facilitate peer to peer exchange of good practices and experiences; (c) promote joint interventions at interventional level.

For municipalities, joint Partnership Agreements on Green Urban Development will offer a unique opportunity to pursue bottom up approach and be in the lead in achieving (and possibly exceeding) the Government objectives in terms of tackling climate change. Pilot initiatives, the exchange of best practices between EU and Korean cities, formalization of the low carbon urban development strategies and further introduction of low carbon technologies that will help cities to tackle issues of air quality, energy efficiency and other climate change related matters. This will lead to the so called "early wins" which will help municipalities to enhance credibility and political influence at central level.

Private sector and academia will have the opportunity to engage and contribute to innovative solutions in Korea's low carbon development. In the short-medium term, this will enhance business opportunities for EU companies (in particular, through partnerships with municipalities, companies), while in the long term potential benefits could stem from more ambitious climate action generally. Such action

would also contribute to the objective of the Korean Government to promote creative economy.

Compared to a string of discrete activities and projects financed through ad-hoc means such as TAIEX, the project will provide more visibility and permanence to the EU's efforts to structurally enhance cooperation between EU and Korean stakeholders in the climate field.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Delay in the establishment of the Joint Platform	M	Involve Korean authorities largely in advance in order to secure sufficient buy-in necessary to implement the specific action. To be noted that contacts with relevant Korean authorities is already ongoing in the framework of the two PSF actions.
Lack of sufficient interest from part of the different types of stakeholders	L	PSF projects to be implemented in 2016 will stimulate stakeholder interest; project has sufficient flexibility to accommodate a wide range of different stakeholders if particular groups are not receptive
Risk of weak involvement of municipalities resulting in possible lack of concrete proposals for pilot initiatives	M	Municipalities will be engaged in PSF activities and EU's support to these pilot initiatives will be adequately advertised.
Contributions from private sector and academia to the provision of concrete examples of future avenues for innovative solutions are lower than expected.	L	PSF projects to be implemented in 2016 will stimulate stakeholder interest on innovation related matters.

3.4. Stakeholders

The actions will target a broad range of stakeholders in the field of green urban development and key low carbon economy sectors, both in Korea and the 28 EU Member States. The selection of stakeholders involved will reflect the results of the Mapping on Low-carbon Stakeholders and Opportunities action under the PSF. As such, broad participation from a variety of stakeholders relevant to the climate change field, including but not limited to businesses, NGOs, think-tanks, academics, universities and subnational government entities will be envisaged, covering sectors such as transportation, buildings, power generation and energy production, the public sector, industry, waste and agriculture and fishery. Benefitting from the specified identification criteria used under the ongoing PSF action, this project action will target those stakeholders identified as having specific interests and the highest capacities to engage in EU-Korea joint low-carbon efforts.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

- (a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.
- (b) Indicative timing to launch the call: 4th quarter 2016

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement (direct management)	2.4
Totals	2.4

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The action will be supervised by a steering committee composed indicatively of the EU Delegation in Korea, DG CLIMA and other EU services (COM/EEAS/FPI) as relevant.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Activity A3.1 will provide a report which will help conduct an overall evaluation of the project, considering the impact on stakeholders, the sustainability of the outcomes, and the likely broad impact on climate outcomes.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the project. The implementing partner will establish a communication plan in line with relevant guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

Visibility of specific activities under the Joint Platform and of the Partnership Agreements will be ensured as part of their implementation. In addition, a website foreseen under Activity A3.1 will provide a place to collect all of the project's activities.

All communication activities will respect the relevant EU visibility guidelines. All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.



This action is funded by the European Union

ANNEX 5

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for support to EU-China cooperation on water and the China EU Water Platform (CEWP)

1. IDENTIFICATION

Title of the action	EU-China cooperation on water and implementation of the China EU Water Platform			
Country(ies)/ Region	China			
Total cost	Total estimated cost: EUR 7 500 000 Total amount of the EU budget contribution: EUR 6 000 000			
Total duration ¹	78 months			
Method of implementation	Direct Management Grants – direct award			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action aims to enhance EU cooperation with China on water issues through activities leading to policy, regulation and management recommendations. It is

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (48 months); (iii) the closure phase (indicatively 12 months).

expected to contribute to the establishment of a formal High Level policy dialogue on water issues and to promote business and innovation opportunities.

This project will primarily focus on the implementation of selected activities included in the China Europe Water Platform (CEWP) Work Programme² in four focus areas : (i) Rural Water and Food Security; (ii) Water and Urbanisation; (iii) River Basin Management Plans including Water Management and Ecological Security; and (iv) Water and Energy Security.

2.2. Context

China is facing a looming water crisis, the scale of which could become a serious threat to China's stability and therefore represent a potential risk also for the EU, which has an interest in China's stability. Therefore, cooperation on water issues is a clear priority for both China and the EU.

This action is anchored in the EU's external policy for EU-China relations and in more specifically it is to be seen as an important component of the EU external policy on water security (i.e. water diplomacy). At the 2015 EU-China Summit, both parties agreed to reinforce cooperation on water related issues along the lines of the China Europe Water Platform Work Programme.

This project has also the potential to contribute to strengthen the common grounds between EU and China on water related Sustainable Development Goals³ and the implementation of the United Nations Framework Convention on Climate Change COP21 Agreement⁴ and its Lima-Paris Action Agenda⁵ that calls for actions on adaptation, including water.

The CEWP is a political framework for promoting policy dialogue on water sector reforms, encouraging capacity-building, technical and business cooperation. Its structure is a flexible coalition of EU Member States (EU MS) cooperating with Chinese counterparts on specific issues of mutual interest such as water management, water quality, flood risk management, groundwater management, water quality and ecosystems, water in urban areas, and water, energy and food security nexus. The CEWP is a partnership between EU MSs and the Ministry of Water Resources in China.

2.3. Lessons learnt

The CEWP has benefitted from financial support through the Policy Dialogue Support Facility (PDSF) financed by the EU under the Development Cooperation Instrument (DCI) in 2013 and 2014. The outcomes of this support have been the organisation of high level annual conferences and production of studies allowing an in-depth knowledge on the scope of the cooperation. PDSF proposals have supported the policy dialogue and have contributed to identify in which working areas there is a common interest to work on and the main lines of these working areas.

² The 2015-2017 Work Programme was approved at a CEWP high level meeting organised by Denmark on 12th of May 2015. Fourteen EU MS as well as the Commission and the EEAS attended the meeting.

<http://cewp.org/wp-content/uploads/2015/06/CEWP-Work-Program-2015-2017--Final.pdf>

³ See SDG 6 "Water and Sanitation"; Targets 6a, 6b, 6.1, 6.2, 6.3, and 6.6. <http://www.unwater.org/sdgs/en/>

⁴ <http://unfccc.int/resource/docs/2015/cop21/eng/07.pdf>

⁵ <http://newsroom.unfccc.int/lpaa/>

The PDSF support has enabled the creation of the EU MS network creating the CEWP which started in 2012 with the political impetus of the EU Presidency. Since then, a number of meetings and studies, supported by PDSF funds, have helped to attract attention of an increased number of EU MS by thus creating strong working relation with China. It helped also to identify areas of common interest and agreement on joint activities to implement. That has been essential to shape the grounds for the EU China cooperation on water.

2.4. Complementary actions

In 2015, the PI launched an action under its Policy Support Facility (PSF) to assist in determining scope and feasibility of actions to implement the CEWP work programme for each of the four focus areas identified by the EU and China. The objective of such policy dialogues is to inspire Chinese policy makers to take up relevant EU standards, to promote dissemination of EU knowledge, best practices and solutions to issues related to water management, as well as to create business opportunities for EU companies active in the sector.

EU MS and Chinese partners under CEWP identified specific objectives and expected results per Focus Area. During the implementation phase of the PSF action, actors working on the four focus areas will develop a clear joint understanding of objectives, expected results, activities, timeline and resources needed.

The implementation of the CEWP work programme involves a number of actors and several sources of funding will be pooled. This project fits well with other major initiatives such as the EU-China Urbanisation Platform, EU-China Innovation Cooperation Dialogue, EU Research Diplomacy, EU-China High Level Dialogue on Energy. As regards, the business component, synergies should be sought with the upcoming PI funded intervention on International Urban Cooperation which promotes EU business interests also in China. This synergy could materialise by organising joint business events in the same city when the sector of activity is relevant for both projects (i.e. waste management).

The project will be implemented benefitting from synergies created by the EU MS bilateral cooperation with China.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this project is to promote policy dialogue, joint research and business development in the water sector (water diplomacy) between China and the EU, in close cooperation with EU Member States.

The specific objective is to support the implementation of the CEWP work programme in line with the conclusions of the 2015 EU-China Summit through:

- promoting the exchanges of experience, knowledge, best practices and innovative technologies, and implementing pilot activities;
- facilitating and supporting EU business opportunities/engagement to improve the efficiency of water management in China.

A longer term objective of the CEWP which this project supports is to contribute to the establishment of a formal EU-China dialogue on water issues with the Ministry of Water Resources.

3.2. Expected results and main activities

The CEWP is articulated around four Focus Areas and each of them consists of a number of co-lead programmes led by EU MS and Chinese counter partners. These areas are⁶:

Focus Area 1: Rural Water and Food Security

- Co-lead programme on Groundwater
- Co-lead programme on Irrigation

Focus Area 2: Water and Urbanisation

- Co-lead programme on Integrated Urban Water management
- Co-lead programme on Flood Risk management and Dike Safety

Focus Area 3: Water Management and Ecological Security

- Co-lead programme on River basin management
- Co-lead programme on Water Quality
- Co-lead programme on Restoration, Ecosystem services and Biodiversity

Focus Area 4: Water and Energy Security

- Co-lead programme on Water and Energy Nexus
- Co-lead programme on Small Scale Hydropower

Expected results:

Organised under the structure of the above mentioned four CEWP focus areas, the key expected results will consist of twinning/pilot/testing projects at basin/regional/municipal or provincial level that are expected to produce policy and regulation recommendations as their outputs. As such, activities aim to create innovation, research and business opportunities.

Result 1: policy recommendations for the management of water resources are formulated;

Result 2: cooperation on water management between EU/EU MS and China is enhanced and the enabling conditions are created to contribute to the creation in the longer term of a formal policy dialogue on Water between the EU and China, addressing in a structured way different aspects of water management;

Result 3: exchanges of experiences at policy, technical and business levels, thus strengthening cooperation between China and the EU;

⁶ More partners (EU MS, national and regional authorities, institutional, stakeholders, scientific community in the EU and China) might be included in a later stage within the co-lead programmes and/or Focus Areas.

Result 4: opportunities for EU companies active in the focus areas are opened thanks to the competitive advantages that the EU has on new technologies and systems and that help out about the challenges China faces.

Main indicative activities:

- Horizontal activities (e.g. organisation of annual meeting between parties involved in the four focus areas, key conferences, improved communication and visibility on the CEWP activities (i.e. via a user-friendly website, a regular newsletter,...));
- Pilot projects focusing on demonstration on test sites which illustrate the implementation and projection of EU policies and legislation.

Examples of possible pilot projects are provided below for illustration purposes only. Actual projects will be identified and/or confirmed during the implementation phase:

- a pilot project on Integrated Water Resources Management (IWRM) at basin level in one of the trans-provincial basins of China in which concrete solutions would be demonstrated. That experience would benefit from the lessons learnt on the implementation of the Water Framework EU Directive which obliges for an integrated water resource management and the production of river basin management plans at basin level;
 - a pilot project could demonstrate the value and efficiency of applying a holistic approach to water management in urban areas and flood risk protection challenges. That work would benefit of the EU experience on the implementation of water EU legislation such as flood risk management Directive, Water Framework Directive, Urban Waste Water and Drinking water directives.
 - a pilot project may apply EU technology for reduction or mitigation of diffuse pollution from agriculture or livestock production and the efficient use of water in agriculture with strong emphasis on water efficiency and water saving;
 - a pilot project may apply EU know-how, approaches and technologies for increased water use efficiency in food production with synergies of water protection policies and integrated water resources cross-sectorial management;
 - A pilot project may apply the EU experience on implementing renewable energy schemes, such as hydropower, aligned with the needs and requirements of EU environmental legislation and in particular the Water framework Directive.
- Studies relevant to the 4 focus areas providing policy recommendations;
 - Organisation of a business exchange forum/fora to facilitate and support EU business opportunities/engagement, notably by helping EU businesses in establishing Public Private Partnerships (PPP) that can contribute to the improvement of the efficiency of water management in China. It is expected that EU associations/federations/Chambers of commerce will be associated in the

business fora as deemed most appropriate. This project does not fund the participation of individual EU companies to these activities.

3.3. Risks and assumptions

The CEWP has strong buy-in on the Chinese side and this has led to an improvement in relations with China and specifically with the Ministry of Water Resources (MWR). The main assumption is that the EU MS involved and MWR maintain the needed commitment to the objectives and activities of the CEWP. It is also assumed that Denmark will continue its support to the CEWP Secretariat and thus providing the overall coordination of the CEWP. Synergies will be sought between the project and the relevant EU MS bilateral cooperation so as to create a multiplier effect.

Risk	Risk level (H/M/L)	Mitigating measure
Several EU MS are also active at bilateral level which could hamper the perception by the partner country of a EU coordinate voice.	L	Horizontal CEWP activities will foster EU steering and coordination in order to bring EU added value to the partner country.
As under the CEWP there is a number of EU (PI funded) and bilateral EU MS ongoing activities implemented in the four focus area, a risk of overlap/duplication exists.	M	In order to mitigate the risk of dispersion and lack of coordination linked to the complexity of the action and the number of ongoing initiatives, communication between all partners and information on progress of activities will be ensured by the CEWP Secretariat and the CEWP Steering Group where all partners are represented.
The CEWP objectives and activities are relevant to a large number of authorities in China at national, provincial and municipal levels. It requires a smooth organisation of partners and activities. A risk of lack of coordination at the different level of Chinese stakeholders (national, provincial, municipal) actually exists.	M	In order to mitigate this risk the role of the MWR is key as it is best placed to facilitate cooperation among concerned authorities in China. The continued dialogue with MWR supported by this project will help MWR better play its coordination role and properly ensure the flow of communication and information.
The business component may face difficulties in fully integrating the process, as this is the primary activity of the project.	M	Business forums will take place back to back to high level political meetings and activities. Business associations will be fully associated in the process.

3.4. Stakeholders

The stakeholders include:

- The European Commission, EU Delegation in Beijing, EEAS and the European Investment Bank.
- All EU MS, including of course the co-leads who will be active in the activities of the different focus areas and in pilot projects;
- The Chinese Ministry of Water Resources, which is on the lead on the CEWP and adopted its work programme, and other Chinese partners (river commissions, provinces, regions and municipal levels.),
- EU Chamber of Commerce in China (EUCCC) and Business Associations, which are expected to be actively involved in the business component.

A broad information, communication and consultative process with stakeholders will accompany the implementation of this action to ensure that the results meet the objectives of the project.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: Direct Award (direct management)

(a) Objectives of the grants

The project is broken down in five different components, four of them covering one focus area of the EU-China Water Platform Work Programme, as referred to above under section 3.2, and one covering horizontal activities.

Five direct award grant agreements will be signed, one for each of the five components indicated above. Each of these five grants agreement will be awarded to a consortium of Member States. The project will be implemented exclusively through the signature of these five agreements, whose objectives are those indicated under section 3.

Under the responsibility of the Commission's authorising officer responsible, each of the above mentioned five agreements may be awarded without a call for proposals to a consortium of Member States, in accordance with the provisions of article 190(1)(f) of the RAP.

Given the high sensitivity of cooperation on water related matters, the impact water management has on political stability and the high political relevance for the EU in supporting the CEWP Work Programme, it is judged as most appropriate to entrust project implementation to EU Member States. To increase capacities of Chinese authorities, the EU MS will provide technical assistance based on their long standing experience on water management, taking due account of the need for close contacts with the Chinese authorities at the highest institutional level.

Therefore, the action is to be implemented by consortia of MSs by virtue of their a highly technical competence and specialisation in the area of water management, of their institutional profile and of the legitimacy vis-à-vis the authorities of partner country for cooperation in such a sensitive matter as water management. This

approach will maximise the project's impact in terms of promoting peer-to-peer exchange between EU Member State's experts and the Chinese national administration.

To ensure and promote EU added value, the establishment of a consortium or a partnership, bringing together several EU Member States in the implementation of the project, will be encouraged for each lot/focus area. **If appropriate**, relevant international organisations and/or Civil Society Organisations or operators with expertise on water management issues may take part in the implementation of the action **only as partners in a consortium to be led by a Member State**.

It is proposed that the EU Member State's ministry or agency leading the project will be selected following a call for expression of interest. As part of the call and on the basis of expected results defined above, EU Member States will be requested to indicate;

- a. their interest to participate in the implementation of the action, and if so to indicate the desired level of involvement (leader or member of the consortium). EU Member States interested in leading the implementation will be required to detail and justify their previous experience in implementing water related projects;
- b. which of the focus areas identified for the action they intend to contribute to and how (based on objectives and expected results as identified in section 3);
- c. the level of co-funding for the action they are able to provide.

Following the assessment of interests received, the Commission will select the lead implementing Member State. Thereafter, interested Member States and the Commission will jointly develop the activities to be supported in close cooperation with China in view of finalising the award decision to sign the contracts.

(b) Essential selection and award criteria

The leading EU Member State for each of the five lots will be selected based on the call for expression of interest as described under 4.1.1

The selected consortium of EU MSs shall have sufficient sources of funding and the technical competencies and qualifications to carry out the action. The verification of the financial capacity shall not apply to them and the obligation to verify their operational capacity is waived in accordance with Article 131 (3) of the Financial Regulation.

The essential award criteria is the relevance of the proposed action to the objectives of the project: in terms of design, effectiveness, feasibility, sustainability, cost-effectiveness, as well as the added value for the EU, including with regard to visibility.

(c) Maximum rate of co-financing⁷

The maximum possible rate of co-financing for grants under this call is 80% of the eligible costs of the action.

⁷ Article 192 FR – full financing of an external action

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The need of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(d) Indicative trimester to conclude the grant agreements

The grant agreements will be concluded indicatively during Q4 of 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 – Grants - Direct award (direct management)	6
Totals	6

4.3. Performance monitoring

Technical and financial monitoring of the implementation of this action will be a continuous process involving all CEWP parties in their respective fields of activity. The implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports. The implementing partner's responsibilities will be further defined in the grant contracts.

A Steering Committee (SC) will be established and will be composed, indicatively, of Commission services, the EEAS, the EU Delegation to China, relevant Chinese authorities, as well as the implementing consortia.

The SC will meet at least twice a year to review progress and provide guidance to the implementation of the action.

The Commission may undertake additional project monitoring visits both through its own staff and through independent experts for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its component, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the project. The implementing partners will establish a communication plan in line with relevant

guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons. The implementation of the project by a consortium of EUMS will multiply the EU's overall visibility.



This action is funded by the European Union

ANNEX 6

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for the support to the development of an India-EU Water Partnership (IEWP)

1. IDENTIFICATION

Title of the action	India-EU Water Partnership (IEWP)			
Country	India			
Total cost	Total estimated cost: EUR 2 400 000 Total amount of the EU budget contribution: EUR 2 400 000			
Total duration ¹	66 months			
Method of implementation	Direct management Procurement – Services			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action aims to contribute to the setup and consolidation of the political and strategic framework for a more coherent and effective cooperation between the EU

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

and India on water management issues, by facilitating the establishment of an India-EU Water Partnership (IEWP). It will build upon a preparatory action adopted in 2015 under the PI Policy Support Facility and currently ongoing. This partnership will bring together governments, business and other key stakeholders for the promotion of innovative approaches and for the elaboration of new policies and/or legislation on water protection, based on EU longstanding experience and vast know-how.

The approach followed by this project should favour transfer of relevant parts of EU policies and legislation, as well as best practices in the sector, thereby opening business opportunities for EU companies through the implementation of pilot demonstration projects in India showing effectiveness and cost-efficiency of new technologies and systems applied in the EU.

Finally, this project is expected to develop a framework of close cooperation between EU and Member States in India. Having EU and EUMS work together as key players in a sensitive domain such as water management will help strengthen EU-India relations by creating a robust pillar of it and providing an example of EU foreign policy best practice.

2.2. Context

India's water challenges are complex and include quantity, allocation, quality and management issues. The combination of climatic conditions with a range of man-made pressures has driven India's farmers, households, and industry to increasingly depend on groundwater rather than surface water in rivers and lakes². Agriculture sector is India's largest user of water. However, increasing competition for water between industry, urban / domestic use and agriculture has highlighted the need to plan and manage water on a river basin and multi-sectoral basis. Water quality is generally poor due to insufficient and delayed investment in urban water-treatment facilities and weak or non-enforced industrial effluent standards. Urban Local Bodies are in many cases not able to plan, implement and operate infrastructure for wastewater treatment. Moreover, the division of roles/competences between State and municipal on regulation and operation in the urban water and sanitation sector is not clearly defined.

The EU and its Member States have a long experience in coordinating to address water challenges as well as river basin management and planning. Prime Minister Narendra Modi has made the Ganga rejuvenation a national priority and the government is currently working on a concept to deliver on this ambition. The EU is supporting this effort through the above mentioned PI funded PSF action and it is expected that coordination resulting from this support will provide the right momentum for establishing of a wider India-EU Partnership on water management issues.

A number of EU Member States are already actively participating in EU activities in the water field in India, in particular for the 'Clean Ganga' flagship initiative. The IEWP will provide further support to this process, both in terms of their policy dialogues and cooperation activities with India, as well as by promoting the participation of their respective experts, industries and other stakeholders involved in

² <http://www.globalwaterforum.org/2012/07/30/indias-groundwater-crisis/>.

water-related initiatives, in order to ensure coherence and synergies amongst all stakeholders and avoid duplications. The IEWP will also offer a broader platform for other EU MSs which at the moment do not have the resources to be active stakeholders in water-related EU activities.

2.3. Lessons learnt

The action will build on the ground-knowledge and expertise acquired by European businesses in India to date and will exploit the potential offered by the EU's Horizon 2020 Programme in support of innovation activities. However, a clear need has emerged to bring these strands into a coherent framework in support of the EU's policy projection in India. Given India's limited technical knowhow on river basin management and more generally on water management, the provision to the Indian government of collective expertise on this matter will send a strong message on the EU capacity to deliver on the partnership and will contribute to strengthen India – EU relations in the short, medium and long term.

2.4. Complementary actions

The proposed action is consistent and/or complementary with:

- The EU-India Strategic Partnership which includes amongst its key objectives sustainable development cooperation and sectorial dialogues on transport and energy.
- The EU-India Joint Action Plan from 2008.
- The conclusions of the 2013 Foreign Affairs Council (FAC) on water diplomacy³, which confirm the EU's substantive commitment to address the root causes of water challenges around the world. The Council called on the elaboration of action plans to promote water cooperation across the world within the range of existing instruments and political dialogues.
- The outcomes of the 12th EU-India Summit (2012), agreeing that a green economy should be seen as a means to achieving the overriding priorities of sustainable development and poverty eradication.
- The discussions that took place at the first *Indo-European Water Forum* (November 2015), which brought together the Indian National Water Mission, Commission services, and relevant European as well as Indian stakeholders to start shaping a common EU-India agenda for addressing water issues in the sub-continent.
- The memorandum of understanding on an India-EU Water Partnership to be signed on the occasion of the 2016 EU-India Summit.

The project will follow up on the on-going PSF-funded preparatory action running from December 2015 to February 2017. The PSF preparatory action aims at providing a united EU interlocution on the Indian Government on the Clean Ganga flagship initiative, as well as on the development of Indian domestic legislation and policy on water, paving the way for the present action and thus the establishment of an India-EU Water Partnership (IEWP). All developments and lessons learnt in the course of the project will be built into the Terms of Reference for the tendering of the

³ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/138253.pdf

present project. The Prime Minister's Office (PMO) and MEA's Joint Secretary Europe West as well as the Indian Ministry for Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR) and the National Water Mission, have welcomed this initiative and expressed their interest in widening it in line with the current proposal.

The action may also benefit from the more advanced EU experience in China with the China-EU Water Platform (CEWP). In this respect, it is worth pointing out that the CEWP has existed already for some time under the form of a partnership between EU MSs and the Ministry of Water Resources in China. At the 2015 EU-China Summit, both parties agreed to reinforce cooperation on water related issues along the lines of the CEWP Work Programme. In the case of India, an IEWP is not existing yet and facilitating its establishment does constitute a key specific objective of this project.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** of this project is to influence Indian policy making in the water sector, thereby facilitating progressive convergence by India towards relevant EU policies and standards on water management. This will be achieved by sharing best practices and learnings, by promoting policy dialogue and joint research. Business cooperation between India, the EU and the EUMS in the water sector, including cleaning the Ganges, will help create businesses opportunities.

The **specific objectives** are the following:

1. To facilitate cooperation between India and a flexible coalition of EU Member States on water-related issues of mutual interest by creating an India-EU Water Partnership;
2. To help create business opportunities for EU companies having the technical know-how to contribute to improving the efficiency of water management in India.

3.2. Expected results and main activities

To achieve the above objectives, the initiative will work towards producing the following *expected results*:

R.1.1. Advanced EU-India dialogue and cooperation on water management issues is facilitated by the establishment and functioning of an India-EU Water Partnership;

R.1.2. European policies, best practices and learnings in River Basin Management planning are considered by the Indian administration as relevant for the Indian context and translated to the extent possible into revised water management policies at both national and State levels;

R.2 EU Member States' water-related activities in India are consolidated in a wider cooperation framework between the EU and India on water issues, resulting in an increased involvement of European actors, including businesses, in water management in India.

The *main activities* to achieve the above-mentioned results would include:

a. Technical and advisory services agreed with Indian counterparts, including administrative services for the IEWP secretariat.

b. Horizontal activities (workshops, field visits, events) in view of:

- Setting up a India-EU Water Partnership and define a 3-year work programme on the basis of the work carried out under the PSF preparatory action and of continued dialogue and involvement of Indian stakeholders and EU Member States;
- Improving coordination between EU Member States, other donors and financing institutions (e.g. European Investment Bank) acting in India;
- Sharing EU best practices and learnings on specific focus areas, such as River Basin Management, Ganga Rejuvenation, Rural Water, Food Security, Water and Urbanisation; Floods and Droughts; Water Scarcity; Ecological Flows and Biodiversity; transboundary water management etc.;
- Facilitating business exchange through field visits and annual forum;
- Facilitate exchange of views on Indian procurement policies at the national and state levels.
- Integrating research and innovation activities into the IEWP, including work under Horizon 2020, the Joint Programming Initiative on water (JPI) and the European Innovation Partnership (EIP), to identify innovative European water solutions applicable to India and match them with identified Indian demands.

c. Provision of briefings and studies to, among others:

- Generate policy recommendations in specific focus areas, such as River Basin Management, Ganga Rejuvenation, Rural Water, Food Security, Water and Urbanisation; Floods and Droughts; Water Scarcity; Ecological Flows and Biodiversity; transboundary water management etc.;
- Support the preparation of information, communication and awareness raising activities on above mentioned areas, including addressing citizens' behaviours;
- Cater for legal advice in improving existing water legislation across India or elaborating new pieces of legislation, as requested by the Indian side;
- Identify opportunities for European businesses' engagement in India, through the facilitation of partnerships for delivering the required solutions, including identify possible financing mechanisms.

d. Implementation of pilot activities for demonstration purposes in view of:

- Understanding the application and implementation of EU policies and legislation such as the Water Framework Directive, Habitats Directive, Birds Directive, Environmental Impact Assessment, Environmental Liability Directive, etc.;
- Enabling concrete testing of European approaches in the Indian context to demonstrate the added value to India of adapting a similar regulatory framework.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
<p>Despite the obvious need for the initiative and the commitment so far expressed by the Indian administration and the close cooperation established during the implementation of the PSF preparatory action, there is a risk that support to the project from National and State Governments might turn out not to be as active as expected or to decrease over time.</p>	<p>Low</p>	<p>This risk will be mitigated by ensuring the organisation of regular steering committees with the <i>Ministry of Water Resources, River Management and Ganga Rejuvenation</i>, the <i>National Water Mission</i> and the <i>Prime Minister's Office</i>, that will ensure their active participation in the conception and implementation of the project</p>
<p>The IEWP activities concern a large number of authorities in India at national, State and municipal level, and a potential risk exist not all them are adequately involved.</p>	<p>Medium</p>	<p>This risk will be mitigated by ensuring that the projects maintains close contact with both national and State levels and that adequate mechanism are developed during the project conception to ensure that the national level actors are involved in the coordination and implementation of activities. This cooperation is being prepared already through the PSF action, which is per se a mitigating measure.</p>
<p>EU MS prefer to implement bilateral cooperation activities rather than being involved in an EU-wide initiative.</p>	<p>Low</p>	<p>This risk will be mitigated by closely involving EU MS experts in the works of the IEWP Technical Secretariat for the design and steering of the activities, while ensuring that no duplication of interventions with Member States which will implement bilateral activities as they wish through a coordinate approach.</p>
<p>Market access barriers created for example by the existing public procurement regulation might discourage EU business from seeking a more active involvement in India</p>	<p>Medium</p>	<p>Business fora will take place back to back to high level political meetings and activities shall have as objective creation of business opportunities. Business associations will be closely involved in this process. Links will be made with other EU-funded initiatives in the area of public procurement.</p>
<p><u>Assumptions</u></p> <p>(1) This project is in line with Government of India policies in the water sector. In this respect, the Prime Minister's Office (PMO) and MEA's Joint Secretary Europe West as well as the Indian Ministry for Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR) and the National Water Mission, have welcomed the PSF ongoing action and expressed their interest in widening it in line with the current proposal for the creation of a IEW</p> <p>(2) Partners' commitment to devote resources (including human resources) to support the smooth functioning of the IEWP secretariat and the discussion and implementation of the agreed activities.</p>		

3.4. Stakeholders

- European Commission (DG ENV, GROW, RTD, JRC, FPI) and the EEAS;
- EU Member States;
- GoI Agencies (Ministry of Water Resources, River Development and Ganga Rejuvenation (MWR); National Ganga River Basin Authority (NGRBA); National Mission for Cleaning the Ganga (NMCG) , National Water Mission (NWM), Ministry of Environment, Forests and Climates Change (MoEFCC), Central and State Pollution Control Boards, Ministry of Commerce and Industry, State Governments of the 29 Indian states;
- The business sector on the Indian side - i.e. business representatives/associations (FICCI, CII, FISME, IIF, etc.), including the National Water Council of the Confederation of Indian Industries and SME associations/entrepreneurs engaged in water related businesses – and on the European side through bodies such as the Council of EU Chambers of Commerce in India, the European Centre of Employers and Enterprises providing Public services (CEEP), European organisations such as EurEau and similar national associations; European branch of the International Federation of Organic Agriculture Movements (IFOAM-EU), etc;
- Other stakeholders such as the European Conservation Agriculture Federation (ECAAF), the European Environment Agency (EEA), financing institutions (i.e. European Investment Bank, International Finance Corporation, World Bank...), civil society, and academia.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

- (a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.
- (b) Indicative timing to launch the call: 2nd quarter 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement (direct management)	2.4
Totals	2.4

4.3. Performance monitoring

The cooperation with the Indian actors at national and state level will be established through a governance structure similar to the Common Implementation Strategy for the Water Framework Directive, which is a cooperative approach between all EU Member States and the European level actors. The MWR have already signalled an interest to establish such a governance structure for the Ganga Basin under the ongoing PSF project, and this structure can later be expanded to cover more Indian states.

Coordination between key stakeholders will be ensured through, at minima, biannual meeting of a steering committee chaired by the EU Delegation to India. In particular, close cooperation with EU MS involved in the IEWP will be ensured. The memberships of the steering committee will ensure adequate representation of the India's relevant ministries and agencies, the Commission, the EU Delegation, the EU member states and the implementing partners. This coordination mechanism is already established as a part of the ongoing PSF project, and its governance and functioning will be further fine-tuned during the implementation of the current action.

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication between all partners and information on progress of activities will be ensured by the IEWP Secretariat and the IEWP Steering Committee where all partners are represented.

Moreover, communication and visibility will be an integral part of the project. The implementing partners will establish a communication plan in line with relevant

guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.



This action is funded by the European Union

ANNEX 7

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Responsible supply chains in Asia

1. IDENTIFICATION

Title of the action	Responsible supply chains in Asia			
Country(ies)/ Region	China, Myanmar, Philippines, Thailand, Vietnam and Japan			
Total cost	Total estimated cost: EUR 9 500 000 Total amount of the EU budget contribution: EUR 9 000 000			
Total duration ¹	66 months			
Method of implementation	Indirect management			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

Public interest and expectations in the EU and outside the EU are increasingly focusing on how to ensure responsible management of supply chains (G7, G20, OECD, ILO, ASEM, recently adopted SDGs, etc.), in particular in relation to Asia where many goods and services to the EU are originating in or sourcing from.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months)

In relevant Asian trading partners, the proposed action intends to support responsible supply chain by promoting responsible business conduct approaches addressing notably environmental protection, decent working conditions and the respect of human rights. This action is firstly framed within the EU's strategic approach to CSR/RBC² which is based on internationally agreed principles and guidelines and, will ultimately contribute to enhance market opportunities and strengthen an international level playing field for responsible EU businesses operating in and sourcing from the region³. Secondly, this action will also further contribute to the objectives of the "Trade for All" Communication of October 2015⁴, notably in relation to responsible management of supply chains, and those other strategic documents such as the December 2015 ASEM Labour and Employment Ministers Conference Declaration and the G7 "Action for Fair Production" as endorsed by the G7 Employment and Development Ministers in October 2015.

2.2. Context

Asia has a key role in global supply chains. In 2013, 43% of global value chain intermediate exports worldwide came from the region, which accounted for 38% of global value chain-intermediate imports globally in the same year⁵.

The Asia region is also crucial to European economic interests. Asia is one of the largest trading partners of the EU, still representing major trade opportunities for European companies. For example, EU-China trade has increased dramatically in recent years, it now forms the second largest economic cooperation in the world. In 2013, EU-China bilateral trade in goods reached €428.1 billion. In addition, ASEAN Member States as a whole represent EU's 3rd largest trading partner with around €235 billion of trade in goods and services in 2013.

This action falls within the PI Objective 2, as it promotes the external dimension of Europe 2020. Promoting CSR/RBC among the business community has been identified as a key tool for sustainable and inclusive growth and a high-employment economy delivering economic, social and territorial cohesion⁶.

As set out in the Communication "A renewed EU strategy 2011-14 for Corporate Social Responsibility", the European Commission committed to enhance the visibility of CSR/RBC and to disseminate good practices, to improve company disclosure of social and environmental information and to better align European and

² As set out by the Renewed EU strategy 2011-2014 for Corporate Social Responsibility Communication, COM(2011) 681. A revision of this strategy for 2015 -2019 is currently under preparation.

³ Commission communication on decent work, May 2006; Council conclusions on decent work, December 2006

⁴ http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁵ United Nations Economic and Social Council, Economic and Social Commission for Asia and the Pacific, Global value chains, regional integration and sustainable development: linkages and policy implications, May 2015, p.4. Available at: https://www.unescap.org/sites/default/files/E71_8E_0.pdf

⁶ A number of the Europe 2020 flagship initiatives make reference to CSR/RBC: the Integrated Industrial Policy for the Globalisation Era COM(2010)614, the European Platform against Poverty and Social Exclusion COM(2010)758, the Agenda for New Skills and Jobs COM(2010)682, Youth on the Move COM(2010)477 and the Single Market Act COM(2011)206. In addition, the Innovation Union COM(2010)546 aims to enhance the capacity of enterprises to address societal challenges through innovation, and the contribution of enterprises is central to achieving the objectives of the flagship initiative "A Resource-Efficient Europe" COM(2011)21 and COM(2011)571. For more information on the Europe 2020 Strategy and CSR/RBC, please see below.

global approaches to CSR/RBC. By closely working with and through relevant International Organisations in cooperation with relevant stakeholders and promoting the dissemination of internationally agreed principles and guidelines on CSR/RBC⁷ that are at the core of the EU's approach, the proposed action will contribute to deliver on the EU strategy 2011-14 for Corporate Social Responsibility and more recently on the commitments on responsible supply chains agreed on in the G7 and in ASEM..

Finally, this action will contribute to achieving the objectives set out in the *"Trade for All"* communication. The new trade and investment strategy adopted by the Commission in October 2015 is about shaping a more responsible EU trade policy by basing it on three key principles - effectiveness, transparency and values - with the purpose of ensuring that trade policy benefits as many people as possible and includes a dedicated section on responsible management of supply chains⁸. In particular, the action will support the implementation of internationally agreed principles and guidelines on CSR/RBC, as well as contribute to identifying new opportunities for responsible supply chains partnerships.

The current status and key challenges in the recipient countries can be described as follows.

In **China**, efforts of CSR/RBC have grown steadily over the past decade. However despite political will and development of tools, actual implementation and achievements and impact could be further improved. CSR/RBC implementation - especially by SMEs – is in many cases still considered as a philanthropic activity and central level CSR/RBC initiatives may not be sufficient to reach the target groups on the ground (local governments and businesses).

In **Vietnam**, the concept of CSR/RBC has been introduced over the last ten years, mostly following the definitions for CSR as in the ISO 26000 code. As a result, several initiatives have been implemented mainly by governmental institutions and industry associations. Despite these projects and activities, CSR/RBC awareness in industry is still limited in many cases to larger export oriented and FDI companies, and has not yet filtered down to national focused/SME industry. Actual implementation of CSR in companies is rather low, and mostly based on declarations, paperwork and reporting, while CSR related behaviour and actions could be further improved.

In **Japan**, the concept of CSR/RBC has become mainstream, especially by multinational companies, since the early 2000s particularly in the area of environmental conservation and green procurement. With regard to social aspects such as human rights, decent working conditions and gender equality, a large focus

⁷ i.e. the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the UN Guiding Principles on Business and Human Rights

⁸ 'Supply Chains' and 'Value Chains' are similar terms. However, the term 'supply chain' usually refers to the process of all parties involved in the production and distribution of a commodity while 'value chain' refers to the set of interrelated activities by which a company adds value to an article. This action will therefore refer to the term 'supply chains' which is also the most commonly used terminology both in EU communications (e.g. Trade for All Communication, ASEM ministers meeting conclusions) as well as in international frameworks (G20, G7, ILO and OECD).

of the national debate has been so far on domestic workers, and Japanese companies are increasingly taking into account social risks in supply chains.

In the **Philippines**, CSR/RBC is often considered as philanthropic activities to be conducted by large organizations, often focusing on the community development perspective. Other aspects such as environmental protection, human rights and decent labour practices may not systematically be considered under CSR/RBC activities. The country has a wide array of policies and advocacy made in the area of CSR / RBC and the actual implementation of these could be further improved.

In **Myanmar**, CSR/RBC is often encompassing reputation management through some good-will activities and donation. Businesses may sometimes lack understanding and buy-in for the concept, as well as knowledge and capacity to implement CSR/RBC in line with internationally agreed principles and guidelines. The government could be beneficiate from capacity-building activities. The legal framework, with respect to CSR/RBC issues, is currently being revamped.

In the ASEAN-region, **Thailand**, seems quite advanced and has put in place CSR/RBC policies and strategies and initiatives are undertaken to create awareness and further engage with industry. However, further progress could be made, especially in complex sectors (with many SMEs) and sectors not relying on a strong export market.

2.3. Lessons learnt

Risks of adverse impacts in global value chains based in Asia are well documented; these include issues related to decent working conditions, occupational health and safety, and the environment. Businesses and governments, as well as other stakeholders are increasingly aware of the importance of addressing these risks and the benefits associated with CSR/RBC. Consequently, businesses, governments and other actors in the region have engaged in a number of initiatives in this regard showing a strong interest in this issue. Despite this and the actual implementation of CSR/RBC in line with internationally agreed principles and guidelines, their interplay with regulatory frameworks should be further improved. Policies and strategies are launched, tailored tools and guidelines developed, sometimes with business associations, at national level but may not sufficiently be adhered to and implemented and thereby the impact of these initiative could be enhanced. Adequate inter-departmental engagement (and proper coordination) and multi-stakeholder involvement should be further encouraged. On the basis of these lessons learnt, this project will further promote CSR/RBC in the region in line with international instruments and involving all relevant actors including along the supply chain.

2.4. Complementary actions

The proposed action will complement the work of ongoing initiatives as follows:

EU initiatives on responsible supply chains

- Work in international fora: this action will support EU's efforts in international fora on CSR/RBC, including at the OECD and ILO.
- Multistakeholders initiatives and innovative partnerships: the proposed action will also be a useful complement to several ongoing or planned multistakeholders initiatives and innovative partnerships; Initiative to Promote Fundamental Labour Rights and Practices in Myanmar; and the future EU

Garment Initiative as one sector-specific multi-stakeholder dialogue at EU level, providing a space for exchange for all relevant stakeholders, including EU fashion brands and companies along the garment supply chain.

- EU Political dialogues: the proposed action will foster discussions on issues related to responsible supply chains in the framework of the EU's structured political dialogues with several Asian partner countries, for instance the EU-Japan Working group and the Asia Europe Meeting (ASEM) Labour and Employment Ministers' Conferences.
- Development-cooperation programmes: in addition to initiatives funded by DG TRADE, this action will reinforce the Commission's cooperation with partners such as international organisations and civil society organisations on a wide range of projects related to responsible supply chains; e.g SWITCH-Asia programme under DCI; the joint EC-ILO project in Thailand to be launched in 2016 on 'Combatting unacceptable forms of work in the Thai fishing and seafood industry', funded under the GPGC programme. This initiative will support Thai authorities and businesses to comply with core labour standards, with a particular focus on child and forced labour, and migrant workers. It will also improve support services for workers and victims of labour abuses, and raise awareness, namely through support to civil society organisations and trade unions; further, the ARISE+ and the Support for European Businesses in South East Asia Markets (SEBSEAM) projects in different countries, e.g. in Thailand; and ongoing cooperation with European Business Associations through the EU ICI+ Programme to promote and support SMEs' economic activities and deepen bilateral ties between the EU and important political and trade partners, e.g. in Thailand, Philippines, and Vietnam. The established European Chambers of Commerce are active across the region, e.g. in Thailand, organising seminars and workshops together with EU companies on how CSR can contribute to sustainable development and more profitable business models; DCI projects at country level will be sought, including EU-funded ILO activities, e.g. in the Philippines with the ongoing project "Strengthening the Impact on Employment of Sector and Trade Policies (DCI-HUM/2014/345-378)" and the proposed "Support GSP+ beneficiary countries to effectively implement ILS and comply with reporting obligations".
- Trade and investment agreements: the EU is deepening its trade relations with Asia, and in particular with ASEAN Member States and China. A key element in current EU trade policy is the negotiation and implementation of binding Trade and Sustainable Development (TSD) chapters in EU bilateral and regional trade agreements, as a guiding principle and a basic part of the foundation of EU trade relations with partner countries. All recently concluded Free Trade Agreements include inter alia encouraging practices and schemes that support and promote sustainable development objectives such as CSR.
- Analysis, research and guidance: For instance, the Commission (DG EMPL) funded programme implemented by ILO on strengthening occupational health and safety in global supply chains in selected sectors and countries.

Non-EU initiatives on responsible supply chains

- In addition to Japan which is a member of the OECD, the OECD is already active in the non-member countries namely China and Myanmar. Both countries expressed strong interest in OECD's assistance in promoting OECD's RBC and exploring options of how multi-stakeholder dialogue and coordination can be enhanced. The ILO has been already active for decades in the recipient countries, explicitly on their core mandate (i.e. rights at work, creation of decent employment opportunities, promotion of social dialogue, extension of social protection and the promotion of sustainable enterprises).
- In the different recipient countries, a number of bilaterally funded initiatives are ongoing or in the pipeline. Most relevant projects are funded by the following EU Member States: Germany, Denmark, Netherlands, Sweden and United Kingdom. These will be taken into consideration for lessons learnt and options for collaboration.
- Developments in the G7 and G20. For instance, the EU has committed to contribute 3M EUR to the new G7 Vision Zero Fund for improving occupational health and safety in global supply chains. The ILO is managing the Fund. Selected pilot countries are determined in 2016, e.g. Myanmar.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this action is to promote smart, sustainable and inclusive growth by supporting CSR/RBC practices and approaches adopted in global supply chains in Asia in line with international instruments in this area. Ultimately, this project will contribute to enhance market access opportunities and strengthen an international level playing field for EU responsible businesses in the region.

The specific objectives of the intervention will contribute to:

- strengthening a common and understanding of CSR/RBC in line with internationally agreed principles and guidelines and promoting the EU's approach to CSR/RBC including in relation to decent work;
- contributing to the establishment of a CSR/RBC enabling environment in line with internationally agreed principles and guidelines;
- facilitating contributions of businesses operating in Asia to CSR/RBC (e.g. environmental protection, decent working conditions, and human rights);
- decreasing risks of businesses' adverse impacts on environmental protection, decent working conditions, and respecting human rights in Asia and its international suppliers;
- facilitating the interplay between initiatives by private stakeholders (e.g. at sectorial level) and international regulatory frameworks on labour rights, social dialogue and environmental protection and their implementation.

3.2. Expected results and main activities

This action aims to achieve the following *expected results*:

- Increased awareness and strengthened capacity of all relevant actors and in particular businesses and public authorities in the region in relation to CSR/RBC;
- Enhanced development and dissemination of CSR/RBC approaches and initiatives (including best practices, case studies, tools, lessons learned and documentation) on CSR/RBC in line with internationally agreed principles and guidelines;
- Improved coherence among CSR/RBC between the EU and Asia, in line with relevant internationally agreed principles and guidelines;
- Facilitate the development and/or reinforce existing multi-stakeholder partnerships, including at sector level and sound industrial relations in line with internationally agreed principles and guidelines on CSR/RBC;
- Strengthened and continued information exchange involving all relevant stakeholders in relation to internationally agreed CSR/RBC principles and guidelines;
- Enhanced contributions of businesses operating in Asia to environmental protection, decent working conditions, and the respect of human rights and strengthened coherence with relevant regulatory frameworks

These results will be achieved through the following *main indicative activities*:

- Research activities to support the effective implementation of principles and guidelines on CSR/RBC by defining what is already available and what potentially needs to be developed or adapted, including by building on existing studies/material:
 - mapping current approaches and initiatives,
 - collect (or via pilot project develop) adequate Case Studies/Best Practices that show the added value for businesses to adhere CSR/RBC,
 - collect available tools, lessons learned and success/fail factors for implementation and effectuation.
- Outreach and in-country roundtables for key stakeholders of selected priority sectors and value chains (e.g. specific governments and/or specific industry sectors) on dedicated topics related to CSR/RBC principles, guidelines and practices, to foster peer learning, promote the adherence of trading partners and businesses to internationally agreed CSR/RBC principles, guidelines and compliance to (sector-specific) standards, to increase awareness of the existence of tools and instruments and foster multi-stakeholders partnerships, in consultation with relevant frameworks and stakeholders.
- Policy advocacy work for international CSR/RBC principles and guidelines, building upon all work done in the last decade in all involved countries, and especially focussing on strengthening inter-departmental coordination and stimulating implementation of national-level strategies of relevance for CSR/RBC.

- Capacity building and training activities to promote the development and dissemination of specific local high-priority issues related to internationally agreed CSR/RBC principles and guidelines. These activities will target prioritized sectors and their businesses, associations, employers, trade union and responsible governmental institutions.

Geographic scope of activities

Global supply chains for many goods and services in the EU are substantially based in Asian countries. The proposed action will therefore focus on relevant EU trading partners in this region. Activities will be directed to countries such as China, Myanmar, Japan, the Philippines, Thailand and Vietnam. All these countries substantially export goods to Europe and with all countries the Europe has already, or is negotiating the conclusion of trade/investment agreements. A preliminary estimate of budget allocation per country is provided below. Allocations will have to be reviewed according to prioritisation, further assessment and adjustment to be carried out on an annual basis under the guidance of a specific Governance structure consisting of a Steering Committee, so as to ensure the necessary flexibility for a prompt response to evolving circumstances in the partner countries and/or political interests of the EU actually prevailing all along the project's lifespan and without prejudice of the obligations applicable to contracts concluded for the implementation of this action.

Country	Amount in EUR million
China	2.0
Japan	1.5
Myanmar	1.5
Philipines	1.25
Thailand	1.25
Vietnam	1.5
TOTAL	9.0

Sectoral scope of activities

For the sake of effectiveness and efficiency, most of the abovementioned activities should be tailored to specific (sub)sectors in the recipient countries. Based on a preliminary analysis of relevance for EU trade-related activities, the need and interest shown by relevant stakeholders and their complementarity to already ongoing initiatives, it is envisioned to address :

- High-risk sectors of major interest to the EU (such as for example agri-food and textile/garment sectors);

- Sectors with interlinked supply chain relations among more than one targeted country (such as for example the electronics sector, in which Chinese and Japanese large businesses are interlinked with suppliers in South-East Asia);
- Sectors with supply chains interlinked among themselves (such as for instance mining/minerals/chemicals sectors linked to the electronics sector in China);
- (Sub)sectors with supply chains concerning a majority of the targeted countries (for instance (sub)sectors of the agrofood industry (fisheries) and/or the automotive (spare parts) or the textile/garment industry in South-East Asian countries).
- Sector having witnessed a rapid increase in production over the past 2 decades and for which the countries under scope are among the main producers worldwide;
- Sector for which production is concentrated in the countries covered by the project (for example fisheries and aquaculture sector);
- Sectors where the implementing institutions can provide added value through their expertise, network, experience, and current sector-specific policy work.

3.3. Risks and assumptions

Key assumptions underlying the implementation of this action are that (i) the economic framework under which businesses operate will be sufficiently stable to allow for CSR/RBC to remain an area of important engagement for business and that (ii) interest in this action so far expressed by relevant stakeholders remains stable over time.

Risk	Risk level (H/M/L)	Mitigating measure
Interest of local stakeholders in participating in project's activities progressively decreases.	M	An intervention package addressing the needs of and showcasing the added value for local stakeholders will be defined.
The project objectives and activities could concern a large number of actors in a target country at national, provincial and municipal level. Organisation of activities could be challenging and time-consuming if internationally managed. Risk of dispersion and lack of coordination reducing overall impact.	L	The project team of OECD/ILO will facilitate the cooperation with the relevant authorities and stakeholders in targeted countries. As a mitigating measure a management structure will be established that includes local management capable of coordination day-to-day operations.
The actual interest of substantial business entities in the prioritised supply chain sector could be turn	M	The project team implementing the action will develop a smart-mix of research,

<p>out to be lower than expected or decrease over time, thereby reducing the effectiveness and impact of the interventions.</p> <p>Agreements on specific CSR/RBC programmes/activities with partner countries/other stakeholders could be delayed.</p>		<p>advocacy, outreach and consultation activities appealing enough to ensure continued buy-in and ownership of relevant constituencies.</p>
<p>Organisational challenges and problematic interlocution between the main contractors and the partners that should be associated in the different activities.</p>	<p>L</p>	<p>These aspects will receive the necessary attention at the moment of the negotiation between the EU and the implementers. Particular attention will be devoted to designing an appropriate and solid architecture for project management, reflecting not only the need for strategic orientation but providing also adequate mechanism to respond to operational constraints.</p>
<p>Buy in and active involvement in activities by relevant concerned actors could be limited if the intervention is purely based on external funding.</p>	<p>M</p>	<p>The project will solicit during the set-up of the annual plan of activities on a growing co-ownership (shown also via direct co-funding or in-kind contributions) and will adapt its plans based on the interest and commitment.</p>

3.4. Stakeholders

Considering the multi-stakeholder character of the proposed action, foreseen activities will imply collaboration with key CSR/RBC actors in the targeted countries for implementation of part of the action such as:

- the relevant national authorities (often Ministry of Commerce, Ministry of Industry, Ministry of Trade and/or Ministry of Investment in charge of inter-departmental coordination, but with essential engagement and involvement of line ministries (Environmental Ministries, Labour Ministries, or sector specific Ministries);
- employers and business associations;
- Relevant Civil Society Organisations (taken into consideration their sometimes limited influence and capacity so far in most of the Asian countries);
- country specific highly qualified CSR/RBC research and consultancy entities (such as Syntao in China, and Myanmar Centre for Responsible Business).

In addition to the OECD and the ILO as main implementing partners, several other multilateral agencies and multi-country entities are well equipped and interesting for potential collaboration, in particular:

- Other international organizations / networks e.g. UN Global Compact, Global Reporting Initiative, FAO, UNIDO's Global Resource Efficient and Cleaner Production Network, UNESCAP, etc.;
- Specific networks focusing on CSR/RBC or sustainable development (e.g. CSR Asia (more practical business oriented), ASEAN CSR Network (more policy advocacy oriented) and CSR Europe, etc.;
- Businesses (e.g. Multinational enterprises, who can function as champion and leverage in a global supply chain), chambers of commerce (European-Asia CoC), European Centres for the Promotion of Imports from developing countries as well as businesses associations (e.g. Foreign Trade Association) including at national level (e.g. League of Corporate Foundations and Philippine Competition Commission) and employers and business organisations at multi-sector level (e.g. Business Europe, International Organisation of Employer) and sector level;
- International, regional, and local trade union organisations (e.g. ITUC, ETUC, Industriall, Uni).

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Indirect management with international organisations

This action may be implemented in indirect management with the OECD and the ILO in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the overarching mandate and expertise of the OECD in all areas of responsible business conduct and the expertise of the ILO on their core mandate related to labour/workers conditions and rights. The entrusted entities would carry out the following budget-implementation tasks: strengthening of technical, institutional, legal and organisational capacity involving key stakeholders, such as for instance governmental agencies and Asian business society, business associations individual enterprises, etc.

This implementation is justified because OECD and ILO, as international organisations, have been engaged on CSR/RBC and responsible global supply chains for several years and have developed specific frameworks on the matter. Consequently, OECD and the ILO are best placed and constitute a logical choice for managing this complex EU intervention, due to unique combination of technical expertise and contacts with relevant authorities in governments of partner countries, with businesses and other stakeholders. In relation to the countries targeted in the proposed action, the OECD is already active in China and Myanmar, besides in their member country, Japan. The OECD is currently also engaged in advising the governments of Vietnam and the Philippines on improving their investment framework, including through enabling responsible business conduct. Both China and Myanmar expressed strong interest in OECD's assistance to promote OECD's approach to RBC and to explore options for enhancing multi-stakeholder dialogue and coordination. The ILO has been already active for decades in all of six partner countries of this action, explicitly on their core mandate (rights at work, creation of decent employment opportunities, promotion of social dialogue, extension of social

protection and the promotion of sustainable enterprises). ILO have offices in all these countries (technically backstopped by a pool of experts operating for the sub-region from the ILO Decent Work Team in Bangkok with additional support from the relevant technical departments in ILO headquarters in Geneva) providing policy advice, and implementing advocacy, outreach and capacity building projects.

The entrusted international organisation ILO is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

If negotiations with the above-mentioned entrusted entities (i.e. OECD and ILO) fail, this action will be implemented in direct management in accordance with the implementation modalities identified in section 4.1.2.

4.1.2. Changes from indirect to direct management mode due to exceptional circumstances

If the implementation modality of indirect management with international organisations identified in section 4.1.1 cannot be implemented due to circumstances outside of the Commission's control, it can be replaced with the alternative implementation modality in direct management, as follows:

Grants - direct award (direct management)

(a) Objectives of the grant

The action would promote the EU's approach to CSR/RBC in Asia, in line with internationally agreed principles and guidelines, and tested instruments in this area; (ii) would strengthen understanding and coordination of CSR/RBC activities in line with standards and international agreed principles and guidelines at governmental level; (iii) would establish a CSR/RBC enabling environment in line with internationally agreed principles and guidelines; and (iv) facilitate contributions of businesses operating in Asia to CSR/RBC. The action would carry out a mix of activities, such as indicatively, policy advocacy and outreach, research, roundtables, capacity building and training, multi-stakeholder initiatives, establish exchange (see section 3.2).

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, in accordance with the provisions of article 190(1)(f) of the RAP, the grant may be awarded without a call for proposals to the OECD and the ILO.

In fact, this action has specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. OECD and ILO, as international organisations, have been engaged on CSR/RBC for several years and have developed specific frameworks on the matter. Consequently, OECD and the ILO are best placed and constitute a logical choice for managing this complex and sensitive EU intervention. They offer a unique combination of technical expertise, longstanding contacts with relevant stakeholders and in particular with governments of partner countries. In this respect, they benefit from all the necessary legitimacy vis-à-vis stakeholders and in particular public

authorities partner countries which does constitute a key precondition to operate and cooperate in such sensitive matters such as CSR/RBC.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the action; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

Indicatively during Q4 of 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 - Indirect management ⁹ with OECD and ILO	9
Totals	9

4.3. Performance monitoring

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

To ensure proper project governance and strategic orientation a Steering Committee reflecting the EU-OECD-ILO tripartite nature of the action will be established.

⁹ Alternatively, in accordance with section 4.1.2, method of implementation would be "direct management" through direct grant(s) with OECD and ILO. Total amount of the EU budget contribution would be € 9,000,000.

On the basis of ongoing monitoring, policy choices related to the action (such as budget allocations per targeted country and the choice of sectors) may be reviewed according to prioritisation, further assessment and adjustment.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, for this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the action. A communication plan shall be prepared by the implementing partners and implemented in line with relevant guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.



This action is funded by the European Union

ANNEX 8

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Schuman Fulbright Fellowships

1. IDENTIFICATION

Title of the action	Schuman Fulbright Fellowships			
Country(ies)/ Region	United States of America			
Total cost	Total estimated cost: EUR 590 000 Total amount of the EU budget contribution: EUR 350 000			
Total duration ¹	54 months			
Method of implementation	Direct management Grants – direct award			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

A fellowship scheme, co-funded by the European Commission and the US Department of State to allow mid-career professionals the opportunity to research or lecture for 3 to 9 months in any area of EU-US relations.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (24 months); (iii) the closure phase (indicatively 12 months).

2.2. Context

The action contributes and supports the Europe 2020 strategy in its initiative called Agenda for new skills and jobs. The Agenda for new skills and jobs is one of the 7 flagship initiative of Europe 2020 Strategy. It also supports the 'Youth on the Move' initiative.

2.3. Lessons learnt

The Schuman-Fulbright programme has been running since 2002 and was one of the actions run under the renewed Agreement between the EC and the US for cooperation in higher education and vocational educational training signed in 2006. Since then, several evaluations of the programme took place, always very positive. The budget has been steadily increased as has the number of participants.

2.4. Complementary actions

Some MS have scholarship programmes with the US but this specific action benefits from the "Fulbright" experience and reputation which benefits the participants and open doors for them in larger companies in Europe and in the world. Fellows can also benefit from the large network of former Fulbright alumni. There is a complementarity also with Erasmus + Programme which supports mobility and joint degrees on wider subjects but which does not specifically at developing EU-US relations.

3. DETAILED DESCRIPTION

3.1. Objectives

The Schuman-Fulbright programme supports the EU agenda for new skills and jobs under Europe 2020, through the exchange of mid-career professionals using the framework of the US Fulbright programme. Grants fund fellowships for research and lecturing in the fields of US-EU relations, EU policy, or EU institutions.

The scheme is intended to create a cohort of high quality Europeans who have the chance to investigate policy areas of interest to the transatlantic relationship and act as ambassadors for European values while in the US, and then as ambassadors for EU-US relations upon their return.

3.2. Expected results and main activities

After a selection process taking place in all EU Member States, EU professionals receive fellowships from 3-9 months to spend in the United States. Grantees must arrange their own placement at an independent research centre, vocational training/professional institution or accredited university in the USA. The scheme funds up to 20 EU nationals per year to spend 3-9 months in the US, from the EU contribution. The size of the EU contribution amounts to a maximum of 29.000 € per grantee.

The US State Department pays for the reciprocal scheme whereby American, mid-career professionals receive fellowships to come to Europe and undertake lecturing or research, funding up to 15 US nationals to spend 3-9 months in the EU, paid for by the US contribution.

3.3. Risks and assumptions

Main assumption and risk are closely linked together. In fact, while it is assumed that high quality candidates willing to undertake the secondment will be found, a risk exists that not all of them will match the expected profile. However, risk seems limited in light of experience over the last two years, where the number of EU applicants has doubled and quality of EU candidates has been very high. At the moment, the numbers of US applicants to come to Europe are less impressive and the US Dept. of State is undertaking promotional activities to publicise the fellowships.

3.4. Stakeholders

European young professionals in the field of EU-US transatlantic relations. Academic institutions and EU institutions could directly benefit from the results of the activities carried through this action.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1 Grant –Direct award (direct management)

(a) Objectives of the grant

To provide grants to fund fellowships for research, and lecturing in the fields of US-EU relations, EU policy, or EU institutions (Schuman-Fulbright Fellowship).

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible (DG EAC based on the co-delegation in force between FPI and EAC) , the grant may be awarded without a call for proposals to the Belgium-Luxembourg Fulbright Commission, in accordance with the provisions of article 190(1)(f) of the RAP.

The EU and US authorities have jointly designated the Belgium-Luxembourg Fulbright Commission with this task since 1995 for the reason that actions carried out under the Schuman-Fulbright scheme have very specific characteristics as part of the wider Fulbright programme. This programme is only implemented through the network of national Fulbright commissions in Europe. EU grants are subject to the Financial Regulation and Rules of Application of the EU. Belgium-Luxembourg Fulbright Commission is therefore the only organisation combining expertise in implementing the Fulbright Programme and following the FR and its implementing rules as set out in the Schuman-Fulbright Scheme.

(c) Essential selection and award criteria

The selection criteria is given by Annex I of Council Decision of 4/12/2006 on the conclusion of the Agreement between the European Union and the United States of America renewing the co-operation programme in higher education and vocational education and training (2006/964/EC) provides that for the purpose of promoting

"Schuman-Fulbright" grants and supporting grantees, the Parties may provide financial support to an organisation that they shall jointly designate.

The essential award criterion is the capacity and competence to fulfil the provisions set out in the above mentioned agreement with the US.

(d) Maximum rate of co-financing

Financing via this agreement is based on matching funds between the Parties following the laws and regulations, policies and programmes of the European Union and the United States. Maximum possible rate of co-financing² for this grant to the Belgium-Luxembourg Fulbright Commission is 60% of the eligible costs of the action.

The maximum possible rate of co-financing may be up to 100 % in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

The grant agreement will be concluded indicatively during Q4 of 2016. The contracting authority will be DG EAC based on the co-delegation in force between FPI and EAC.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 - Grant – direct award (direct management)	0.35
Totals	0.35

4.3. Performance monitoring

The programme is run by the Commission for Educational Exchange between the United States and Belgium based in Brussels, who undertake pre-departure briefing and post-fellowship monitoring of the grantees are also obliged to final reports to Belgian Fulbright Commission. The European alumni are then called upon to help promote the benefits of the transatlantic relationship and the Schuman Fulbright programme around Europe.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants.

4.4. Evaluation and audit

The Commission for Educational Exchange between the United States and Belgium produce an interim report after 12 months to check the progress of scholarship selection as

² Article 192 FR – full financing of an external action

well as a final report after 24 months when all the grantees have finished their secondments.

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Promotion of the fellowship scheme is organised via a network of national Fulbright Commissions around Europe and via the Fulbright network in US higher education institutions. Grantees are actively encouraged to blog about their fellowships and are invited to make video testimonials on www.youtube.com/fulbrightbe.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is co-financed by the EU.



This action is funded by the European Union

ANNEX 9

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for IP Key China

1. IDENTIFICATION

Title of the action	IP Key China			
Country(ies)/ Region	China			
Total cost	Total estimated cost: EUR 6 000 000 Total amount of the EU budget contribution: EUR 6 000 000			
Total duration ¹	78 months			
Method of implementation	Direct Management Grants – direct award			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action aims to improve the situation of Intellectual Property (IP) protection and enforcement in China and to contribute to a level playing field in this regard for European companies operating in China.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (48 months); (iii) the closure phase (indicatively 12 months).

This objective will be achieved by further strengthening the IP protection and enforcement system already set in place in China with the support of the previous and present technical cooperation programmes. Proposed activities will essentially consist of a menu of studies, exchanges and communication actions, which will help improve China's IP Right (IPR) policy and regulations, as well as their implementation and enforcement, in line with international standards.

2.2. Context

China remains the EU's biggest challenge in the area of intellectual property rights. Even though significant legislative progress has been made during recent years, IPR protection and enforcement is in many areas still not sufficiently effective.

Substantial concerns exist in particular as regards the interpretation of patentability requirements, the lack of sufficient legal protection against trade mark applications made in bad faith, and the protection provided for trade secrets. An emerging concern is the assurance of fair and non-discrimination treatment in competition cases opened against foreign right holders.

Access to the Chinese administrative and judicial enforcement system in China remains problematic for EU companies, notably for SMEs. In addition, the EU industry suffers from a long-standing discrepancy between the federal and the provincial protection level in China in terms of IPR enforcement effectiveness and efficiency. Finally, the lack of transparency in proceedings before Courts and administration, as well as limited access to reliable information is constantly raised by EU stakeholders.

Moreover, 80% of all counterfeit goods seized at European borders in 2014 came from Mainland China and another 8% from Hong Kong, China. This problem goes beyond lost revenues of IP stakeholders, since a significant part of detained articles are products for daily use, presenting potential risks to the health and safety of consumers. The globally rising phenomenon of online counterfeiting and piracy sees Chinese e-commerce companies at its forefront.

The Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee of 2013 included promising statements on how IPR should be developed and reinforced in the future. The following anti-corruption campaigns and the creation of specialised IPR Courts in Beijing, Shanghai and Guangzhou give hope for a more harmonized level of protection in the future. The focus of the Fourth Plenary Session of 2014 on the "rule of law" must however be interpreted in light of Chinese characteristics.

In view of the existing problems and the economic dimension of China, the European Commission's biennial report on the protection and enforcement of IP rights in third countries continuously puts China as the only country in priority category 1².

2.3. Lessons learnt

In defining both the implementation details and the concrete activities, best use will be made of lessons learnt during the previous technical IP cooperation programmes in China IPR1 (1999-2004), IPR2 (2007-2011), and IP Key (2013-2016).

² <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1349>

This ample experience relates to the project management set-up, the challenges of the launching phase, the creation of a local network, and the best sequencing and implementation of individual activities. In particular, the allocation of responsibilities and tasks between the actors involved during the planning and review exercises have been substantially improved in the course of the present programme (IP Key).

2.4. Complementary actions

The programme is supposed to provide essential support for implementing activities defined during the EU-China IP Dialogue mechanism, which consists of annual IP Dialogues and bi-annual IP Working Groups.

This support is particularly needed after the recently signed Memorandum of Understanding (MoU) on reinforcing the EU-China IP Dialogue Mechanism, which not only upgraded the IP Dialogue to vice-ministerial level, creating a direct reporting link to the EU-China Joint Committee (JC) and High Level Economic and Trade Dialogue (HED), but also introduced the annual definition of priorities of cooperation.

Upon need/request, the programme will be complementary to and provide support for:

- The pending investment negotiations with China (DG TRADE).
- The pending GI negotiations with China (DG AGRI).
- The implementation of the Customs Cooperation and Mutual Administrative Assistance Agreements and of the IPR Action Plans concluded by the EU with China and Hong Kong respectively (DG TAXUD).
- The surveillance and influence upon the developments of China's growing use of competition policy in the area of IPR (DG COMP).
- The cooperation of DG GROW, DG CONNECT, and DG SANTE with China in the areas of industrial property, standard setting, copyright, plant variety, and regulatory aspects in the area of pharmaceuticals.
- The China IPR SME Helpdesk.
- Supplementary activities to the bilateral activities carried out with China by the European Patent Office (EPO) and the European Union Intellectual Property Office (EUIPO, the former OHIM³), and to their plurilateral efforts through the network of the five leading IP Offices (IP5, TM5, ID5).

3. DETAILED DESCRIPTION

3.1. Specific objectives

The overall objective of this programme is to promote a more level playing field for European companies operating in China by contributing to greater transparency and fair implementation of the IPR protection and enforcement system in China.

³ Regulation (EU) No 2015/2424 of the European Parliament and the Council amending the Community trade mark regulation enters into force on 23 March 2016, changing the name of OHIM to the European Union Intellectual Property Office (EUIPO).

The specific objectives of this programme are the following:

- To promote progressive convergence of China towards European standards in IPR legislation, protection and enforcement and the development of best practices.
- To support the interest of European innovators and right holders trading with or investing in China.
- To contribute to greater transparency and fair implementation of the IPR protection and enforcement system in China, avoiding and discouraging any protectionist market access barriers through the misuse of IPR legislation and to further improve the IPR environment.
- To increase political and public awareness of the importance of IPR protection, including through universities.

3.2. Expected results and main activities

R.1. Improved situation in priority areas defined during the annual EU-China IP Dialogue

The programme is in particular expected to improve the situation in the priority areas defined in the yearly EU-China IP Dialogues. The last IP Dialogue of 30 June 2015 established the following list of areas as priority of the future reinforced cooperation between the EU and China in the area of IP:

- Pending trademark issues of bad faith and inclusive development doctrine (likelihood of confusion).
- Response to online counterfeiting and piracy.
- Protection of trade secrets.
- Standard-essential patents and application of competition law.
- Roles of IP in innovation policy.
- Judicial cooperation.
- Academic cooperation.
- Patent system amendments.

Therefore, it is important to note that the programme will require flexibility in the course of the budget year, since the recently signed MoU establishes that it is during the IP Dialogue when priorities for the coming 12 months are defined, and this IP Dialogue might well be held in the middle of the year. However, it is to be expected that most of the present eight priority areas will constantly figure within the priorities defined during the next years, allowing certain continuity in the planning.

Envisaged main activities: Studies, seminars, round-tables, workshops, peer-to-peer exchanges, trainings, study visits⁴.

R.2. Regular exchange activities

The programme will assure regular exchange activities between experts on both sides (via exchange visits, conferences, seminars, workshops etc). These regular contacts and visiting programmes proved to be crucial for creating understanding, building trust and achieving tangible results.

Envisaged main activities: Study visits, peer-to-peer exchanges, seminars, workshops.

R.3. Ad-hoc support for EU-China IP Working Groups

The programme will provide ad-hoc support, in form of support activities for the EU-China IP Working Groups, and in form of translations of Chinese draft legislative acts, which the EU is invited to comment upon.

Envisaged main activities: Policy analysis, comparative studies, legal evaluation, provision of statistics.

R.4. Assistance for registration practices and tools

The programme will provide assistance to modernise China's IP registration practices and its information and management tools, preferably by replacing them, or making them compatible, with those developed by EUIPO and the EPO.

Envisaged main activities: Promotion and making available of European tools, technical support and advice, support for possible translation needs.

R.5. Awareness raised on IP protection and enforcement

Finally, the programme will constitute an important tool for raising awareness in China as regards the significance of providing IP protection and enforcement not only for foreign investment, but also as requirement for China's ambition to make the great leap from the world's work bench to an innovative society (in line with their strategy). Awareness raising is a two-way street, including fostering of communication and information exchange to improve mutual understanding and the mobilisation of the society and local provinces to bring about the necessary change in attitudes and behaviour.

Envisaged main activities: Conferences, dedicated events, outreach activities, including at provincial level, publications, press releases, social media.

R.6. Information management system and document repository

⁴ The number of these and the following main activities will depend on the development of the IP situation in China and the hereto adapted definition of priority needs. In view of the experience made with previous and present technical programmes, it can be assumed that the need for studies will depend on the focus on pending legal issues, and the need for mutual exchange and visits on the number and importance of pending legislative and administrative amendments.

In order to ensure a sufficient institutional memory and easy accessibility by all interested stakeholders of the documents emanating from the project (such as reports, studies, surveys), an information management system will be set up and a document repository created. It will be essential to keep the system and repository updated during the life of the project.

Envisaged main activities: Setting up of information management system and document repository.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Requests for ad-hoc activities in support of the EU-China IP Dialogues and Working Groups might not meet the necessary responsiveness, due to different main interests and the disruption of the implementation of the yearly activity plan.	M	During the negotiation of the grant agreement, key elements in terms of rights and obligation will have to be defined. In particular, modalities governing requests for new activities will have to be identified, including the setting of estimated timelines for delivery and the agreement on a reprioritization and possible postponement of planned activities in consultation with DG TRADE (change management).
The successful and timely implementation of activities largely depends on the support provided by the various administrative and judicial stakeholders on the Chinese side. A risk exists that this support may not be constant over time or decrease.	M	The Joint Statement and the MoU signed during the last EU-China Summit, elevates MOFCOM's role at political level and provides a reporting link to high-level meetings (Joint Committee, HED). This is to be considered as mitigating measure, as it provides MOFCOM with additional leverage to assure support to this programme. A meticulous preparation of the programme launch and an early outreach to the Chinese stakeholders will further limit this risk. Appropriate mechanisms should allow for the necessary flexibility to adapt activities and plans to evolving circumstances.
Planned activities might not receive sufficient support from the Commission DGs involved or IP Offices in charge of the substance matter.	L	The inclusion of suggested activities into the annual activity plan will require the written commitment of the Commission DG in charge of the substance matter that it will provide the necessary support for carrying out the activities. The inclusion in the activities plan of any activity requiring involvement of EPO will be discussed with EPO in advance.

3.4. Stakeholders

DG Trade will have regular consultation rounds, via email and/or dedicated IP meetings, with key European stakeholders in China and in Europe, such as with

industry, IP associations and law firms, the European Chamber of Commerce in China (EUCCC), the European Patent Office (EPO), Commission services dealing with IP in China, the EU-China Trade Projects, and the China IPR SME Helpdesk.

DG Trade will further have a regular update and exchange with representatives of MS and their chambers of commerce during the Market Access Team meetings and dedicated IP meetings before each IP Dialogue / Working Group in Beijing (EU delegation, Trade Section).

Insofar as activities will depend on the cooperation of the Chinese side, there is a need for an early formalised involvement of China in the planning. Based on the experience with the present IP Key programme, an *EU-China Joint Committee (JC)* will be set up for identifying potential issues and overseeing the implementation of activities. The JC will be co-chaired by China's Ministry of Commerce (MOFCOM) and DG Trade (EU delegation), and attended by members of the EU delegation and key representatives of Chinese IP authorities.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: Direct Award (direct management)

(a) Objectives of the grants

The project will be implemented exclusively through the signature of a grant agreement. As a result, objectives, expected results and main activities are those defined above under section 3.1 and 3.2.

(b) Justification of a direct grant

Under the responsibility of the Commission's responsible authorising officer, the grant may be awarded without a call for proposals to the European Union Intellectual Property Office (EUIPO)⁵.

In accordance with the provisions of article 190(1)(f) of the RAP, characteristics of this action require a particular type of body, notably EUIPO, on account of its technical competence, its high degree of specialisation and administrative power.

Given the high political relevance for the EU of supporting promotion and enforcement of intellectual property in China, it is judged as most appropriate to select as implementing partners of this project the Intellectual Property Office of the EU, which is responsible for intellectual property related matters in the EU by virtue of its own mandate.

In view of its position, EUIPO offers a unique combination of technical expertise and contacts with relevant stakeholders in the field of intellectual property worldwide.

EUIPO has all the necessary legitimacy vis-à-vis stakeholders in China and in particular public authorities, which constitutes a key precondition to implement a

⁵ As from 23 March 2016, OHIM will be renamed to "European Union Intellectual Property Office (EUIPO)" (see footnote 3). This title will further increase its political standing in the IP world, which is crucial for having direct access to key institutions and politicians in the partner country.

project entailing close contacts with the Chinese government. This requires expertise at institutional level that on this domain can only be provided at the needed degree by the EUIPO as Intellectual Property Office of the EU.

With specific regard to the technical competence of EUIPO, it is worth signalling that the EUIPO has been the regulatory EU Agency in charge of Community trademarks and Community design for 20 years. In this capacity, it runs application, opposition and invalidity proceedings in the first two instances, provides practice guidelines and defends cases before the General Court and the European Court of Justice.

EUIPO is an established member of the TM5 and ID5 groups, the exchange networks on trademark and industrial design matters, together with the respective IP Offices of the USA, China, Japan, and Korea.

Furthermore, EUIPO has longstanding experience in external action projects co-financed by the EU in the area of Intellectual Property. In this regard, EUIPO is currently managing three different programmes (IP Key China; ECAP III ASEAN; IPC-EUI India).

EUIPO has developed various IT tools (TM view, TM class, Design view), which are also used by the national IP Offices of the Member States. In this respect, it is a key interest of European IP business stakeholders that compatibility and use of these IT tools be expanded at a global scale. As owner of these IT tools, EUIPO masters their application, development, and dissemination.

Since 2012, EUIPO has been further entrusted with the European Observatory on Infringements of Intellectual Property Rights, covering enforcement issues related to all kinds of IP rights. In this capacity, EUIPO provides data, tools and databases to support the fight against IP infringement and supports DG TRADE with country reports on the IP situation in third countries.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of implementing partner. EUIPO has sufficient sources of funding and the technical competencies and qualifications to carry out the action.

The essential award criteria are relevance of the proposed action to the objectives of the project; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing⁶

The maximum possible rate of co-financing for grants under this call is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be

⁶ Article 192 FR – full financing of an external action

justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

The grant agreement will be concluded indicatively during Q1 of 2017.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 – Grants - Direct award (direct management)	6
Totals	6

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

A *Project Management Board (PMB)* will be in charge of taking decisions on the annual activity plans and budgets and of overseeing the implementation of the overall project. It will consist of representatives of FPI, DG Trade, EUIPO, Commission services dealing with IP in China, EPO, and the technical implementation team. The PMB will be held in China (DVC connectivity) and chaired by DG Trade (EU Delegation). It will meet whenever necessary, but at least once a year.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Communication and visibility

It is suggested that the website that has been built up during the present IP Key programme in China (<http://www.ipkey.org/en/>) be used as the basis for the website supporting IP Key China. It is further suggested to use this website as a common website for the IP Key programmes in China, ASEAN, and Latin America, for reasons of efficiency and synergy. It should also include links to the websites of other EU programmes in the regions (EU-China Trade Projects, SME IPR Helpdesk).

The development of this website and of visibility actions will be defined in the grant agreement, aiming at implementing a more comprehensive format, including search function. The grant agreement will further clarify DG Trade's control function and ownership of the website.

Part of the annual activities will focus on the increase of public awareness. In particular, there will be dedicated programme launch, mid-term, and closing events

attended by prominent IP stakeholders from both the European and Chinese side. It is further envisaged to carry out activities back-to-back with EU-China high-level policy events, in order to assure visibility and political engagement.

It is intended to continue the communication and visibility activities of the present IP Key programme in China, which makes regular use of dedicated events, publications, bi-monthly newsletters, press releases, social media, and mailing lists.



This action is funded by the European Union

ANNEX 10

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for IP Key South East Asia

1. IDENTIFICATION

Title of the action	IP Key South East Asia			
Country(ies)/ Region	South East Asia			
Total cost	Total estimated cost: EUR 6 000 000 Total amount of the EU budget contribution: EUR 6 000 000			
Total duration ¹	78 months			
Method of implementation	Direct Management Grants – direct award			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action will support the introduction and spread of an EU level of IPR protection and enforcement in our ASEAN trading partners. The action will support the

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (48 months); (iii) the closure phase (indicatively 12 months).

advancement of the EU agenda on Intellectual Property Right (IPR) for ASEAN to go beyond existing WTO TRIPs obligations.

On the one hand, the action will support the EU in its FTA talks and IP Dialogues with technical expertise on IP issues in our ASEAN trading partners.

On the other hand, the action will provide technical expertise to our trading partners on how to improve their IPR rules and regulations, high quality and expeditious processing for the registration of IP rights and their proper enforcement. The action can also assist our trade partners to implement EU FTA IPR commitments.

2.2. Context

In spite of positive developments at our ASEAN trading partners, there are still clear market access barriers due to lack of IPR protection and enforcement. EU industry is concerned that not all our trade partners have the EU level of IPR protection and enforcement. Insufficient IPR protection discourages trade and investment.

The importance of IPR for European industry has been illustrated in a study by the European Patent Office and OHIM that showed about 39% of total economic activity in the EU (worth some EUR 4.7 trillion annually) is generated by IPR-intensive industries, and approximately 26% of all employment in the EU (56 million jobs) is provided directly by these industries, while a further 9% of jobs in the EU stems indirectly from IPR-intensive industries. Furthermore, the study found that IPR-intensive industries account for about 90% of EU exports.

Better IPR protection would contribute, for example, to make ASEAN countries remain or become attractive for export from [relevant industries](#). [Failure to implement IPR protection means that relevant products are not protected from copying thus making market entry less attractive.](#)

Certain ASEAN countries (i.e. Philippines, Brunei) do not offer appropriate level of protection to the EU GIs (nor to their own GIs), or do not have a sui generis system of protection. As a consequence on these markets, many non-genuine products are put on the market using the reputation of the genuine GIs. This creates a competitive disadvantage for the EU industry. Several ASEAN countries are currently modifying or are considering modification of the legal framework, but we are still far from an appropriate system of protection in many cases

Counterfeiting and piracy pose a serious problem In the EU list of "countries of concern", 7 ASEAN countries are in the top 10. These are countries where EU industry feels that the IPR regulatory environment is most adverse in terms of enforcement. ASEAN countries also feature on the US watch lists for deficient intellectual property regimes.

Several key pieces of legislation remain pending in several countries, including legislation to address the growing problems of copyright piracy and trademark counterfeiting on the Internet, providing customs with ex officio authority control of all IPRs for goods in transit and export.

IP protection in third countries may offer significant business opportunities for European companies and will tackle the substantial losses for European companies due to fake and imitated products, both within the countries as well as entering the European market.

2.3. Lessons learnt

In defining both the implementation details and the concrete activities, best use will be made of the lessons learnt during the previous technical IP cooperation programmes in China IPR1 (1999-2004), IPR2 (2007-2011), and IP Key (2013-2016).

This ample experience relates to the project management set-up, the challenges of the launching phase, the creation of a local network, and the best sequencing and implementation of individual activities. In particular, the allocation of responsibilities and tasks between the actors involved during the planning and review exercises have been substantially improved in the course of the present programme (IP Key).

2.4. Complementary actions

The ASEAN IPR technical cooperation action ECAP III focuses on the objectives incorporated and embodied in the 2011-2015 ASEAN IPR Action Plan. ECAP's scope has thus been limited to funding activities included in that Action Plan, the political ASEAN agenda of soft approximation and convergence in the IPR area. This excludes several aspects of IPR protection incorporated in our FTAs.

Also, activities under this program are taking place only at ASEAN level and funds thereunder cannot be used for bilateral activities such as a PCA dialogue on IPR.

This proposed additional action focuses thus on the EU's more offensive interests, including in supporting the negotiations and implementation of FTAs within the region, in light of the overall objective of the Partnership Instrument.

The South-East Asia IPR SME Helpdesk funded by the Programme for the Competitiveness of Enterprises and SMEs (2014-2020, COSME) aims at contributing to the internationalisation of EU business by providing them with expert advice on how to protect and enforce their IPR in or relating to South-East Asia.

The IPR SME Helpdesks provide advisory services, develop and publish background material, train EU SMEs, monitor IP policies and legislation, provide partnering services, and communicate to EU SMEs, as well as provide some services to local SMEs to facilitate smooth business relations with EU SMEs.

The recent call for proposals (2015-2017) requested that the IPR Helpdesks assure proper coordination with other IP cooperation programmes. The same cooperative attitude would be requested from this action.

3. DETAILED DESCRIPTION

3.1. Specific objectives

The overall objective of this programme is to promote a more level playing field for European companies operating in South East Asia by contributing to greater transparency and fair implementation of the IPR protection and enforcement system in South East Asia.

The specific objectives of this programme are the following:

- To promote European standards in IPR legislation, protection and enforcement and the development of best practices where possible via FTAs.

- To support the interest of European innovators and right holders trading with or investing in South-East Asia.
- To contribute to greater transparency and fair implementation of the IPR protection and enforcement system in South-East Asia, avoiding and discouraging any protectionist market access barriers through the misuse of IPR legislation and to further improve the IPR environment.
- To increase political and public awareness of importance of IPR protection, including through universities.

3.2. Expected results and main activities

R.1. Support FTA negotiations

The expected result of the project is to obtain data and information on local IPR legislation, protection and enforcement to assist the EU Commission in the preparation, negotiation and implementation of FTAs in the region. This should be possible via studies, reports and analyses carried out for specific countries. This would give information on current legislation and enforcement practices in the countries as well as case law and the IPR institutional framework and resources.

FTA negotiations with the Philippines are to start in 2016.

With Indonesia a scoping exercise for a possible FTA is scheduled for 2016.

With Malaysia FTA negotiations might be resumed in 2016.

With Thailand FTA negotiations are on hold.

Envisaged main activities: Studies, reports.

R.2. Support IP Dialogues

The result of this activity will be the development and delivery of appropriate actions in accordance with the decisions and indications that emerge from discussions during the IP Dialogue with Thailand and Vietnam.

Annual IP Dialogues with Thailand and Vietnam are in place.

Envisaged main activities: Policy analysis, comparative studies, legal evaluation, provision of statistics.

R.3. Support Implementation of FTAs

The project will assist the countries with obligations arising from the commitments taken in the context of the trade agreements with the EU. Assistance in implementing the trade agreements will avoid potential disputes and smooth the path towards necessary changes in the host country.

The EU-Vietnam FTA is under legal revision.

Envisaged main activities: Comparative studies, legal evaluation.

R.4. Training and peer-to-peer exchanges

The programme will train officials from third countries on quality of legislation, granting of quality IP rights, enhancing the enforcement policy of the authorities' staff. As regards the granting high quality IP rights, exchanges can for example take place with EU IPR offices as the European Patent Office (EPO), the European Union Intellectual Property Office (EUIPO, the former OHIM²), the Community Plant Variety Office, and EU MS national IP offices.

In the area of IPR enforcement, there will be training activities of judges, prosecutors, police and customs officials from third countries. Also there peer-to-peer exchanges between EU and third countries are foreseen.

Envisaged main activities: Study visits, peer-to-peer exchanges, seminars, workshops.

R.5. Assistance for registration practices and tools

The programme will provide assistance to modernise South-East Asian countries' IP registration practices and its information and management tools, preferably by replacing them, or making them compatible, with those developed by EUIPO and the EPO.

Envisaged main activities: Promotion and making available of European tools, technical support and advice, support for possible translation needs.

R.6. Awareness raised on IP protection and enforcement

The programme will raise awareness in South-East Asia countries as regards the significance of providing IP protection and enforcement not only for foreign investment, but also as requirement for own innovation. Awareness raising is a two-way street, including fostering of communication and information exchange to improve mutual understanding and the mobilisation of the society and local provinces to bring about the necessary change in attitudes and behaviour.

Envisaged main activities: Conferences, publications, website and social media.

R.7. Information management system and document repository

In order to ensure a sufficient institutional memory and easy accessibility by all interested stakeholders of the documents emanating from the project (such as reports, studies, surveys), an information management system will be set up and a document repository created. It will be essential to keep the system and repository updated during the life of the project.

Envisaged main activities: Setting up of information management system and document repository.

² Regulation (EU) No 2015/2424 of the European Parliament and the Council amending the Community trade mark regulation enters into force on 23 March 2016, changing the name of OHIM to the European Union Intellectual Property Office (EUIPO). | Page 5

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Request for ad-hoc activities in support of the IP Dialogue and Sub-Committees might not meet the necessary responsiveness due to different main interests and the disruption of the implementation of the yearly activity plan.	M	The rights and obligations must be defined very clearly and concisely in the Working Agreement. In particular, they must include modalities governing requests for new activities, including the setting of estimated timelines for delivery and agreement on a reprioritisation and possible postponement of planned activities in consultation with DG TRADE (change management).
Interruption or postponement of FTA negotiations could occur, due to social/political uncertainties in the partner countries.	L	Launching of negotiations only upon assurance of commitment from other party(ies). Replacing of certain activities by others that may appear of higher priority at the given time.
The successful implementation of activities largely depends on the support provided by the various stakeholders on the third country side.	M	This risk should be mitigated through making the appropriate contacts sufficiently in advance and having clear discussions so that the host country is well aware and agrees with the activity and the approach.
Planned activities may not receive sufficient support from the Commission DG or IP Offices in charge of the substantive part.	L	The inclusion of suggested activities into the annual activity plan will require a written commitment of the Commission DG in charge of the substance matter that it will provide the necessary support to be able to carry out the activities.. The inclusion in the activities plan of any activity requiring involvement of EPO will be discussed with EPO in advance.

3.4. Stakeholders

DG Trade will have regular consultation rounds, via email and/or dedicated IP meetings, with key European stakeholders in South-East Asian countries and in Europe, such as with industry, IP associations and law firms, European Chambers of South-East Asian countries, the IPR SME Helpdesk South-East Asia, the EPO, and Commission services dealing with IP in South-East Asia.

DG Trade will further have a regular update and exchange with representatives of MS and their chambers of commerce during the Market Access Team meetings and dedicated IP meetings before each IP Dialogue.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: Direct Award (direct management)

(a) Objectives of the grants

The project will be implemented exclusively through the signature of a grant agreement. As a result, objectives, expected results and main activities are those defined above under section 3.1 and 3.2.

(b) Justification of a direct grant

Under the responsibility of the Commission's responsible authorising officer, the grant may be awarded without a call for proposals to the European Union Intellectual Property Office (EUIPO)³.

In accordance with the provisions of article 190(1)(f) of the RAP, characteristics of this action require a particular type of body, notably EUIPO, on account of its technical competence, its high degree of specialisation and administrative power.

Given the high political relevance for the EU of supporting promotion and enforcement of intellectual property in South-East Asia, it is judged as most appropriate to select as implementing partners of this project the Intellectual Property Office of the EU, which is responsible for intellectual property related matters in the EU by virtue of its own mandate.

In view of its position, EUIPO offers a unique combination of technical expertise and contacts with relevant stakeholders in the field of intellectual property worldwide.

EUIPO has all the necessary legitimacy vis-à-vis stakeholders in South East Asia and in particular public authorities, which constitutes a key precondition to implement a project entailing close contacts with the local IP authorities. This requires expertise at institutional level that on this domain can only be provided at the needed degree by the EUIPO as Intellectual Property Office of the EU.

With specific regard to the technical competence of EUIPO, it is worth signalling that the EUIPO has been the regulatory EU Agency in charge of Community trademarks and Community design for 20 years. In this capacity, it runs application, opposition and invalidity proceedings in the first two instances, provides practice guidelines and defends cases before the General Court and the European Court of Justice.

EUIPO is an established member of the TM5 and ID5 groups, the exchange networks on trademark and industrial design matters, together with the respective IP Offices of the USA, China, Japan, and Korea.

Furthermore, EUIPO has longstanding experience in external action projects co-financed by the EU in the area of Intellectual Property. In this regard, EUIPO is

³ As from 23 March 2016, OHIM will be renamed to "European Union Intellectual Property Office (EUIPO)" (see footnote 3). This title will further increase its political standing in the IP world, which is crucial for having direct access to key institutions and politicians in the partner country.

currently managing three different programmes (IP Key China; ECAP III ASEAN; IPC-EUI India).

EUIPO has developed various IT tools (TM view, TM class, Design view), which are also used by the national IP Offices of the Member States. In this respect, it is a key interest of European IP business stakeholders that compatibility and use of these IT tools be expanded at a global scale. As owner of these IT tools, EUIPO masters their application, development, and dissemination.

Since 2012, EUIPO has been further entrusted with the European Observatory on Infringements of Intellectual Property Rights, covering enforcement issues related to all kinds of IP rights. In this capacity, EUIPO provides data, tools and databases to support the fight against IP infringement and supports DG TRADE with country reports on the IP situation in third countries.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of implementing partner. EUIPO has sufficient sources of funding and the technical competencies and qualifications to carry out the action.

The essential award criteria are relevance of the proposed action to the objectives of the project; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing⁴

The maximum possible rate of co-financing for grants under this call is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

The grant agreement will be concluded indicatively during Q1 of 2017.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 – Grants - Direct award (direct management)	6
Totals	6

⁴ Article 192 FR – full financing of an external action

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

A Project Management Board (PMB) will be in charge of taking decisions on the annual activity plans and budgets and of overseeing the implementation of the overall project. It will consist of representatives of FPI, DG Trade, EUIPO, Commission services dealing with IP in South-East Asia, EPO, and the technical implementation team. The PMB will be held in Bangkok (DVC connectivity) and chaired by DG Trade (EU delegation). It will meet whenever necessary, but at least once a year.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Communication and visibility

It is suggested that the website that has been built up during the present IP Key programme in China (<http://www.ipkey.org/en/>) will be used as the basis for the website supporting IP Key South-East Asia. It is further suggested to use this website as a common website for the IP Key programmes in China, South-East Asia, and Latin America, for reasons of efficiency and synergy. It should also include links to the websites of other EU programmes in the regions (ECAP III, SME IPR Helpdesk South-East Asia).

The development of this website and of visibility actions will be defined in the grant agreement, aiming at implementing a more comprehensive format, including search function. The grant agreement will further clarify DG Trade's control function and ownership of the website.

Part of the annual activities will focus on the increase of public awareness. There will also be a series of visibility activities which could make use of dedicated events, publications, bi-monthly newsletters, press releases, social media and mailing lists.



This action is funded by the European Union

ANNEX 11

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for IP Key Latin America

1. IDENTIFICATION

Title of the action	IP Key Latin America			
Country(ies)/ Region	The project covers potentially all countries of Latin America but will focus more on the following (in alphabetical order): Andean Community (<i>Colombia, Peru, Ecuador</i>); Central America (<i>Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama</i>); Chile MERCOSUR (<i>Argentina, Brazil, Paraguay, Uruguay, Venezuela</i>); Mexico			
Total cost	Total estimated cost: EUR 5 000 000 Total amount of the EU budget contribution: EUR 5 000 000			
Total duration ¹	78 months			
Method of implementation	Direct Management Grants – direct award			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (48 months); (iii) the closure phase (indicatively 12 months).

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The overall objective of the action is to improve the situation of Intellectual Property (IP) protection and enforcement in Latin America and to contribute to a level playing field in this regard for European companies operating in Latin America. This action will support the introduction and spread of an EU level of IPR protection and enforcement in our Latin American trading partners beyond existing WTO TRIPs obligations and the advancement of the EU agenda on Intellectual Property Right (IPR) for Latin America.

On the one hand, the action will support the EU in its FTA negotiations and implementation and IP Dialogues with technical expertise on IP issues in the relevant Latin American countries.

On the other hand, the action will provide technical expertise to our trading partners on how to improve their IPR rules and regulations, ensure high quality and expeditious processing for the registration of IP rights and their proper enforcement. The action can also assist our trade partners to implement EU FTA IPR commitments.

2.2. Context

For the moment, there is no project specifically on IPR in Latin America apart from an IPR SME helpdesk operating in the Mercosur countries and Chile since 2014 and in the whole of Latin America since July 2015. The objective of the helpdesk is to "provide advice and support services to EU SMEs facing intellectual property rights difficulties in or arising from the Latin America region." The Helpdesk shares information on Latin America IP legislation and policies with the commission and provides some services to local SMEs wishing to do business with EU SMEs. The Commission has recently funded a survey among EU SMEs active in Latin America and Latin American SMEs regarding barriers and needs in the field of protection and enforcement of intellectual property. Its report will be available before the summer 2016. There have been isolated cases of assistance focussing on IPR issues such as seminars and country visits over the past few years, but no systematic IPR development, protection and promotion has taken place.

Basic IPR protection is guaranteed via the countries being members of the WTO TRIPS Agreement which came into effect in 1994. The TRIPS Agreement can be considered a low common denominator as far as IPR protection is concerned and includes a series of flexibilities which have been used by individual countries in different ways according to national political preferences. Most often, the flexibilities are used to weaken IPR protection, notably on patents. Moreover, the TRIPS Agreement does not cover the digital environment. The EU aims to improve and strengthen the protection of IPR in all of the countries in the Latin America region, in order to protect EU creative and innovative business and investment interests. This is all the more important when one considers that around 90% of all EU exports are from IP-protected industries.

Andean Community and Central America:

The EU has two Agreements in place (a Trade Agreement with Colombia and Peru and an Association Agreement with Central America since 2013). Ecuador, which is a new addition to the list of priority countries in the DG TRADE IPR Enforcement survey 2014, will most probably adhere to the Agreement that the EU has with Colombia and Peru. The Colombia/Peru Agreement includes an IPR chapter which is quite comprehensive, whereas the Central America Agreement has fewer details concerning patents and internet service provider liability and nothing on regulatory data protection. The EU has annual IP Subcommittees in the context of both Agreements which allow for a privileged discussion on IPR matters, but with Central America the topics for discussion are limited to Geographical indications (GIs) and technology transfer. However, a strong level of protection and enforcement of IPR is a prerequisite in the EU's view for the safe transfer of EU technology.

Chile:

The EU should most likely start negotiations in 2017 to modernise the Association Agreement with Chile which has been in existence since 2003 (including an FTA). Chile is one of the most economically and socially advanced and stable countries of Latin America and their IPR laws and enforcement are above average. The EU will be looking to agree to a comprehensive FTA IPR chapter with Chile.

Mercosur:

The negotiations with the Mercosur countries (Argentina, Brazil, Paraguay, Uruguay and Venezuela) have been stalled since 2012 and the text of the IPR chapter has never been discussed. The level of IPR protection is moderate and varies from one country to another: some national laws are outdated and others are problematic vis-a-vis the EU's interests (patent laws in Brazil and Argentina). Paraguay has only just set up an IP Office and recently started registering trademarks and patents. The situation in Venezuela is rudimentary and unstable for the moment. Argentina and Brazil are both on the list of priority countries from the 2014 TRADE IPR enforcement survey.

Mexico:

The EU should start negotiations in the second half of 2016 to modernise the Economic Partnership, Political Coordination and Cooperation Agreement with Mexico which has been in existence since 2000. The EU will be looking to agree upon a comprehensive IPR chapter with Mexico in view of its economic importance and development and its fairly advanced IPR laws, with two notable exceptions, namely the fact that it is impossible for foreign GI owners to register their GIs in Mexico (and therefore lack of protection) as well as the absence of a trademark opposition system. Enforcement at criminal, administrative and prosecution levels is rather lax in Mexico, despite increased efforts since 2010, and needs to be strengthened as counterfeiting and hard copy piracy remain widespread. Few actions have focused on internet piracy, the enforcement of which also remains weak due to ineffective criminal and customs procedures.

2.3. Lessons learnt

This is a new initiative, based on the experience of two similar actions that have been in existence in China (IPR1, IPR2, IP Key) and the ASEAN region (ECAP I, II, III) for around 20 years.

The Latin American context is more complex, however, in that it is made up of countries of differing sizes and economic development divided into three different groups (Andean, Central America and Mercosur) that have either rather limited shared institutions and rules of varying degrees of obligation and commitment or none at all. Moreover, two large countries, Mexico and Chile, are not members of any of the three groups.

Experience and lessons learnt, particularly from IP Key China, will however be pertinent for the project management set-up, the challenges of the launching phase, the creation of a local network, and the best sequencing and implementation of individual activities.

2.4. Complementary actions

There will be coordination with the other EU projects in Latin America that contain an IPR element (such as ELANbiz and ELANnet, the Enterprise Europe Network, and the EU SME IPR Helpdesk) as well as with the representations of EU Member States that are present (Chambers of Commerce, trade sections of Embassies) to avoid duplication.

3. DETAILED DESCRIPTION

3.1. Specific objectives

The overall objective of this programme is to promote a more level playing field for European companies operating in Latin America by contributing to greater transparency and fair implementation of the IPR protection and enforcement system in Latin America.

The specific objectives of this programme are the following:

- Prepare and accompany FTA negotiations in the region.
- Promote European standards in IPR legislation, protection and enforcement and the development of best practices.
- Support the interests of European innovators and right holders trading with or investing in Latin America.
- Increase political and public awareness of the importance of IPR protection.

3.2. Expected results and main activities

R.1. Prepare/accompany FTA negotiations

The expected result of the project is to obtain data and information on local IPR legislation, protection and enforcement to assist the EU Commission in the

preparation, negotiation and implementation of FTAs in the region. This should be possible via studies, reports and analyses carried out for specific countries and regions. These deliverables would gather information on current legislation and enforcement practices in the selected countries as well as case law and the IPR institutional framework and resources.

Envisaged main activities: Studies, reports.

R.2. Information collection to prepare regional integration in Central America.

The result of this activity is a survey providing a detailed overview of the situation regarding IPR legislation, protection and enforcement and the infrastructure, resources, organisation and efficiency of the IPR offices and institutions in each of the Central American countries. This survey should also have analysed and identified the areas that are mature enough to be supported by EU action, in order to encourage regional cooperation and integration on the processing and enforcement of IPR. Improved regional integration in Central America as concerns IPR would result in assisting EU businesses interested in expanding across the region and allow for easier registration, remuneration and defence for EU IP right holders.

Envisaged main activities: Studies, surveys, reports.

R.3. Support for IP Dialogue and Sub-Committees and implementation of FTAs

The result of this activity will be the development and delivery of appropriate actions in accordance with the decisions and indications that emerge from discussions during the IP Dialogue with Brazil, the Sub-Committees with Central America, the Andean Community countries and Mexico. The project will also propose actions that assist the various countries involved in Latin America with obligations arising from the commitments taken in the context of the trade agreements with the EU.

These activities should improve the level of protection and enforcement of IPR locally and thus allow for a better business climate for EU companies to evolve positively in the region. Assistance in implementing the trade agreements will avoid potential disputes and smooth the path towards necessary changes in the host country.

Envisaged main activities: Seminars, round-tables, workshops, peer-to-peer exchanges, trainings, study visits.

R.4. Provision of technical assistance, including IT tools

The result of this activity will be the increased uptake of European IT tools by the local IP Offices for the processing of IPRs; increased cooperation and promotion of GI protection; peer to peer exchanges to gain experience in the EU approach to IPR protection and enforcement and exchanges of best practice in various domains, including customs, education, the judiciary, collective management of IPR and awareness raising.

Envisaged main activities: promotion and making available of European tools, technical support and advice, trainings, peer-to-peer exchanges, study visits, seminars, workshops.

R.5. Awareness raised on IP protection and enforcement

The programme will constitute an important tool for raising awareness in Latin America as regards the significance of providing IP promotion, protection and enforcement not only for foreign investment but also for economic and social development locally. Awareness raising is a two-way street, including the fostering of communication and information exchange in order to improve mutual understanding and the mobilisation of public authorities and institutions and society at large in order to bring about the necessary change in attitudes and behaviour.

Envisaged main activities for communication: Conferences, dedicated events, outreach activities, publications, press releases, social media.

R.6. Information management system and document repository

In order to ensure a sufficient institutional memory and easy accessibility by all interested stakeholders of the documents emanating from the project (such as reports, studies, surveys), an information management system will be set up and a document repository created. It will be essential to keep the system and repository updated during the life of the project.

Envisaged main activities: Setting up of information management system and document repository.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Request for ad-hoc activities in support of the IP Dialogue and Sub-Committees might not meet the necessary responsiveness due to different main interests and the disruption of the implementation of the yearly activity plan.	M	The rights and obligations must be defined very clearly and concisely in the Working Agreement. In particular, they must include modalities governing requests for new activities, including the setting of estimated timelines for delivery and agreement on a reprioritisation and possible postponement of planned activities in consultation with DG TRADE (change management).
Interruption or postponement of FTA negotiations, due to social/political uncertainties in the partner countries.	L	Launching of negotiations only upon assurance of commitment from other party(ies). Replacing of certain activities by others that may appear of higher priority at the given time.
The successful implementation of activities largely depends on the support provided by the various stakeholders on the third country side.	M	This risk should be mitigated through making the appropriate contacts sufficiently in advance and having clear discussions so that the host country is well aware and agrees with the activity and the approach.
Planned activities may not receive	L	The inclusion of suggested activities in to the

sufficient support from the Commission DGs or IP Offices in charge of the substantive part.		annual activity plan will require a written commitment of the Commission DG in charge of the substance matter that it will provide the necessary support to be able to carry out the activities. The inclusion in the activities plan of any activity requiring involvement of EPO will be discussed with EPO in advance..
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3.4. Stakeholders

DG TRADE will have regular consultation rounds with key European stakeholders in Latin America and in the EU, such as with industry, IP associations and law firms, Commission services dealing with IP in Latin America, EU Delegations in the host countries, the European Patent Office, the EU- Latin America IPR SME Helpdesk, Member States' representations and chambers of commerce present in the countries.

DG TRADE will also gather relevant information and exchange updates with Member States and stakeholders during the Market Access Team meetings. Contact and information gathering and exchange with the partner countries will take place during the IP Dialogue and IP Sub-Committee meetings, via the EU Delegations in situ and during ad-hoc visits and contacts either in the third country or in Brussels.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: Direct Award (direct management)

(a) Objectives of the grants

The project will be implemented exclusively through the signature of a grant agreement. As a result, objectives, expected results and main activities are those defined above under section 3.1 and 3.2.

(b) Justification of a direct grant

Under the responsibility of the Commission’s responsible authorising officer, the grant may be awarded without a call for proposals to the European Union Intellectual Property Office (EUIPO)².

In accordance with the provisions of article 190(1)(f) of the RAP, characteristics of this action require a particular type of body, notably EUIPO, on account of its technical competence, its high degree of specialisation and administrative power.

Given the high political relevance for the EU of supporting promotion and enforcement of intellectual property in Latin America, it is judged as most appropriate to select as implementing partners of this project the Intellectual Property

² As from 23 March 2016, OHIM will be renamed to “European Union Intellectual Property Office (EUIPO)” (see footnote 3). This title will further increase its political standing in the IP world, which is crucial for having direct access to key institutions and politicians in the partner country.

Office of the EU, which is responsible for intellectual property related matters in the EU by virtue of its own mandate.

In view of its position, EUIPO offers a unique combination of technical expertise and contacts with relevant stakeholders in the field of intellectual property worldwide.

EUIPO has all the necessary legitimacy vis-à-vis stakeholders in Latin America and in particular public authorities, which constitutes a key precondition to implement a project entailing close contacts with the local authorities. This requires expertise at institutional level that on this domain can only be provided at the needed degree by the EUIPO as Intellectual Property Office of the EU.

With specific regard to the technical competence of EUIPO, it is worth signalling that the EUIPO has been the regulatory EU Agency in charge of Community trademarks and Community design for 20 years. In this capacity, it runs application, opposition and invalidity proceedings in the first two instances, provides practice guidelines and defends cases before the General Court and the European Court of Justice.

EUIPO is an established member of the TM5 and ID5 groups, the exchange networks on trademark and industrial design matters, together with the respective IP Offices of the USA, China, Japan, and Korea.

Furthermore, EUIPO has longstanding experience in external action projects co-financed by the EU in the area of Intellectual Property. In this regard, EUIPO is currently managing three different programmes (IP Key China; ECAP III ASEAN; IPC-EUI India).

EUIPO has developed various IT tools (TM view, TM class, Design view), which are also used by the national IP Offices of the Member States. In this respect, it is a key interest of European IP business stakeholders that compatibility and use of these IT tools be expanded at a global scale. As owner of these IT tools, EUIPO masters their application, development, and dissemination.

Since 2012, EUIPO has been further entrusted with the European Observatory on Infringements of Intellectual Property Rights, covering enforcement issues related to all kinds of IP rights. In this capacity, EUIPO provides data, tools and databases to support the fight against IP infringement and supports DG TRADE with country reports on the IP situation in third countries.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of implementing partner. EUIPO has sufficient sources of funding and the technical competencies and qualifications to carry out the action.

The essential award criteria are relevance of the proposed action to the objectives of the project; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing³

The maximum possible rate of co-financing for grants under this call is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

The grant agreement will be concluded indicatively during Q1 of 2017.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 – Grants - Direct award (direct management)	5
Totals	5

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

A Project Management Board (PMB) will be in charge of taking decisions on the annual activity plans and budgets and of overseeing the implementation of the overall project. It will consist of representatives of FPI, DG Trade, EUIPO, Commission services dealing with IP in Latin America, EPO, and the technical implementation team. The PMB will be held in Latin America (DVC connectivity) and chaired by DG Trade (EU Delegations). It will meet whenever necessary, but at least once a year.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Communication and visibility

It is suggested to use the current website for IP Key China (<http://www.ipkey.org/en/>) as the basis for the website dedicated to IP Key Latin America as part of a common website for the IP Key programmes in China, ASEAN,

³ Article 192 FR – full financing of an external action

and Latin America, for reasons of efficiency and synergy. It should also include links to the websites of other EU programmes in the region (ELANBiz, Enterprise Europe Network, SME IPR Helpdesk Latin America).

The further development of this website and of visibility actions will be defined in the Working Agreement, aiming at implementing a more comprehensive format, including an advanced search function. The Working Agreement will further clarify DG Trade's control function and ownership of the website.

Part of the annual activities will focus on the increase of public awareness. There will also be a series of visibility activities which could make use of dedicated events, publications, bi-monthly newsletters, press releases, social media and mailing lists.



This action is funded by the European Union

ANNEX 12

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Cooperation on Competition in Asia

1. IDENTIFICATION

Title of the action	Cooperation on competition in Asia			
Countries/ Region	Asia (China, India, Japan, Korea and ASEAN)			
Total cost	Total estimated cost: EUR 5 000 000 Total amount of the EU contribution: EUR 5 000 000			
Total duration ¹	90 months			
Method of implementation	Direct management Procurement – Services			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action, which builds upon the experiences and positive results of previous activities in Asia and notably China and India, aims to foster cooperation in

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (60 months); (iii) the closure phase (indicatively 12 months).

competition policy between the EU and Asia with a view to promote convergence of laws and enforcement. Implicitly the action aims at contributing to secure the effectiveness of EU competition decisions. A further long-term goal is to contribute to the creation of a global level playing field where trade is fair and undistorted by outmoded industrial policies and anti-competitive subsidies, including by reducing prevalence in favour of State Owned Enterprises' privileges, discriminatory behaviour and heightening the quality of procedural fairness.

Achieving this aim requires that the EU raises awareness, understanding and support in Asia for competition and subsidies control policies following the model of EU policies from both a substantive and procedural fairness point of view. If successful the action should lead to a better investment climate (market access) for EU business in Asia, to avoidance of conflicting competition enforcement decisions (effectiveness of EU decisions) and to promoting further enforcement cooperation between EU and Asian competition agencies (efficiency of competition enforcement).

The action will primarily engage with Asian competition authorities. It will also be open to involve other relevant government authorities having an influence on competition policy bringing about a reflection among participants as to how Asian practices are convergent with best international (EU) practices and how adherence to such practices would support Asia's attempts to revitalise its economy. The substantial regulatory and pecuniary advantages often given to State Owned Enterprises will be in focus. To the extent such reflections lead to positive changes in competition law enforcement in Asia, it would reduce the risk for conflict with EU competition decisions. It would also facilitate EU direct investments and establishment in Asia as well as market access for EU companies by reducing enforcement risks and barriers.

The action will support the effectiveness of the EU-Asia Free Trade Agreements (FTA), Partnership and Cooperation Agreements (PCA) and Investment Agreements under negotiation or concluded.²

2.2. Context

The EU has a long history of bilateral policy cooperation with Asian competition authorities:

China

China adopted a comprehensive competition law in 2007 (the Anti-Monopoly Law (AML)) but DG COMP signed Terms of Reference for a Competition Dialogue with Mofcom already in 2004. In 2012, DG COMP signed a MoU on cooperation with the National Development and Reform Commission (NDRC) and the State Administration of Industry and Commerce (SAIC). The basic provisions of the AML are inspired by the TFEU which is a positive result of the activities under the EU China Trade Project (EUCTP). However, there is still a large gap between our respective competition enforcement practices. China's competition policy is less transparent and enforcement may often appear ambiguous. There are concerns about procedural fairness. Judicial review relating to the AML is still to be developed

² Korea FTA concluded 2010, Singapore FTA 2013, Vietnam 2015, Japan, Thailand and Malaysia ongoing, Indonesia and Philippines scoping exercise ongoing, China and Burma Investment Agreement negotiations ongoing.

further. It is also a question how the AML applies to State Owned enterprises. The AML can arguably be applied to subsidy control but China has not yet developed any such mechanism. The action would represent a significant support to the EU-China Competition Policy Dialogue and help build further mutual trust between the respective competition authorities which is so important to move cooperation forward. It is a core activity in supporting the implementation of the Terms of Reference with Mofcom and the MoU on cooperation with NDRC and SAIC.

Korea

Korea is a key like-minded partner with growing influence in the world, member of G20, OECD, WTO, etc., and in a region (North East Asia and the Pacific) which is gaining a growing influence in the world. The Korean Fair Trade Commission (KFTC) enforces the 1981 Monopoly Regulation and Fair Trade Act. Cooperation between the EU and the Korean Fair Trade Commission is based on two documents: the Cooperation Agreement signed in May 2009 and the EU Korea Free Trade Agreement signed in October 2010. Korea's competition policy is less transparent and enforcement is sometimes ambiguous in particular with regard to IPR related cases. Although part of the FTA, Korea has not yet fully engaged on the state aid control aspects of that agreement.

Japan

Japan's Antimonopoly Act is from 1947. The Japan Fair Trade Commission (JFTC) was primarily influenced by US competition law, but in later years Japan has shown an increased interest in EU competition law. EU-Japan signed a formal Competition Cooperation Agreement in 2003 and cooperation has intensified. However, despite the longstanding dialogue, there is still a gap between some of our respective competition practices. A number of competition-related issues remain in relation to Japan, and not all of them can be resolved within the framework of the existing Competition Cooperation Agreement or a future Free Trade Agreement (FTA). They will require a longer term strategy, systematic dialogue and the continuous building of trust through mutual cooperation with Japan's competition authority and other stakeholders.

Japan's competition policy in general is less transparent than desired. The Anti-Monopoly Act is ambiguous in certain respects and there are a number of exemptions from the law including for important sectors. The JFTC must also contend with pressure from other economic development Ministries and as a result the principles of fair competition enforcement suffer to the benefit of certain industrial policy objectives.

Japan currently lacks State aid legislation. However, a Government-appointed Advisory Group has proposed that Japan adopts recommendations for the use of rescue and restructuring aid (R&R aid). According to the proposal, the JFTC would draft R&R aid guidelines modelled on EU rules. Moreover, the JFTC would be consulted and given the possibility to make recommendations before the Government decides to grant R&R aid. If adopted, the new Japanese rules on R&R aid would only be "soft law". Nevertheless, it would be an important step in the right direction and an initiative the EU should support. Finally, State Aid control (in principle both transparency and disciplines) will be part of the future EU- Japan FTA. It is important that Japan starts being familiarised with State Aid concepts and becomes

more transparent when granting state aid which affects international trade and competition.

The EU-Japan FTA negotiations provide an important means to ensure fair competition between our respective markets. The EU hopes to ensure that the benefits obtained in the Agreement are not undermined by distortions of competition in Japanese markets. This action would support this initiative.

Finally, the EU and Japan are also negotiating an upgrade of the 2003 formal competition cooperation agreement with a so-called Second Generation agreement which would allow for the exchange of confidential information. This action could also support this initiative.

India

India's Competition Act was adopted in 2007. The Competition Commission of India (CCI) became operational in March 2009 together with the Competition Appellate Tribunal. Enforcement only really took off in 2012 and has led to a lot of litigation before the Indian courts. The EU has in particular concerns about the use of the Act on IPR related cases.

DG COMP signed a MoU on cooperation with the CCI in 2013. The MoU creates a framework for the development of administrative cooperation with the Competition Commission of India and it is the basis for a continued dialogue on competition policy. There has only been limited enforcement cooperation with the CCI so far, as there seems to have been no case yet offering a good opportunity to cooperate.

The EU has offered a five year programme to support the Competition Commission of India as part of a broader EU-India programme "Capacity Building Initiative for Trade Development in India (CITD)"³ for 2013-2017. Activities in India under this action would be phased in subsequently when the CITD programme runs out. The Competition Component offers technical assistance and training to support the CCI by strengthening its capacity through specialised technical assistance on competition related issues, including "on-the-job /on-the-case" training, exchange visits, studies and research.

ASEAN

ASEAN Member States have committed in the ASEAN Economic Community Blueprint, to endeavour to introduce national competition policy and law by 2015. This is to ensure a level playing field and to foster a culture of fair business competition for enhanced regional economic performance in the long run. Progress has been positive and there are comprehensive competition laws and authorities in place in Indonesia, Singapore, Thailand, Malaysia and Vietnam. The Philippines has just adopted a competition bill to set out a comprehensive competition regime. Brunei Darussalam, Cambodia, Lao PDR and Myanmar are currently drafting a competition law.

³ Service contract 201/S 142-246418.

The EU has concluded FTAs with some of the ASEAN countries and is in a negotiation or scoping process with most of the remaining ASEAN countries. All texts refer to competition law.

EU competition engagement with ASEAN is on an ad hoc basis and it is desirable to engage more systematically on a regional basis in a manner complementary of that of some Member States.

Political framework

The EU has identified four strategic partners in Asia (China, Korea, India and Japan). These countries are key trade partners in a region which is gaining influence in the world. The ASEAN countries are a second-tier level with growing importance, hence the desire to reach out to ASEAN countries as well.

The EU has concluded FTA's and PCA's with inter alia Korea, Singapore and Vietnam and is proposing to negotiate⁴ or is negotiating⁵ such with many of the remaining Asean countries. All agreements contain a reference to competition policy and cooperation. The EU is negotiating an ambitious Investment Agreement with China where many market access and investment issues persist.

The importance of high standards and effective implementation in the area of competition policy should not be understated. The benefits of even the most ambitious and comprehensive agreement can be undermined by anti-competitive market conditions which is a significant risk in Asia as many markets have high barriers to entry and are characterised by the omni-presence of concentrated State Owned Enterprises with unclear submission to competition law.

Connection with EU official dialogues

Competition is regularly directly or indirectly on the agendas of the dialogues with Asian countries when discussion turns to regulatory frameworks, industrial policy, IPR, market access, transparency etc. The topics on the agendas of the China Competition Weeks (like procedural fairness, interface between competition policy and IPR) concern issues of direct relevance for the cooperation between DG COMP and the Chinese competition authorities. As such the discussions during the Competition Weeks prepare for DG COMP policy dialogues with the Chinese Authorities. For example, the difference in timing in merger review between the two systems renders case cooperation difficult as DG COMP has typically terminated its review before Mofcom has finalised its considerations. This challenge and the challenges to find interoperable remedies to resolve the competition concerns is one which can beneficially be discussed during the Competition Week and operational conclusions can be drawn during a Dialogue. The European Commission has dedicated annual competition dialogues with China, Korea, and Japan. Competition discussions with the remaining Asian countries are imbedded in the Joint Committees etc.

⁴ Indonesia and Philippines.

⁵ Malaysia and Thailand.

Justification of the policy domain identified

Competition policy has a strong potential in supporting market liberalisation and removing obstacles to EU direct investment, EU exports. But continuous efforts are needed to ensure a proper enforcement of the rules because competition law can also be wrongly used to create obstacles to EU direct investment and hence negate the benefits of negotiated FTAs etc. Focus on transparency in state aid may lead to a reduction in the application of Trade Defence Instruments or render their use more efficient. Focus on the role of State Owned Enterprises and their submission to competition law is likely to lead to a more level playing field for EU business in Asia.

The "Europe 2020" Strategy

Actions aiming at improving the effectiveness of the Competition Policy Dialogue and complementing it by tackling regulatory barriers and state intervention would facilitate the export of EU companies to China and therefore be of support to the "Europe 2020" strategy.

2.3. Lessons learnt

The action builds on well-established tools applied by DG COMP; namely the DG COMP Visitor Scheme, Competition Weeks and Summer School. The focus in all activities will mainly be to teach participants about EU competition law and force them to reflect on and review current domestic competition legislation and practices using EU competition law as the yardstick. If appropriate, the action may simultaneously be used to facilitate the interface between EU business and the Asian competition authorities in the target countries.

2.4. Complementary actions

Other than some action by the Gesellschaft für Internationale Zusammenarbeit and the OECD in some of the target countries, DG COMP is not aware of actions by Member States in the region.

The project will have to ensure synergies with other ongoing EU-funded programmes in the field of economic cooperation.

China: The EU is currently engaging with China in the Anti-Monopoly Law Enforcement area under the EUCTP II programme as it was under EUCTP I, and the intention with the proposed action is to continue where the EUCTP II ends. EUCTP (II) commenced late 2010 and runs out during the course of 2015.

India: The EU has offered a five year programme to support the Competition Commission of India as part of a broader EU-India programme "Capacity Building Initiative for Trade Development in India (CITD)" which was launched in 2013 and runs until 2017. The overall objective of the programme is to support India in strengthening its capacity to achieve economic growth and sustainable development, and ultimately poverty reduction, through further integration into the global trading

system, by increasing the safety and quality of products by reducing costs and impediments to trade.

No similar EU programs exist for the other Asian jurisdictions mentioned in this note.

3. DETAILED DESCRIPTION

3.1. Objectives

The *overall objective* of this project is to foster cooperation in competition policy between the EU and Asia and to promote convergence of laws and enforcement with high standards in line with best international (EU) practices. Implicitly the action will contribute to secure the effectiveness of EU competition decisions. A further long-term goal is to contribute to the creation of a global level playing field where trade is fair and undistorted by outmoded protectionist industrial policies and anti-competitive subsidies.

The *specific objectives* are:

- Avoid conflicting enforcement decisions.
- Prepare the ground for actual enforcement cooperation in concrete cases, as they may appear.
- Advocacy for state aid control.

3.2. Expected results and main activities

Based on the positive experiences made notably in China with the EUCTP programme, a standardised approach will be adopted for efficiency reasons, while at the same time adapting the actions to the local context.

Under this action cost sharing with beneficiaries will be implemented, in particular local cost, cost of venue etc.

With the lessons learnt over time in China with the EUCTP I and II programmes, DG COMP has developed a standard approach so as to enhance impact and efficiency.

Activity 1

Organisation of **EU Competition Weeks** in Asia (series of seminars/roundtables held within one week) dealing with all areas of competition law (procedures, restrictive agreements, abuse of dominance, merger, State Owned Enterprises and State Aid control). The events are prepared, coordinated and executed with the help of a qualified Senior Competition Expert who moderates all sessions of the week. Speakers are DG COMP officials and officials of Member States' competition authorities as well as occasionally also competition and State Aid experts from the private sector.

Participants are required to make presentations of their own policy initiatives and enforcement actions in order to ensure serious engagement and a mutually beneficial exchange of information which serves as a catalyst for discussion and "getting to know each other".

The labelling of the activity, "EU Competition Week", has given the events a lot of prominence which has increased interest from the beneficiary authorities (good for participation) and within the EU (facilitating recruitment of teachers from National Competition Authorities).

The Competition Weeks are used actively to serve as a vehicle to discuss proposals for new regulations or guidelines with a positive impact as very often comments or approaches are mirrored in the outcome.

Activity 2

Competition Summer School: The activity is a two week training camp submerging up to 30 officials per class in a concentrated teaching on all areas of competition law (procedures, restrictive agreements, abuse of dominance, merger, state owned enterprises and state aid control). Classes are taught by academics, lawyers and former and present DG Comp officials. The teaching will be moved to Brussels during one day to allow the officials to visit DG COMP. It should therefore be organized at the premises of a University Institute within reasonable proximity of DG COMP for a day trip and it should offer board and lodging in its campus.

Activity 3

Visitors programme: Receiving up to three visitors from the Asian competition authorities for up to 5 months twice per year. The visitors first spend two weeks in DG COMP where they participate in the DG COMP in-house competition law training. The remaining time is spent as a visitor in DG COMP and/or a National Competition Authority in one of the Member States for "teaching on the job". The degree of integration into DG COMP and duration of the stay will depend on the security clearance by DG HR DS /MS Security clearing authorities.

Expected results

R1: Enhanced awareness and understanding by Asian competition officials of the EU's competition law and procedures, including with respect to State Owned Enterprises and State Aid Control and promoting convergence between the national laws and the EU competition law. Objective is to have Asian officials understand the need for more progressive competition legislation targeting private enterprise as well as state intervention in the market place.

R2: EU-Asia regional and bilateral dialogue on competition policy is supported; building of further mutual trust between the respective competition authorities is built, which is a fundamental requirement for moving cooperation forward. The establishment and consolidation of personal relations among officials at all levels has proven to be crucial in this respect.

Logical links between the identified problems and the strategy/activities proposed

DG COMP is considered as one of the world's leading competition agencies and its intellectual leadership inspires globally. This is testified in the work in the International Competition Network (ICN) and the strong demand from competition agencies in Asia for European experts, visits with DG COMP and European National Competition authorities and is seen as one of the reasons why the Chinese have opted for the EU as their role model. The proposed approach builds upon well-established tools used in the past, for instance in China. It has worked well for establishing a substantial dialogue in China to advocate for improvement in their system and should work also for other jurisdictions.

Focus of action

There is a different level of competition law development and convergence among all the Asian countries. Moreover, while ASEAN has shown a strong political commitment towards the creation of a common market, working with the block will also be challenging for the action. However, as the issues encountered in the Asian countries are similar in nature, it is suggested that the standard model be sufficiently flexible to respond to local specificities while maintaining focus on the objectives.

3.3. Risks and assumptions

The EU has for a long time taken initiative to engage the beneficiary countries in cooperation regarding competition and the initiatives meet a positive reaction. We assume on this basis that there is a proven interest from the relevant partner countries.

Risk	Risk level (H/M/L)	Mitigating measure
Commitment of the present and future Asian Governments to the economic reform process leading to more openness and a further integration into the world economy may decrease.	M	Commitment is expected to be considerably enhanced thanks to the demand-driven approach adopted during the design of the action, responding to needs identified in close collaboration with the beneficiaries.
Availability in the market of appropriate expertise	L	Sound and flexible project management will allow the project to tap in to the large pool of competition experts in the public and private sectors

3.4. Stakeholders

EU: DG COMP and FPI

China: Mofcom, NDRC and SAIC

India: Competition Commission of India

Korea: Korean Fair Trade Commission and the Ministry of Trade, Industry & Energy - Republic of Korea

Japan: Japan Fair Trade Commission and Ministry of Economy, Trade and Industry, Ministry of Foreign Affairs, and the, Ministry of Finance

Singapore: Competition Commission of Singapore

Indonesia: Komisi Pengawas Persaingan Usaha (KPPU)

Vietnam: Vietnam Competition Authority and Vietnam Competition Council

Thailand: The Office of Trade Competition Commission

Malaysia: Malaysia Competition Commission

Philippines: Philippines Competition Commission

Brunei Darussalam: There is no enforcement authority for the national competition law at the moment since the law is still in drafting. The following agencies are responsible for regulating market players in their respective sectors, including on general competition matters: Telecommunications, Media and Broadcasting Authority of Info-Communications Technology Industry (AITI), Banking, Finance and Insurance Monetary Authority of Brunei Darussalam (AMBD), Oil and Gas Energy Department, Prime Minister's Office.

Lao PDR: Article 5 of the Decree provides for the establishment of a Trade Competition Commission (TCC) within the Ministry of Industry and Commerce, which shall be chaired by the Minister of Industry and Commerce. The TCC has not been established yet.

Myanmar: The Competition Policy Working Committee chaired by the Deputy Minister of Ministry of Commerce.

Cambodia: According to the current draft competition law, the competition institutions are the Cambodian Competition Commission and Directorate.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

(a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.

(b) Indicative timing to launch the call: 4th quarter 2016

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement (direct management)	5
Totals	5

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this programme will be a continuous process and part of the implementing partner responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to the contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

For its very nature, the action has to pay attention to communication, taking into account the sensitivity of the policy on competition matters. At the start of the project, the implementing partner will establish a communication plan in line with relevant guidelines that specify, inter alia, which specific EU visibility actions will be taken. All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.



This action is funded by the European Union

ANNEX 13

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Public Diplomacy

1. IDENTIFICATION

Title of the action	Public Diplomacy			
Country(ies)/ Region	Global			
Total cost	Total estimated cost: EUR 10 300 000 Total amount of the EU budget contribution: EUR 8 800 000			
Total duration ¹	66 months			
Method of implementation	Direct management – Grants - call(s) for proposals – Procurement - Services			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months)

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The proposed action aims to continue supporting actors globally in their endeavours to further develop EU's soft power by enhancing widespread understanding and visibility of the EU and its role on the world scene, through public diplomacy and outreach activities on themes of relevance to a bilateral relation or on EU themes such as Global Challenges, Europe 2020 strategy, Economic Partnership and Fundamental Rights.

2.2. Context

This action refers to objective d) set out in article 1(2) of the Partnership Instrument Regulation² as further defined in multi-annual indicative programme 2014-2017 (objective 4)³ : *Enhancing widespread understanding and visibility of the Union and its role on the world scene through 1) Education/academic co-operation; 2) Public Diplomacy and outreach activities to promote the Union's values and interests.*

The study "Analysis of the perception of the EU and EU's policies abroad", funded by the EC, was finalised at the end of 2015. Its findings enable the EU to tailor the development of public diplomacy initiatives to the local perceptions of Europe, the EU and its policies. Activities included in this action, in particular messages and target audience, will be fine-tuned according to the study results.

2.3. Lessons learnt

The key lessons that can be drawn from the experience of the previous and on-going Partnership Instrument actions supporting public diplomacy are the following:

- avoid a piecemeal approach in order to ensure the manageability of the actions and better measurement of results thanks to a streamlined programming process based on a clearer set of strands adapted to the various target audiences (i.e. think tank, academia, civil society, cultural stakeholders) and implementation modalities (i.e. grant, service contract);
- ensure that the programming of public diplomacy actions reflect strategic prioritisation from the EEAS at the appropriate level.
- ensure that actions implemented focus on issues that resonate among local target audiences.

2.4. Complementary actions

Subsidiarity and complementarity with other interventions in the field of (or related to) Public Diplomacy at country and global levels will be ensured by the relevant EU Delegations and by the Commission (the Service for Foreign Policy Instruments - FPI). The EU Delegations and FPI will constantly update a mapping of public

² Regulation (EU) No 234/2014 of 11 March 2014 establishing a Partnership Instrument for cooperation with third countries, JO L77/77 15 March 2014.

³ Decision C(2014)4453 of 3 July 2014, http://ec.europa.eu/dgs/fpi/key-documents/2014-annual-reports_en.htm

diplomacy related activities funded under the Partnership Instrument and ensure complementarity and cross-fertilisation with other relevant activities implemented at country, regional and global levels. In particular, coordination will be sought for activities funded through the EEAS' managed Press & Information budget. Where possible, joint "Public Diplomacy Mapping" for engagement with civil society in third countries will be developed.

In line with the "Information and Communication Handbook for EU Delegations"⁴, EU Delegations will ensure complementarity and added value of selected projects with on-going and planned initiatives supported by EU Member States and other relevant actors.

Complementarity will be sought with projects currently running with the financial support of ICI+.

3. DETAILED DESCRIPTION

3.1. Objectives

The Annex of the PI Regulation sets out a general framework for the programming in line with thematic priorities and objectives set out in point (d) of Article 1(2):

1) Enhancing cooperation in higher education: enhancing student and academic staff mobility, leading to the creation of partnerships aimed at improving the quality of higher education and of joint degrees leading to academic recognition ('Erasmus+ Programme').

2) Enhancing widespread knowledge of the Union and raising its profile: promoting the Union's values and interests in partner countries through enhanced public diplomacy and outreach activities in support of the objectives of the instrument.

To achieve these objectives, under AAP2016, it is envisaged to support actions to strengthen stakeholders' institutional, operational and networking capacity in three **strands** relating to Public Diplomacy⁵:

- *Academic outreach through Jean Monnet activities*

The proposed action envisages continued support to Jean Monnet activities. The latter aims to increase knowledge about European integration in strategic countries by promoting teaching, research and debate and are funded under Erasmus+. The discontinuation of the previously FPI funded EU Centres Programme and the streamlining of EU's academic outreach in the field of EU affairs through the Jean Monnet will reinforce the dialogue between academics, students and decision makers in the EU and abroad and will increase widespread understanding and visibility of the EU and its role on the world scene. Funds under the Partnership Instrument will be used to open a "PI Window" in the Jean Monnet activities that for 2016 will indicatively include

⁴ http://eeas.europa.eu/delegations/ghana/documents/press_corner/20121231_en.pdf

⁵ The strand on 'Cultural Diplomacy' is funded under Annex 14 of the PI Annual Action Programme 2015.

the following countries/regions: Australia, Canada, China, India, New Zealand, South Africa, South Korea.

- *EU Policy and Outreach Partnership*

This strand will allow engaging directly with think tanks in partnership with other key stakeholders (e.g. medias, business organisations, universities, and other opinion-makers/influencers) in the partner countries, as well as in the EU, on policies of common interest, related *inter alia* to Global Challenges, Europe 2020 strategy, Economic Partnership and Fundamental Rights. The areas covered will depend both on the local perception and on the EU policy priorities.

To ensure that the EU can engage with local publics directly and on specific key areas of concern, partnerships for 2016 will be developed through service contracts managed by selected delegations (i.e. Canada, India, South Korea)

- *Civil Society engagement*

Engagement with civil society is crucial for the EU to be (and to be perceived as) an open and receptive foreign policy actor. The primary objective of this strand is to strengthen and stimulate genuine dialogues among EU and strategic partner countries' civil society organisations in areas of common interest, with a particular focus on the fields of Global Challenges, Europe 2020 Strategy, Economic Partnership and Fundamental Rights.

Building on the first phase of existing actions, such as the "EU-US Transatlantic Civil Society Dialogues", which engage civil society organisation on both sides of the Atlantic and the "Europe and US: getting to know Europe", the EU will renew its support to civil society engagement initiatives in USA to be implemented through grants managed by the EU Delegation.

The proposed action also aims to promote civil society consultations and exchanges between European and Indian civil society platforms in order to mobilise EU and Indian NGOs around concrete themes of common interest such as climate change, environment, social policy or the 2030 Agenda for Sustainable Development and to promote people-to-people contacts and mutual understanding through culture.

Actions aiming at developing mechanisms to enhance coordination and operational cooperation between separate entities and organisations, as well as those creating synergies with existing EU funded activities, will be particularly encouraged.

3.2. Expected results and main activities

The Action aims to achieve the following expected **results**:

- For the strand 'Academic outreach through Jean Monnet activities': wider knowledge and understanding of the EU and its policies within academic circles (including students and professors);

- For the strand 'EU Policy and Outreach Partnership': improved networking, advocacy and outreach capabilities jointly with key actors in policy areas of strategic interest for the EU; development of platforms providing relevant policy inputs;
- For the strand 'Civil Society engagement': established or enhanced dialogues between civil society actors and local, national, regional or international institutions on policy areas of common interest to the EU and its strategic partners;

These results will be achieved through the following **main indicative activities**:

- For the strand 'Academic outreach through Jean Monnet activities': organising and coordinating human and documentary resources related to EU studies; leading research activities in specific EU subjects developing content and tools on EU subjects; update and complement the current courses and curricula; enhancing the debate, network and exchange of experiences about the EU; publication of the results of research activities; organisation of academic outreach activities also involving local communities, such as debates, information activities and publications.
- For the strand 'EU Policy and Outreach Partnership': Providing technical assistance to the EU to run public diplomacy activities focusing on targeted audience in areas of interest for the EU. Activities will include: organising and coordinating round-tables, seminars, visitors programmes, "travelling" debates, platform for high level opinion makers and business leaders' interaction, conferences, workshops, briefing sessions, webinars and forums; EU talks supported by audio-visual products; social-media campaigning; media programmes advocacy and awareness raising campaigns; media and other forms of campaigns in support of specific EU trade priorities or market access issues; documentary screenings; sectorial dialogues; exchanges of best practice; networking events, elaboration and dissemination of studies, policy papers, public opinion polls, creation of databases.
- For the strand 'Civil Society engagement': civil society organisations-led activities such as dialogues, round-tables, conferences, seminars, etc. involving civil society actors that can play multiplier effects;

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
In general, there is a possible risk of change of priorities as well as changes in political relations with the concerned partner countries.	M	The development of an overarching EU Public Diplomacy strategy would significantly reduce such risk.
A major incidence occurs (e.g. economic crisis) that severely influences the attitudes of foreign	M	Adapting actions planning if unforeseen or changing circumstances occur is crucial and ensure that the spectrum of EU policies

audiences towards the European Union.		does not get submerged by one isolated sector.
Difficulty to measure the real effects of Public Diplomacy activities, which reduces the informed basis for EU action.	M	Development of EU Public Diplomacy indicators.
Limited interest by local target audiences of the initiatives implemented by the EU	M	Following the suggestions outlined in the above mentioned EC "Perception Study" to ensure that the content of the initiatives resonates among local target audiences would significantly reduce such risk.

3.4. Stakeholders

The main stakeholders are: international and national civil society organisations, universities, academics, students at all levels, NGOs, think tanks, opinion makers, research centres, cultural organisations and operators (both formal and informal), foundations, community structures including a range of actors such as media, leaders, local governments, trade, youth, children and women's associations, private sector organizations and business community, as well as individuals and the general public, national and local authorities, parliamentarians and other politicians, diplomatic corps, EU institutions, etc.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: call for proposal ⁶ (direct management)

4.1.1.1 Call for proposals Jean Monnet activities

(a) Objectives of the grants

These grants fall into strand 'Academic outreach through Jean Monnet activities' (see infra section 3.1).

Grants covering three years for either: i) Modules: a short teaching programme in the field of European Union studies of 40 teaching hours; ii) Chairs: teaching posts with a specialisation in European Union studies for university professors or senior lecturers; iii) Centre of Excellence: a focal point of competence and knowledge on European Union subjects; iv) Networks: support the creation and development of consortia of international players (HEIs, Centres of Excellence, departments, etc.) in area of EU studies; v) Projects: support for innovation, cross-fertilisation and the spreading of the EU content; and vi) Support to Associations: contribution to support

⁶ Article 189 (RAP) (article 128 FR) – Content of calls for proposals

the study of the EU integration process. These actions will be based on unilateral proposals - although the proposed activities may involve other partners – and may last up to 36 months.

(b) Eligibility conditions

A higher education institution established in any country of the world or other organisations active in the European Union studies subject.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant:

- Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out and to participate in its funding.
- Applicants must have the professional competences and qualifications required to complete the proposed action.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. Essential award criteria are:

- Quality of the project design and implementation;
- Quality of the project team and cooperation arrangements;
- Impact and dissemination.

(d) Maximum rate of co-financing⁷

The maximum possible rate of co-financing for grants under this call depends on the activities funded: i) Modules: the maximum grant that can be awarded is EUR 30.000 that can represent the maximum of 75% of the total costs of the Jean Monnet Module; ii) Chair: the maximum grant that can be awarded is EUR 50.000 that can represent the maximum of 75% of the total cost of the Jean Monnet Chair; iii) Centre of Excellence: the maximum grant that can be awarded is EUR 100 000 that can represent the maximum of 80% of the total eligible costs; iv) Networks: the maximum grant that can be awarded is EUR 300.000 that can represent the maximum of 80% of the total costs; v) Projects: the maximum grant that can be awarded is EUR 60.000 that can represent the maximum of 75% of the total costs; vi) Support to Association: the maximum grant that can be awarded is EUR 50.000 that can represent the maximum of 80% of the total costs.

(e) Indicative trimester to launch the call

The indicative trimester to launch the annual general call Erasmus+ is the third trimester of 2016. The call will be launched by the Education, Audiovisual and

⁷ Article 192 FR – full financing of an external action

Culture Executive Agency (EACEA) based on the co-delegation in force between FPI and EACEA.

(f) Exception to the non-retroactivity of costs: NA

4.1.1.2. Call for proposals – Engagement with Civil Society in India and USA

(a) Objectives of the grants

Part of the public diplomacy envelope in the AAP 2016 will be implemented through the award of grants. Indicatively, it is estimated that three calls for proposals will be launched.

Grant agreements resulting from the above mentioned calls will mainly fall under strand 'Civil Society engagement' (see *infra* section 3.1). Indicative calls are listed in the table below.

Following a joint EEAS/FPI screening of concept notes, three national actions in India, and the United States of America have been retained. The above selection was based on local needs as expressed by EU Delegations and on priorities for public diplomacy at national level.

Country	EUR million
India	0.55
USA ⁸	1.6
Total	2.15

This list can be adapted pending the results of the calls for proposals, the development of the EU Public Diplomacy Strategy, or the evolution of political relations with the concerned partner countries. Any remaining balance from one country allocation may be reallocated to another country or to global/regional initiatives programmed under this action document.

In the event that it does not prove possible to conclude such grant agreements from the Delegations, the implementation of the calls for proposals will be ensured at HQ level by the Service for Foreign Policy Instrument.

A maximum of 3% of the amount sub-delegated to EU Delegations to implement national and regional calls for proposals, to be divided between the selected EU Delegations, may be dedicated to support measures accompanying the implementation of this Action, in particular activities related to the launch and management of the calls for proposals, such as publication of the calls, information sessions for potential applicants, monitoring missions, use of external evaluators, training sessions for civil society actors, etc.

⁸ Two calls are tentatively envisaged for EU-US Transatlantic Civil Society Dialogues (€0.6 million) and for Europe and US: getting to know Europe (€1 million).

(b) Eligibility conditions: Civil Society Organisations established in the EU and in eligible countries according to CIR article 8.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing⁹

The maximum possible rate of co-financing for grants under this call is 80% of the eligible costs of the action.

(e) The indicative trimester to launch the calls for proposals is the second trimester of 2016.

4.1.2. Procurement (direct management)

4.1.2.1 Procurement – EU Policy and Outreach Partnerships

(a) Objectives of the actions, fields of intervention, priorities of the year and expected results

Part of the public diplomacy envelope in the AAP 2016 will be implemented through the procurement of services. Indicatively, it is estimated that three calls for tenders will be launched.

Service contracts resulting from the above mentioned calls will fall under strand 'EU Policy and Outreach Partnership'. Indicative calls are listed in the table below.

Following a joint EEAS/FPI screening of concept notes, three national actions (in Canada, India and South Korea) have been retained. The above selection was based on local needs as expressed by EU Delegations and on priorities for public diplomacy at global level.

Country	EUR million
Canada	1.0
India	1.25
South Korea	1.0
Total	3.25

⁹ Article 192 FR – full financing of an external action

This list can be adapted pending the results of calls for tenders, the development of the EU Public Diplomacy Strategy, or the evolution of political relations with the concerned partner countries. Any remaining balance from one country allocation may be reallocated to another country or to global/regional initiatives.

In the event that it does not prove possible to conclude such service contracts from the Delegations, the implementation of the calls for tenders will be ensured at HQ level by the Service for Foreign Policy Instrument.

A maximum of 3% of the amount sub-delegated to EU Delegations to implement calls for tenders, to be divided between the selected EU Delegations, may be dedicated to support measures accompanying the implementation of this Action, in particular activities related to the launch and management of the calls for tenders, such as publication of the calls, information sessions for potential applicants, monitoring missions, use of external evaluators, training sessions for civil society actors, etc.

Calls for tenders will indicatively be launched between the second trimester of 2016 and the first semester of 2017.

4.1.2.2 Procurement – EU-China Interpreters Training Programme

Part of the Public Diplomacy envelope in the AAP 2016 (EUR 0.4 million) will be implemented through a cross sub-delegation of funds to DG SCIC to support for a limited period a new phase of the EU-China Interpreters Training Programme.

The above mentioned programme falls under the strand 'EU Policy and Outreach Partnership' (see infra section 3.1 above).

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Call for proposals (direct management)	5.15
4.1.1.1 Call for proposals Jean Monnet activities (launched by EACEA)	3.0
4.1.1.2 Call for proposals Engagement with Civil Society in India and USA	2.15
4.1.2 – Procurement (direct management)	3.65
4.1.2.1 Procurement – EU Policy and Outreach Partnerships actions	3.25
4.1.2.2 Procurement – EU-China Interpreters Training Programme (through cross sub-delegation to DG SCIC)	0.40
Totals	8.80

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the above actions will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the action. A communication plan shall be prepared by the implementing partners and implemented in line with relevant guidelines on communication and visibility. All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.



This action is funded by the European Union

ANNEX 14

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Support to project cycle management

1. IDENTIFICATION

Title of the action	Support to project cycle management			
Country(ies)/ Region	Global			
Total cost	Total estimated cost: EUR 2 000 000 Total amount of the EU budget contribution: EUR 2 000 000			
Total duration ¹	66 months			
Method of implementation	Direct management Procurement - Services			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This project will provide the European Commission with a flexible facility that will make available expert support for the identification, formulation, monitoring, evaluation and audit of actions under the Partnership Instrument.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (18 months); (ii) the implementation of the action (36 months); (iii) the closure phase (12 months)

2.2. Context

Article 3 of the "Common rules and procedures for the implementation of the Union's instruments for financing external action"² foresees the use of EU financing to cover "*administrative support associated with the preparation, follow-up, monitoring, audit and evaluation activities directly necessary [for the implementation of the instruments]*".

In addition, Article 4 of the Partnership Instrument Regulation³ establishes that up to 5% of the total budget of the Multiannual Indicative Programme shall be committed, inter alia, for administrative support, as provided by the Common Implementing Rules⁴.

Furthermore, recital (22) of the Partnership Instrument Regulation stipulates that the results and efficiency of the instrument "*should be monitored and assessed on the basis of pre-defined, clear, transparent and, where applicable, country-specific and measurable indicators [...]*".

Despite these provisions, PI funding for activities in support of project cycle management (namely identification and formulation, monitoring, evaluation and audit of projects and programmes) under the administrative budget line is very limited compared to actual needs. At the same time, due to the "N+1" rule in the vast majority of cases it is not possible to contract evaluations and audits of projects before the final date for contracting of the financing decision.

The PI being an entirely new financing instrument it is important to ensure a correct gathering and application of lessons learnt, analysing the recommendations obtained through monitoring and evaluation and translating them into new projects. This is of particular relevance in view of the forthcoming Mid-Term Review, which will be conducted in 2017.

2.3. Lessons learnt

The PI is an innovative financing instrument: it has a worldwide scope, reinforcing dialogue and cooperation with countries with which the Union has strategic interests, tackles issues pertaining to global challenges, supports the implementation of the external dimension of the Europe 2020 strategy and promotes the image and values of the European Union in the world.

Given the limited amount of resources available under the PI and the wide scope in terms of geographical coverage and objectives it is essential to ensure an appropriate identification and formulation of projects to be funded under this instrument, in order to avoid duplication with existing initiatives, identify complementarities and demonstrate an added value by promoting the interest of the European Union.

² Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014

³ Regulation (EU) No 234/2014 of the European Parliament and of the Council of 11 March 2014 establishing a Partnership Instrument for cooperation with third countries

⁴ Ibid (footnote #2)

The programming exercises for the Annual Action Programmes 2014-2015-2016 have clearly exposed this need. Line DGs often lack experience on project management under the EU external action, which is key to turn policy needs and priorities into viable projects, often of a complex nature. Hence, ad hoc expertise is needed for specific thematic areas or particularly complex interventions (e.g. programmes covering several regions and/or subjects or projects that require a high degree of technical expertise, etc.).

2.4. Complementary actions

This component will complement not only the budget allocations foreseen for administrative expenditure (BA budget line) but also the Policy Support Facility (PSF, Annex 5 of the AAP 2015), which aims at supporting (existing) policy dialogues between the EU and partner countries through technical assistance in areas within the scope of “Europe 2020” and to facilitate economic and trade relations with partner countries, and in particular lot 2 (Technical assistance, training and evaluation). It will also complement the technical assistance provided through TAIEX.

3. DETAILED DESCRIPTION

3.1. Objectives

The objective of this action is to maximise the relevance, efficiency, effectiveness, sustainability and impact of the projects and programmes carried out under the Partnership Instrument. More specifically, this project shall provide ad hoc expertise for the identification, formulation, monitoring, evaluation and audit of projects and programmes.

3.2. Expected results and main activities

Result 1: Ad hoc expertise able to provide high-quality support for project cycle management is made available to the European Commission in a timely and flexible manner.

Activities envisaged under this facility will include, inter alia:

i. Identification and formulation of PI projects/programmes

The **identification** phase is to provide an analysis of the context including the problem areas, public policies, stakeholders and the institutional capacity. This analysis provides the basis for the definition of specific objectives and expected results of the project/programme, also proposing the implementation approach and modality.

The **formulation** stage is to make up the detailed design of the intervention, including the main activities, and how they contribute to outputs and outcomes, what indicators, benchmarks and systems will be used to measure progress, and how risks will be identified and mitigated. Formulation may include drafting of terms of reference, technical specifications, guidelines for applicants and any other type of

project documents in view of the launching of calls for tender/calls for proposals or negotiations.

- ii. Monitoring and evaluation of ongoing/completed projects⁵ according to the Evaluation Plan of the PI

Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an on-going intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

Evaluation is the systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. Evaluations are usually performed by independent, external experts who scrutinize an intervention against defined criteria such as relevance, efficiency, effectiveness, impact and sustainability (OECD-DAC evaluation criteria).

- iii. Financial verification and/or audit of projects, according to the Annual Audit Plan of the service for Foreign Policy Instruments (FPI)

Audits are carried out to provide assurance on the legality and regularity of operations funded by the EU. Assurance is essentially related to compliance with the applicable regulations and rules and takes as a basis the principles of sound financial management, economy, efficiency and effectiveness.

3.3. Risks and assumptions

N/A

3.4. Stakeholders

N/A

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

(a) The project will be implemented through the procurement of services. Given the nature of the action, several service contracts will be signed.

(b) Indicative timing to launch the procurement of services: all along the duration of the action.

⁵ Guidelines for Project Cycle Management https://myintracomm.ec.europa.eu/dg/devco/quality-impact/Documents/New%20intranet/Project%20and%20Programme%20Cycle%20Management/europeaid_adm_pcm_guidelines_2004_en.pdf | Page

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. Procurement (direct management)	2
Totals	2

4.3. Performance monitoring

Monitoring of the implementation will be carried out by the Commission (FPI in headquarters and, where applicable, the relevant Delegations) on the basis of quality and timeliness of deliverables and services provided by the contractor/s. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. However, given the nature of the services to be provided in the framework of this action, the Contracting Authority will assess the need and scope of the visibility and communication activities to be linked to each of the specific actions and will specify them in the related request for services.



Brussels, 15.11.2016
C(2016) 7198 final

COMMISSION IMPLEMENTING DECISION

of 15.11.2016

**modifying the 2016 Partnership Instrument Annual Action Programme for cooperation
with third countries to be financed from the general budget of the European Union**

COMMISSION IMPLEMENTING DECISION

of 15.11.2016

modifying the 2016 Partnership Instrument Annual Action Programme for cooperation with third countries to be financed from the general budget of the European Union

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Regulation (EU) no 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action and in particular Article 2 thereof¹,

Having regard to the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, and in particular Article 84 (2) thereof²,

Having regard to the Regulation (EU) N° 234/2014 of the European Parliament and of the Council of 11 March 2014 establishing a Partnership Instrument for cooperation with third countries³,

Whereas:

- (1) The Regulation (EU) N° 234/2014 of the European Parliament and of the Council of 11 March 2014 establishes a Partnership Instrument for cooperation with third countries to advance and promote Union and mutual interests.
- (2) The Commission shall adopt Annual Action Programmes, based on the Multi-annual Indicative Programmes referred to in Article 4 of the Regulation EU) N° 234/2014 establishing a Partnership Instrument for cooperation with third countries.
- (3) The Annual Action Programmes shall specify for each action the objectives pursued, the expected results and main activities, the methods of implementation, the budget and an indicative timetable, any associated support measures and performance monitoring arrangements.
- (4) The Commission has adopted an Implementing Decision on the first multiannual indicative programme for the period 2014-2017 under the Partnership Instrument for cooperation with third countries⁴;
- (5) In line with the Multi-annual Indicative Programme for the period 2014-2017, this Annual Action Programme includes measures in the following areas: support for the Union's cooperation partnership strategies, cooperation on global challenges, implementation of the international dimension of the "Europe 2020" strategy and promotion of the Unions internal policies abroad, support for economic and trade

¹ OJ L 77, 15.3.2014, p. 95

² OJ L 298, 26.10.2012, p. 1

³ OJ L 77, 15.3.2014, p 77

⁴ C(2014) 4453 final of 3 July 2014

relations, academic cooperation, public diplomacy and outreach as well as promotion of the Union's values and interests.

- (6) Budget-implementation tasks under indirect management may be entrusted to the entities identified in the attached Annexes 16, 20, 21, subject to the conclusion of the relevant agreement.
- (7) Grants may be awarded without a call for proposal by the authorising officer responsible in accordance with Article 190 of Commission Delegated Regulation (EU) no 1268/2012.
- (8) This Decision constitutes a financing decision within the meaning of Article 84 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.
- (9) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012
- (10) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of Delegated Regulation (EU) No 1268/2012 to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (11) The measures provided for in this Decision are in accordance with the opinion of the Partnership Instrument Committee.

HAS DECIDED AS FOLLOWS:

Article 1

Annexes 15, 16, 17, 18, 19, 20, 21, 22 are added to the Annexes of Commission Implementing Decision C(2016)2989 final.

The actions constituting this Decision are:

Annex 15: Action Fiche - Black Carbon in the Arctic

Annex 16: Action Fiche - EU-China Cooperation in Carbon Capture and Storage, Inception phase

Annex 17: Action Fiche - EU-China Cooperation on environment, green economy and wildlife protection

Annex 18: Action Fiche - International Digital Cooperation

Annex 19: Action Fiche - EU-GCC dialogue on economic diversification

Annex 20: Action Fiche - EU-Latin America cooperation on Civil Aviation

Annex 21: Action Fiche - EU-South East Asia cooperation on Civil Aviation

Annex 22: Action Fiche - Policy Support Facility

Article 2

The maximum contribution of the European Union authorised by this Decision for the implementation of the 2016 Partnership Instrument Annual Action Programme (Phase II) for cooperation with third countries is at EUR 32 202 000 to be financed from budget line

19.0501 of the general budget of the European Union for 2016, bringing the total of AAP 2016 to EUR 105 652 000.

The financial contribution referred to in this article shall also cover any possible interests due for late payment.

Article 3

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the attached Annexes 16, 20, 21 subject to the conclusion of the relevant agreements.

Grants may be awarded without a call for proposals by the authorising officer responsible in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012.

Done at Brussels, 15.11.2016

For the Commission
Federica MOGHERINI
Vice-President

ANNEX 15

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Black Carbon in the Arctic**1. IDENTIFICATION**

Title of the action	Black Carbon in the Arctic			
Country(ies)/ Region	Arctic region ¹			
Total cost	Total estimated cost: EUR 1 500 000 Total amount of the EU budget contribution: EUR 1 500 000			
Total duration ²	60 months			
Method of implementation	Direct Management Grant – direct award			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	X

2. RATIONALE AND CONTEXT**2.1. Summary of the action and its objectives**

The Arctic region is extremely sensitive to human activity, and what happens in the Arctic will in turn have impacts on the rest of the planet's health³. The Joint Communication

¹ The Arctic is loosely defined as the region above the Arctic Circle and involves the following eight countries with territories therein, i.e. Canada, the Kingdom of Denmark (consisting of Denmark, Faroe Islands and Greenland; Greenland being also one of the Overseas Countries and Territories associated with the EU), Finland, Iceland, Norway, the Russian Federation, Sweden and the United States of America.

² The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

³ EU FP7 Project ECLIPSE (http://eclipse.nilu.no/Portals/83/media/Policy_brochure_submitted.pdf)

proposing an integrated European Union policy for the Arctic⁴ identifies specifically that *"alongside its CO₂ commitments for 2030 and 2050, the EU should contribute to international efforts to limit emissions of short-lived climate pollutants such as black carbon and methane"*.

This action is a response to that call regarding Black Carbon (BC), specifically addressing areas that will complement existing activities of the EU and other actors. Its overall objective is to contribute to the development of collective responses to reduce black carbon emissions in the Arctic and to the reinforcement of international cooperation to protect the Arctic environment.

Finally, the Global Strategy for the European Union's Foreign and Security Policy stresses that the EU has a strategic interest in the Arctic remaining a low-tension area. It also points out the role of the Arctic Council and calls for concrete action on inter alia climate change and environment.

2.2. Context

The Arctic region is extremely sensitive and strongly influenced by man's activities taking place both within but also outside the region. Specifically the Arctic is strongly influenced by industrial and other activities releasing atmospheric pollution that impacts on the wider environment and people.

Black carbon is the most strongly light-absorbing component of particulate matter (PM) and is mainly formed by the incomplete combustion of fossil fuels, biofuels and biomass. BC emissions and deposits impact local climate as well as global temperatures in both the short and medium term. BC also harms human health when inhaled. Because BC has a short atmospheric lifetime (days to weeks), combined with its strong warming potential, it is considered a Short-Lived Climate Pollutant (SLCP).

The climate effects of BC are particularly large in the Arctic due to its heating effects of the air and blackening of snow and ice, fuelling feed-back loops that result in greater pace and magnitude of climate change impacts in the Arctic, including their potential disruptive effects on wider weather patterns in the Northern Hemisphere.

The Arctic is affected by sources of BC that lie not just within, but beyond its natural borders. Reducing BC emissions therefore generates benefits for human health and the climate system by improving air quality and significantly reducing the warming effects of air pollution. Action to reduce the fallout of BC in the Arctic due to long range atmospheric transport will also have direct benefits in the EU by reducing local impacts on climate (such as BC fallout on glaciers within the EU) and improving local air quality.

Action to reduce the emissions of BC has been considered by several studies. In particular the UN Environmental Programme (UNEP) Integrated Assessment on Black Carbon and Tropospheric Ozone Report (2011)⁵ assessed mitigation options on the global scale and identified a number of win-win measures for BC reductions that both reduce rapid climate increases in sensitive regions and improve air quality by significantly reducing levels of

⁴ Joint Communication to the European Parliament and the Council: JOIN (2016) 21 Final, An integrated European Union policy for the Arctic (http://eeas.europa.eu/arctic_region/docs/160427_joint-communication-an-integrated-european-union-policy-for-the-arctic_en.pdf)

⁵ http://www.unep.org/dewa/Portals/67/pdf/BlackCarbon_report.pdf

particulate matter. Specifically, the UNEP assessment identified the Arctic as a sensitive region for BC impacts.

Other organisations have later initiated and pursued work on science and mitigation options: the Climate and Clean Air Coalition (CCAC, hosted by UNEP) with close links to the UN Framework Convention on Climate Change (UNFCCC), the Arctic Council (AC) and its Arctic Monitoring and Assessment Programme (AMAP), the Convention on Long-Range Transboundary Air Pollution (CLRTAP) and World Health Organisation (WHO) on BC health impacts and the World Meteorological Organisation (WMO) on air quality monitoring, as well as the World Bank initiative on flaring. Also national administrations have pursued work to take action on BC emissions, in particular in Northern Europe (e.g. Denmark, Finland and Sweden) and North America (US and Canada).

As a consequence of the action taken on air pollution in the EU, BC emissions have been reduced by some 40 percent between 1990 and 2014, with pronounced reductions by the end of that period (6 percent reduction between 2013 and 2014).

Despite the activities of the various international organisations, policy action on black carbon has been weaker than desired. Also, there remain gaps in the science relevant to the policymaking necessary to manage BC emissions that affect the Arctic. These gaps include lack of trustworthy monitoring and emission inventories for BC (in particular in the Asian part of the Arctic), lack of assessments of the impacts of BC in the Arctic, lack of cost data for measures, lack of problem awareness, and a lack of (international and national) mitigation action, in particular on the key source categories. This project will seek to address these gaps.

2.3. Lessons learnt

While the EU has not pursued projects of this type before in the Arctic, lessons may be learnt from similar activities of international organisations as well as activities in the Arctic under the EU Research Framework Programmes. With regard to the substance of the proposed action, lessons learnt include the need to provide policy makers with robust, credible and underpinned science for policy. With regard to organisation and processes, a key lesson learnt is that science-policy interface work is more effective to be conducted by a trusted and impartial international organisation experienced in dealing with the differences in perspectives and cultures of the countries involved.

2.4. Complementary actions

The proposed action is complementary to other actions and objectives the Union is pursuing in international organisations, in particular within the Arctic Council (AC) and the subsidiary Arctic Monitoring and Assessment Programme (AMAP) and within the Convention on Long Range Transboundary Air Pollution (CLRTAP).

The AC has specifically set up the Expert Group on Black Carbon and Methane tasked to assess national policies and measures aiming at the reduction of BC and methane emissions and to provide recommendations for action in key economic sectors. It will provide its first report for consideration by the AC ministerial meeting in spring 2017. The group will continue its work over the following years with further analysis, synthesis and recommendations.

The AC Action Programme (ACAP) is specifically set up to support implementation of policies and measures in the Arctic, often on a bilateral basis, mainly through concrete measures and action on specific cases or installations. This group is a standing group under the AC and has annual work programmes.

The AMAP Working Group deals with the science with relevance for the Arctic environment, including climate. Its Expert Group on Short-Lived Climate Polluters is planning to assess the environmental and climate impacts of BC, methane and other air pollutants in the Arctic region in an integrated perspective. It aims at an interim report by 2019 and a final report in the time perspective of 2021.

Also, the Convention on Long Range Transboundary Air Pollution Task Force on Hemispheric Transport has a long term programme to assess intercontinental transport of air pollution, including long range transport of pollution (e.g. of BC) into the Arctic. Joint and coordinated work has recently been provisionally agreed (February 2016) between the task force and the AMAP secretariat to address a number of key policy-relevant science questions, including long-range transport of BC into the Arctic.

The proposed action is also complementary to objectives the EU is pursuing in other international fora, such as the Framework Convention on Climate Change (UNFCCC) including the Paris Agreement resulting from COP21 and the Climate and Clean Air Coalition (CCAC, hosted by UNEP).

Furthermore, the proposed action is complementary to internal action of the EU, in particular in implementing the 7th Environment Action Programme of the Union that sets the specific objective of achieving levels of air quality that do not give rise to significant negative impacts on, and risks to, human health and the environment.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** of the proposed action is to contribute to the development of collective responses to reduce black carbon emissions in the Arctic and to the reinforcement of international cooperation to protect the Arctic environment.

The **specific objectives** of the proposed action are:

- To initiate a process of setting clear commitments and/or targets on major BC sources with the potential to affect the Arctic, in particular on gas flaring and domestic heating sources mainly outside the EU and with consideration of maritime shipping; and
- To move forward a process leading to enhanced international cooperation on black carbon policy in the Arctic region.

3.2. Expected results and main activities

In order to reach the specific objectives and to contribute to the overall objective, the proposed action is expected to deliver the following results:

- Result 1: Improved knowledge base on BC emissions, in particular this means:
 - a mapping of national and international activities related to BC inventories and monitoring;
 - an updated assessment of the BC emissions and concentrations in the Arctic (based on updated data from the Arctic region and beyond), with specific attention to the uncertainties related to gas flaring and domestic heating and with consideration of maritime shipping;
 - an assessment of the environmental/climate impacts of the current and future levels of BC in the Arctic;
 - identification of major knowledge gaps in the current inventories, monitoring and impact assessments and possible remedies thereto; and
 - one or several reports of the achieved improvements of the knowledge base would be published (potentially in a peer-reviewed journal)

In order to deliver this result, the main indicative activities are:

- technical workshops with national experts;
- expert groups for the further development of guidelines for ambient air monitoring and emission estimates of BC as well as related quality assurance and quality control schemes (QA/QC); and
- cooperation with existing expert groups (e.g. under the AMAP, AC CLRTAP) for the assessment of environmental/climate impacts of current and future levels of BC in the Arctic.

- Result 2: Increased awareness and shared knowledge, in particular this means:

- targeted information to key stakeholder groups, in particular international organisations, national agencies/governments and academics, business actors and NGOs/general public aiming at raising awareness and sharing knowledge related to BC and its impacts in the Arctic;
- a specific policymakers' summary (related to BC in the Arctic), including options for policy action (including their effectiveness and costs/benefits, specifically for gas flaring and domestic heating), for the AC meeting in 2019 and other high level meetings during the implementation period; and
- a contribution to information campaigns and information activities of other organisations (e.g. the AC, AMAP, CLRTAP, UNFCCC, CCAC, UNEP, etc.) related to the Arctic environment.

In order to deliver this result, the main indicative activities are:

- organisation of (and/or contribution to) high level events and technical meetings;
- drafting of information documents and brochures for specific groups; and
- participation of key experts delivering the first result (improved knowledge base) at various events/meetings.

Result 3: Analytical and technical advice documents produced, in particular this means:

- technical advice and guidance documents relevant to demonstration and feasibility projects and specific abatement measures, such as the use of Best Available Techniques (BAT) for gas extraction and flaring and domestic heating. These documents should address both national administrations and business (e.g. facility operators);
- a scenario analysis on the effectiveness of current policy and the application of BAT and maximum feasible reduction (MRF) potential in the concerned sectors; and
- an analysis gauging the willingness of key stakeholders to commit to quantitative targets and means of implementation.

In order to deliver this result, the main indicative activities are:

- organisation of technical workshops;
- analytical work to prepare the analytical and technical advice documents;
- cooperation with other organisations and expert groups (e.g. under the CLRTAP); and
- consultation with key stakeholders on their potential commitment to action measures.

Result 4: Roadmap for international cooperation on black carbon elaborated, in particular this means:

- an analysis of options for enhanced international cooperation and engagement, pointing at win-win and trade-off policies and measures regarding black carbon; and
- an outline of an indicative roadmap for international commitment.

In order to deliver this result, the main indicative activities are:

- participation in international meetings/workshops;
- analysis of obstacles for implementing action measures;
- consideration of analytical and technical advice documents produced under Result 3;
- analysis of the outcomes of workshops;
- analysis of policy options; and
- mapping obstacles and options for a wider commitment on the protection of the Arctic.

3.3. Risks and assumptions

Assumptions: continued commitment and involvement of the countries of the Arctic Council to address Black Carbon in the Arctic.

Risk	Risk level (H/M/L)	Mitigating measure
Action activities and objectives overlapping with those of other organisations	M/H	Close coordination and regular contacts between the grant holder and other organisations, in particular other working groups under the AC, and the CLRTAP, UNFCCC, CCAC and UNEP). Involvement of the other AC working groups' experts in the work of the proposed action.
Lack of available expertise from key countries on the various sectors within the scope of the action.	L	The action would be able to contribute to the involvement of experts, e.g. by covering travel expenses.
Lack of data from key stakeholders.	M	Potential use of partial gap-filling for the missing data with various assessment tools (e.g. from space data or global assessment models).
Lack of management capacities.	L	The proposed grant holder has a solid track record of implementing previous actions/projects of similar nature.
Poor involvement of business stakeholders.	L	The broad, open and transparent implementation of the action will help ensure that business will be able to contribute and also be informed in their further business opportunities.

3.4. Stakeholders

Stakeholders include the EU (relevant European Commission Directorates-General and the EEAS) and its Member States, the parties and observers to the Arctic Council and the AMAP, parties to the UNECE Convention on Long Range Transboundary Air Pollution, partners to the Climate and Clean Air Coalition (which also includes the European Commission), the parties to the UN Framework Convention on Climate Change and the UN Environmental Programme. Further stakeholders include academia, business, private and governmental sector operators, NGOs and the public.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: Direct award (direct management)

(a) Objectives of the grant

The project will be implemented exclusively through the signature of a grant agreement. As a result, objectives, expected results and main activities are those defined above under section 3.1 and 3.2.

(b) Justification of a direct grant

Under the responsibility of the Commission's responsible authorising officer, the grant may be awarded without a call for proposals to the Arctic Monitoring and Assessment Programme (AMAP).

In accordance with the provisions of article 190(1)(f) of the RAP, characteristics of this action require a particular type of body, notably AMAP, on account of its technical competence, its high degree of specialisation and administrative power. In the case where the grant is awarded directly to AMAP, this will be justified by the Commission's authorising officer responsible in the award decision, in line with Article 190(1)(f) of the RAP.

Given the high political relevance for the EU of promoting cooperation with the Arctic Council⁶ on climate action and environment, therefore contributing inter alia to the strategic interest of Arctic remaining a low tension area, it is judged as most appropriate to select as implementing partner for this project the AMAP by virtue of its own mandate.

The AMAP is a Working Group under the Arctic Council and its secretariat has a legal entity. AMAP has a mandate to monitor and assess the status of the Arctic region with respect to pollution (e.g., persistent organic pollutants, heavy metals, radionuclides, acidification, and petroleum hydrocarbons) and climate change issues by documenting levels and trends, pathways and processes, and effects on ecosystems and humans, and by proposing actions to reduce associated threats for consideration by governments. Much of AMAP's current work has focussed on issues such as Arctic cryospheric change, Arctic Ocean acidification, and impacts of short-lived climate pollutants (black carbon, tropospheric ozone and methane) on Arctic climate.

AMAP's primary function is to provide sound science-based information *to inform policy and decision-making processes* in relation to issues covered by its mandate. AMAP aims to make effective use of up-to-date information and results from monitoring and research activities, and to promote and harmonize activities under relevant national and international programmes that can support AMAP assessments.

AMAP's key stakeholders are the governments of the Arctic states, northern higher education institutions (e.g., University of the Arctic network) and the Arctic Indigenous Peoples organizations who drive the mandate and direction for the work of AMAP.

In view of its position, AMAP offers a unique combination of technical expertise on science and policy matters of concern for the Arctic and contacts with relevant stakeholders in the Arctic.

AMAP has all the necessary legitimacy vis-à-vis stakeholders in the region and in particular public authorities, which constitutes a key precondition to implement a project entailing close contacts with the national and the local authorities. This requires expertise at institutional

⁶ The Arctic Council has 8 member states, therefore covering all Arctic countries: Canada, Denmark/Greenland/Faroe Islands, Finland, Iceland, Norway, Russian Federation, Sweden, and the United States. The representatives of indigenous peoples living in the Arctic are represented in the AC as Permanent Participants. Twelve non-Arctic countries have been approved as Observers to the Arctic Council: France, Germany, The Netherlands, Poland, Spain, The United Kingdom, People's Republic of China, Italian Republic, Republic of Korea, Republic of Singapore and Republic of India. Other eleven intergovernmental and inter-parliamentary organisations have an approved observer status.

level that on this domain can only be provided at the needed degree by AMAP as part of the Arctic Council.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of implementing partner. AMAP has sufficient sources of funding and the technical competencies and qualifications to carry out the action. AMAP has previously managed grants provided by the Commission. It has a proven track record of administrative and technical capacity to undertake a project of this size and structure, as proven by earlier grants under the EU 7th Framework Programme for Research and Technological Development and the joint UNEP and AMAP mercury assessment report 2013.

The essential award criteria are relevance of the proposed action to the objectives of the project; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

The grant agreement will be concluded indicatively during the 2nd quarter of 2017.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. Grant-Direct award (direct management)	1.5
Totals	1.5

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the action will be a continuous process and part the implementing partner's responsibility. To this end, the implementing organisation shall establish internal, technical and financial monitoring and elaborate regular progress reports and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

A steering committee shall be set up in support of the action. It will consist of representatives of relevant Commission services and the EEAS, with the EU Delegation in Ottawa in the lead of its management and DG ENV as the main interlocutor for technical issues.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its component, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action

4.5. Communication and visibility

Communication and visibility will be an integral part of the action. The implementing organisations shall develop an information and communication plan that will ensure that the EU contribution to the action is fully recognised and that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.

ANNEX 16

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for EU-China Cooperation on Carbon Capture and Storage Inception Phase

1. IDENTIFICATION

Title of the action	EU-China Cooperation on Carbon Capture and Storage: Inception Phase (short: EU China CCS cooperation)			
Country/ Region	China			
Total cost	Total estimated cost: EUR 1 000 000 Total amount of the EU contribution: EUR 1000 000			
Total duration ¹	36 months			
Method of implementation	Indirect management			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate mitigation	<input type="checkbox"/>	<input type="checkbox"/>	X

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The Global Strategy for the European Union's Foreign and Security Policy recommends that EU engage with China through cooperation on several areas, including climate action.

The proposed action is part of a longstanding cooperation between the EU and China on carbon capture and storage (CCS), which dates back to 2005.

Bringing down the CO₂ emissions of Chinese coal power-plants is vital for limiting global warming to 1.5 or 2 degrees Celsius, which is the main aim of the 2015 UNFCCC Paris Agreement.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (12 months); (iii) the closure phase (indicatively 12 months)

Concretely, the action foresees the facilitation of EU-China sector dialogue on CCS and the drafting of detailed Terms of Reference (ToR) and cost estimates for feasibility studies for two planned CCS projects at coal fired power plants in Shengli and Tianjin.

Upon successful completion of this preparatory inception phase, co-financing of a feasibility study for one of these sites is envisaged under the Partnership Instrument, if the inception action will indicate that all conditions for such support are met. This may be accompanied by further sector-related expert cooperation, which will offer economic opportunities for European stakeholders.

2.2. Context

Carbon capture and storage, sometimes called carbon capture and sequestration, prevents large amounts of CO₂ from being released into the atmosphere. The approach involves capturing CO₂ produced by fossil-fuel power plants and other large industrial plants, compressing it for transportation and then injecting it deep into a rock formation at a carefully selected site, where it is permanently stored.² Its medium- to long-term deployment in China is generally considered necessary in most energy and emissions scenarios which keep the world at a maximum two degrees global warming pathway.³

The proposed action will be part of the long-standing China-EU Near Zero Emission Coal (NZEK) cooperation on CCS.⁴

NZEK started in 2005 and has so far consisted of phase I (identification) and IIA (pre-feasibility). In phase IIA, financed by NZEK co-donor Norway, pre-feasibility studies were conducted for three potential future CCS-sites in Shengli, Tianjin and Yuhuan respectively.

Upon completion of phase NZEK IIA, the Chinese Ministry of Science and Technology (MOST), as the main Chinese project partner, has proposed the two power-plant sites of Shengli and Tianjin for the next phase NZEK IIB (feasibility stage). An external CCS expert contracted by the European Commission has also recommended Shengli (proposed by national oil company China Petroleum and Chemical Corporation, hereafter referred to as Sinopec) and Tianjin (proposed by the power utility Huaneng) as suitable sites for CCS feasibility studies.

The planned Shengli CCS project would comprise the demonstration of a full-scale post-combustion CCS-technology at a recently completed supercritical coal-fired power plant owned by Sinopec. Advantages are that this technology can be retrofitted to existing power plants and thus, it has a huge potential for replication in China. The International Energy Agency recently estimated that China has a potential to retrofit about 300GW of existing coal-fired power plants with this technology. A second advantage is that the captured CO₂ could be injected in an

²<http://www.globalccsinstitute.com/content/understanding-carbon-capture-and-storage>

³For a recent overview on the debate see e.g. International Energy Agency (2015), Energy and Climate Change <https://www.iea.org/publications/freepublications/publication/WEO2015SpecialReportonEnergyandClimateChange.pdf>

⁴http://ec.europa.eu/clima/dossiers/nzek/index_en.htm

adjacent oil field also owned by Sinopec, using CO₂-enhanced oil recovery (CO₂-EOR).

In Tianjin, pre-combustion CCS technology is to be applied at an ultramodern coal-fired integrated gasification combined cycle power plant owned by Huaneng. The overall environmental performance is higher than in the Shengli case. However, further roll-out of the technology would be more difficult due to its complexity and currently still high costs, which make it applicable at this stage to a reduced number of sites. Additionally, the oilfield to be used for CO₂-EOR at Tianjin is owned by a third party (China National Petroleum Corporation/CNPC). There is no agreement yet between Huaneng and CNPC for the use of the oil field for CCS technology. An Asian Development Bank (ADB) pilot CCS project funded by the UK has already been started at Huaneng, with which this EU project will coordinate.

The costs for the necessary feasibility studies that are needed before implementing these two projects are very high (in the order of €20m each), due to their complexity and the newness of the CCS approach. A feasibility study for a CCS project includes detailed geological investigations and Front-End Engineering Design (FEED)⁵.

Due to these high costs, it has been considered likely that NZEC Chinese stakeholders and international partners (EU, UK, Norway) will be in a position to finance only one out of the proposed two feasibility studies. It has therefore been decided to split NZEC IIB into an inception phase of 12 months, to be covered by the proposed action, and an implementation phase of the feasibility study. The feasibility study is tentatively to be financed by the Partnership Instrument Annual Action Programme 2017.

The NZEC IIB inception phase, which is the subject of this Action Fiche, shall target both CCS sites Shengli and Tianjin to clarify which of them is the best location for the subsequent feasibility study. The two sites offer different technological approaches (post-combustion versus pre-combustion CCS) which are both relevant in the Chinese context. The drafting of two detailed ToRs is necessary to establish the exact costs of potential feasibility studies for the two locations, and to provide the basis for an informed decision by the EU and other international funding partners to concentrate funds on the most suitable and interesting site given their funding priorities, and given Chinese co-financing commitments which also have to be formalised during the inception phase. The ToR for the second CCS location which will not be taken forward to a feasibility study by the EU will also contribute to general CCS sector development in China. It can serve Chinese stakeholders when implementing a feasibility study and a subsequent CCS project from own funds or through international loans.

A positive outcome of the feasibility study for the selected site would lead to NZEC phase III, implementation. The original plan was to jointly implement a CCS project in China under NZEC until 2020. However, due to political, technical and organisational delays in the past, this deadline has become challenging.

⁵ FEED: Front-End Engineering Design study. FEED constitutes the technical part of a CCS feasibility study.

2.3. Lessons learnt

Balancing economic growth, energy security and ambitious climate change action in the spirit of the 2015 Paris Agreement is a challenge for all countries, and even more so for China, the most populous nation on earth, which has still to fulfil an ambitious anti-poverty agenda under in its current 13th Five Years Plan 2016-2020.⁶

China emits around 25% of global greenhouse gas emissions. Ambitious greenhouse gas mitigation (limitation/reduction) action in this country is therefore essential for achieving the ultimate objective⁷ of the United Nations Framework Convention on Climate Change (UNFCCC), and is also in the strong interest of EU climate policy.

The Chinese leadership is committed to strong mitigation action. According to China's Intended Nationally Determined Contribution (INDC) to the 2015 Paris climate conference⁸, China's CO₂ emissions per unit of GDP were 33.8% lower in 2014 as compared to 2005. The INDC foresees peaking of CO₂ emissions around 2030 at the latest, and to lower CO₂ emissions/GDP by 60-65% compared to 2005 by 2030.⁹ CCS is among the foreseen priority measures to implement these commitments.¹⁰

Given the high share of coal in the Chinese electricity production and the fact that the country accounted for a staggering 50% of global coal consumption in 2014¹¹, the Chinese government as well as the international community generally recognise CCS as a necessary ingredient of strong climate action in the country. The most recent policy document for the sector is the November 2015 'Roadmap for Carbon Capture and Storage Demonstration and Deployment'¹² by the Asian Development Bank (ADB) and the Chinese National Development and Reform Commission (NDRC). The Roadmap describes CCS as the only near-commercial technology currently available to cut up to 90% of CO₂ emissions from coal-based power plants.

The Roadmap describes the further roll-out of CCS in China until 2050. By 2014, nine CCS pilot projects were implemented in China, mainly in the power and coal-chemical sectors. Currently, according to the Roadmap, a 100,000 tonnes of CO₂ per year saline aquifer storage demonstration project and a 40,000 t/a capture and CO₂ EOR coal-fired power plant demonstration project are on-going. However, there is no national plan for CCS demonstration and deployment in China yet. Until such a plan is adopted, leading Chinese and ADB experts have drafted the Roadmap, in

⁶ One of the main objectives of the plan being 'helping lift out of poverty all rural residents falling below the current poverty line, and achieve poverty alleviation in all poor counties and areas.' See chapter 3 of the 13th Five Year Plan. Working translation provided by EU Delegation Beijing.

⁷ '...stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.' (UNFCCC 1992, article 2)

⁸ <http://www4.unfccc.int/submissions/INDC/Published%20Documents/China/1/China's%20INDC%20-%20on%2030%20June%202015.pdf>

⁹ The INDC also includes quantitative renewable energy and forest coverage targets.

¹⁰ '...strengthen research and development and commercialization demonstration for low-carbon technologies, such as energy conservation, renewable energy, advanced nuclear power technologies and carbon capture, utilization and storage and to promote the technologies of utilizing carbon, dioxide to enhance oil recovery and coal-bed methane recovery.' (INDC, p.13)

¹¹ https://www.iea.org/media/news/2015/press/151218_MTCMR15_Factsheet.pdf

¹² <http://www.adb.org/sites/default/files/publication/175347/roadmap-ccs-prc.pdf>

order to outline technical, legal, policy, financial and public engagement solutions that need to be implemented to move CCS from today's early demonstration projects to full-scale commercialization.

Despite strong arguments for CCS in China, it has to be noted that on an international scale the entire CCS approach to CO₂ mitigation is not uncontroversial. CCS is a proven but complex approach which still poses considerable challenges and risks in terms of technology, project management and finance. In terms of the global climate and energy debate, there is the policy consideration that any investment in fossil fuel power plant technologies might make this sector of power generation more ecologically acceptable and thereby prolong its lifespan. However, coal is currently dominant to an extent in the Chinese electricity sector at which a quick phase-out seems utterly unrealistic. All available low- and non-polluting technologies will likely have to be developed and deployed in parallel, if any realistic possibility to limit global warming to 1.5 or 2 degrees Celsius shall remain intact. To be noted that the promotion of CCS is official EU policy both internally as well as externally in dialogue with partners.¹³

2.4. Complementary actions

The proposed EU-China CCS cooperation offers a good platform to continue and deepen the NZEC cooperation in the mutual interest.

A good basis for the proposed action has been laid by EU-Chinese scientific cooperation on CCS so far, which centred on the STRACO (Support to Regulatory Activities for Carbon Capture and Storage) and COACH (Cooperation Action within CCS China-EU) projects. A European CCS Demonstration Project Network has been established by the European Commission in the framework of these projects to accelerate the deployment of safe, large-scale and commercially viable CCS projects.

Among international stakeholders, the ADB is the leading international financing institution on CCS in China, while the European Investment Bank has been involved in previous stages of NZEC and might re-enter the cooperation in phase NZEC III. The US also bilaterally cooperates with China on CCS.¹⁴ Coordination with CCS stakeholders will be ensured through the EU Delegation Beijing and headquarters.

Of particular relevance for this action is the UK CCS support for the Tianjin/Huaneng small scale project. In 2013, Chinese utility company Huaneng¹⁵ started preparations for a 60,000-100,000 ton CO₂/a CCS project at their new Integrated Gasification Combined Cycle (IGCC) power plant in Tianjin. A Memorandum of Understanding with the ADB foresaw that Huaneng would establish collaboration with Dagang Oilfield which belongs to the China National

¹³http://ec.europa.eu/clima/policies/lowcarbon/ccs/index_en.htm

¹⁴<http://www.state.gov/r/pa/prs/ps/2015/06/244169.htm>

<http://www.wri.org/blog/2016/03/us-china-clean-energy-research-center-works-carbon-capture-and-storage>

¹⁵With registered capital of 20 billion Yuan, the company is mainly engaged in the following business: development, investment, construction, operation and management of power sources; production and sale of power and heat; development, investment, construction, production, and sale of businesses and products related to finance, energy transportation, renewable energy, and environmental protection; industrial investment, operation and management. (source: <http://www.chng.com.cn/eng/n75861/n75925/index.html>)

Petroleum Corporation (CNPC) to sequester up to 20,000 tons in a depleted and retired oilfield and inject the remaining amount for enhanced oil recovery test. ADB agreed to provide \$800,000 from the UK CCS Trust Fund which it manages for the techno-economic and safeguard due diligence for the project. However, until now Huaneng and CNPC could not agree on the terms of collaboration to inject the CO₂ absorbed at the Tianjin site into one of their oilfields. In the meantime, the ADB has come up with policy recommendations on CO₂-enhanced oil recovery to the Chinese government and also on how to facilitate collaboration between power plant operators and oil fields. Given that it is quite common in China that a coal-power plant and an adjacent oilfield have different owners, it is important to address power-plant-oilfield cooperation structures in view of potential future projects. Resolution of the complex cooperation issues between the Huaneng utility and the oilfield owner will be a condition for the Huaneng/Tianjin project to go ahead to feasibility under this action. Should it emerge during this inception phase that the cooperation bears no fruits and that no perspectives exist for a feasibility study to be subsequently conducted, disengagement from activities in Tianjin under this inception phase would be duly considered.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of the project is to enhance cooperation with China on climate change by supporting the development of an environmentally sound carbon capture and storage technology, contributing to lower CO₂ emissions from China's coal-fired power generation sector.

The specific objectives of the project are to verify the existence of the necessary preconditions and prepare the ground for a possible EU involvement in phase IIB of the NZEC cooperation.

This will be achieved through the facilitation of EU-China sector dialogue on CCS and the formulation of detailed ToR and cost estimates for feasibility studies on the potential Chinese CCS sites of Shengli and Tianjin.

This inception phase will allow re-launching the EU-China CCS technical cooperation, as well as coordination with Chinese stakeholders and international donors in view of carrying out one feasibility study in the next phase of the EU China CCS cooperation, which is due to start in the end of 2017 on condition of a successful conclusion of the current project.

3.2. Expected results and main activities

This action aims to achieve the following *expected results*:

R1: Terms of Reference and detailed cost estimates for feasibility studies on potential Chinese CCS sites of Shengli and Tianjin are prepared.

R2: EU-China dialogue on CCS is re-launched.

R3: Support to the development of appropriate CCS accompanying measures in China is provided.

R4: Co-financing discussions with Chinese authorities, Chinese and international shareholders, stakeholders and donors on a feasibility study for the selected CCS site are conducted and a clear conclusion is drawn as to whether full financial coverage for launching a feasibility study exists.

These results will be achieved through the following *main indicative activities* implemented over 12 months:

Under R1:

- Elaboration of detailed ToR and cost estimates for feasibility studies for two CCS projects
- Drafting of a recommendation report containing a detailed logical framework for the suggested NZEC phase IIB (feasibility study)
- On the Tianjin Huaneng CCS pilot project, in-depth consultations to analyse if the existing cooperation issues can be overcome before start of a potential feasibility study

Under R2:

- Organisation of project steering committee meetings
- Organisation of separate NZEC steering committee meeting in China

Under R3:

- Organisation of expert dialogues between EU and Chinese CCS stakeholders to support development of accompanying measures such the CCS legislative and policy framework. In particular, the dialogues could refer to how CCS legislation and the normative and policy framework treat technical, environmental, health and public participation aspects of CCS.

Under R4:

- Organisation of co-financing discussions with Chinese authorities, Chinese and international shareholders, stakeholders and donors
- Elaboration of a possible co-financing plan for NZEC phase IIB based on the above discussion

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Overlaps with projects from other donors	L	Informal coordination with other donors to avoid overlaps; Organising a formal NZEC steering committee meeting to which other donor representatives will be invited.

Risk	Risk level (H/M/L)	Mitigating measure
Risk of lack of engagement by China	L	NZEC is an important part of EU-China climate cooperation and implementation of the June 2015 EU-China climate change statement. Progress is reported in the annual EU-China Bilateral Coordination meetings on climate change. The issue will further be addressed in high-level contacts between DG CLIMA and EUDEL Beijing with the Chinese authorities. A continuously low oil price (which makes EOR unattractive) could however limit Chinese engagement for CCS sector development in the short-term.
Risk of progressively appearing lack of interest by project owners	M	The oil-price issue is a possibly limiting factor also on the company level, and there is no mitigation action on this. However, Sinopec and Huaneng are recognized corporate leaders on CCS in China. There is a long-term engagement on the issue from both of them, evidenced by investments taken already until now. They are aware that sooner or later Chinese climate legislation will force them to take strong mitigation efforts and want to secure a commercial early mover advantage.
Risk of lack of interest by identified potential donors to discuss co-financing schemes	M	The UK and Norway are long-standing donors on CCS, which are interested in the sector due to climate and commercial interests (strong domestic fossil fuel and engineering industries). Both have repeatedly expressed their interest in cooperating with the EU on NZEC IIB. A co-financing package for one FEED study from Chinese, EU, UK and Norwegian sources is not unachievable in terms of volume. However, different financing schedules and procedures might make financing of a subsequent FEED-study difficult in practice.
Competence issues between NDRC ¹⁶ and MOST ¹⁷	L	While MOST was the main Chinese interlocutor in NZEC so far, as the cooperation moves toward implementation, responsibilities will shift towards NDRC. The risk here is unclear responsibility for the NZEC cooperation with the EU within the Chinese administration. However, the distinction between NDRC (sector policy and target setting) and MOST (applied research) is relatively clear. It is in the EU interest that MOST remains active in the NZEC cooperation.

¹⁶ NDRC: National Development and Reform Commission.

¹⁷ MOST: Ministry of Science and Technology

Risk	Risk level (H/M/L)	Mitigating measure
CCS is a complex process, entailing unforeseen technical and political developments and risks. For example, a major CO ₂ leak at any CCS pilot project could put the entire approach into question. Or the international movement for disinvestment from the fossil fuel sector could advocate to make any investment in coal projects from public funds in OECD countries unacceptable	M	In-built flexibility allows adapting the project to new requirements. Through an active information and press work from the EU DEL Beijing and the European Commission in Brussels, the cooperation with China shall be explained in a transparent manner. While CCS is not uncontroversial, the approach is until now vital in mid-century decarbonisation scenarios both in the EU and China.

3.4. Stakeholders

Main stakeholder is the Chinese government, represented by the Climate Change Department of National Development and Reform Commission (NDRC), which is, together with the Ministry of Science and Technology (MOST) also the main interlocutor for the EU side represented by the Commission (CLIMA, FPI) and EEAS (EU Delegation Beijing). Other interlocutors and counterparts to the EU are expected to be nominated by the Chinese government and will play important roles in specific aspects of the project.

In addition, other key stakeholders are the business and scientific community dealing with different aspects of CCS technology, as well as with related enhanced oil recovery (EOR).

The main EU and Chinese stakeholders in the bilateral climate change cooperation meet on an annual basis in the framework of the formal Bilateral Coordination Mechanism (BCM) meetings, which are held at senior official level. At the last BCM, the Chinese side confirmed its interest in the bilateral CCS cooperation described in this Action Fiche. The stakeholders are expected to up-date on the Action in the 2017 BCM, which will tentatively be held in Beijing.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Indirect management with an international organisation

This action may be implemented in indirect management with the Asian Development Bank (ADB) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. The ADB complies with the conditions of points (a) to (d) of Article 60(2) of Regulation (EU, Euratom) No 966/2012.

This implementation entails undertaking all necessary actions including the main indicative activities described above in section 3 to achieve the objectives and expected results of the project. This implementation is justified because of the specific technical competence of the ADB on CCS in China, its particular policy engagement and confidence with China on CCS as witnessed by the collaborative China-ADB 'Roadmap for Carbon Capture and Storage Demonstration and Deployment' and its on-going, relevant CCS cooperation with China funded by the UK.

By virtue of its longstanding experience on CCS in China, ADB offers a unique combination of technical expertise and contacts with relevant authorities in governments of partner countries, with businesses and other stakeholders in the field of CCS.

The entrusted entity would carry out the following budget-implementation tasks: procurement of technical expertise.

The Delegation Agreement will indicatively be concluded in the 4th quarter of 2016.

4.1.2. Changes from indirect to direct management mode due to exceptional circumstances

If the implementation modality of indirect management with international organisations identified in section 4.1.1 cannot be implemented due to circumstances outside of the Commission's control, it can be replaced with the alternative implementation modality in direct management, as follows:

Grants - direct award (direct management)

(a) Objectives of the grant

The project will be implemented exclusively through the signature of a grant agreement. As a result, objectives, expected results and main activities are those defined above under section 3.1 and 3.2. In particular, the specific objectives of the grant will be to verify the existence of the necessary preconditions and prepare the ground for a possible EU involvement in phase IIB of the NZEC cooperation.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, in accordance with the provisions of article 190(1)(f) of the RAP, the grant may be awarded without a call for proposals to the Asian Development Bank (ADB). In the case where the grant is awarded directly to ADB, this will be justified by the Commission's authorising officer responsible in the award decision, in line with Article 190(1)(f) of the RAP.

In fact, this action has specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. As an international organisation, ADB has a longstanding experience on cooperation with China on CCS. ADB has contributed to the elaboration of the 'Roadmap for Carbon Capture and Storage Demonstration and Deployment' and currently manages the UK-CCS trust fund.

Consequently, ADB is best placed and constitute a logical choice for managing this complex and sensitive EU intervention. It offers a unique combination of technical expertise, longstanding contacts with relevant stakeholders and in particular with the government of China. In this respect, ADB benefits from all the necessary legitimacy vis-à-vis stakeholders and in particular with the public authorities of the partner country, which does constitute a key precondition to operate and cooperate in in China in such a sensitive matter such as CCS.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the action; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

Indicatively, during 4th quarter of 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
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4.1.1. Indirect management ¹⁸ – with ADB	1
Totals	1

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

A Project Steering Committee will be established involving representatives of the Chinese government, the Commission (indicatively, DG FPI, CLIMA, ENER, RTD and JRC), EU Delegation China and the implementing partner.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility activities will be concentrated at the end of the current project, when the existence of the pre-conditions for a possible EU involvement in phase IIB of the NZEC cooperation will be clarified and a political decision on EU financing for one concrete feasibility study can be taken.

¹⁸ Alternatively, in accordance with section 4.1.2, method of implementation would be "direct management" through direct grant with ADB. Total amount of the EU budget contribution would be EUR 1,000,000.

All communication activities will respect the relevant EU visibility guidelines. All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.

ANNEX 17

of the Commission Implementing Decision on the 2016 Annual Action programme
for the Partnership Instrument

**Action Fiche for EU-China Cooperation on environment, green
economy and wildlife protection**

1. IDENTIFICATION

Title of the action	EU-China cooperation on environment, green economy and wildlife protection			
Country	China			
Total cost	Total estimated cost: EUR 3 000 000 Total amount of the EU budget contribution: EUR 3 000 000			
Total duration ¹	60 months			
Method of implementation	Direct management: - Grants – call for proposals - Procurement – Services			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	X
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

In 2016, at the 6th EU-China Ministerial Dialogue on Environment Policy, the EU and China agreed to enhance cooperation to address key environmental challenges including air, water and soil pollution. This project, which has been conceived

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

primarily as a response this call for enhanced cooperation, will support the EU's Environmental Policy Dialogue with a key partner country, facilitating the exchange of information and expertise on environmental issues.

In addition, following the adoption of the EU Action Plan against Wildlife Trafficking in February 2016, through a second component the project will contribute to its implementation by addressing the role of China as key destination country for wildlife trafficking, which does represent a threat to many endangered species worldwide and to the communities and habitats from which trafficked species are taken.

2.2. Context

The Chinese government has recently set "greenization" (environmental integration or mainstreaming) and green development as priorities. There are concerns about the severe air, water and soil pollution in China, but also the recognition of the benefits for the Chinese economy and people from investing in green development. The 13th Five Year Plan adopted in March 2016 provides a very strong push across government at national and local level for environment and green development. China will be experimenting with new policy approaches and solutions that will have implications outside China.

More ambitious action in China boosts demand for environmental technologies that can deliver high standards of environmental protection. The EU has leadership in environmental sectors and technologies. Therefore, this project will contribute to provide opportunities for EU companies active in low carbon goods and services, including clean technologies industries and systems that help out about the challenges China faces.

In this respect, there is general recognition that the main challenge faced in China is implementation of environmental laws and standards at provincial and local level. Addressing this challenge can create a more level playing field for companies, including EU companies, in China.

With reference to the second component of this action, wildlife trafficking is not a new phenomenon, but its scale, nature and impacts have changed considerably in recent years. Key market countries such as China are showing increased engagement, notably through stronger enforcement efforts, and the will to cooperate more closely with the EU on these issues.

2.3. Lessons learnt

Experience in China has shown that the most successful projects are those where there is keen buy-in and interest from the Chinese side. This project is clearly addressing a joint priority and so its chances of success are higher.

Earlier projects, like the EU-China Biodiversity Programme (ECBP) or the China Europe Public Administration Programme (CEPA) have shown that linking a series of field projects to a national level policy component can be a very effective setup. They also showed that a gap exists between central government policy and its

implementation at local level, therefore pointing to the importance of working also at local level

A five year, 15 million EURO DEVCO-funded Environmental Governance Programme, implemented with China's Ministry of Commerce and the Ministry of Environmental Protection came to an end in December 2015. This project builds on the work and lessons of that environmental governance programme, focusing on the types of activities that were seen as most successful and of ongoing importance from the EU's perspective in the former Commission-funded programme. In particular, it is worth mentioning the exchanges with national policy makers on emerging issues in environmental regulation, as well as more in depth training and peer-to peer exchanges for legal experts and provincial officials responsible for enforcement of China's new and reinforced environmental protection laws.

On wildlife trafficking, lessons from work on DEVCO funded programme with China "Forest Law Enforcement, Governance and Trade" (FLEGT) demonstrate the importance of engaging with consumers as well as government bodies to support more rapid adoption of regulatory approaches and a faster move away from consumption of forest products from illegal sources or of products that might encourage demand for endangered and illegally traded wildlife.

2.4. Complementary actions

In the area of green economy, complementarity will be sought with ongoing activities supported by the EU in China, in particular PAGE² and SWITCH Asia³.

This project was designed to fund activities that cannot be covered under TAIEF/TAIEX, which will however be approached first for funding of a number of preliminary activities.

The China Europe Water Platform will cover activities related to the availability of water resources working with the Chinese Ministry of Water Resources. The Environmental Policy Dialogue also addresses the work led by the Ministry of Environmental Protection on protection of environmental quality. This project may address issues in this context not addressed by the CEWP (which is funded by the PI under AAP 2016).

DEVCO funds the project Forest Law Enforcement, Governance and Trade (FLEGT), implemented by European Forest Institute. However, FLEGT does not fund public information campaigns on the impacts caused by illegal trafficking for e.g. of Rosewood. A number of NGOs carried out successful public information campaigns in China addressing the impacts of consumer demand for ivory or shark fins, with support from major online retailers or search engines. The environmental impact assessment (EIA), with funding from UK DFID, undertakes investigations on the ground and reports on imports of illegally logged timber. The first phase of component B of this project will assess where the gaps are and will seek to plug them in the second phase to the extent possible.

² <http://www.un-page.org/countries/page-countries/china>

³ <http://www.switch-asia.eu/projects/> and <http://www.switch-asia.eu/publications/country-study-smes-and-access-to-green-finance-in-china/>

Under the wildlife trafficking component, the project will also seek to coordinate with other projects funded by EU Member States and implemented by civil society organisations such as the Children's Investment Fund Foundation (CIFF) and Client Earth, who are working with the Supreme People's Court on training for legal experts to maximise opportunities for co-financing of activities in the EU interest.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** of this action is to influence Chinese policy making on environment, green economy and wildlife protection by reinforcing EU-China policy dialogue and cooperation in these fields.

The **specific objectives** of the proposed action are:

1. Component A: to promote green growth by facilitating regulatory convergence between environmental policies/laws in EU and China.
2. Component B: to contribute to the implementation EU Action Plan against Wildlife Trafficking by supporting action of China in this field.

Component A aims to support:

- Greater regulatory convergence for environmental regulations but also policies to integrate environment in other areas of government decision making;
- Higher environmental standards and new green development approaches in China that would allow environmental goals to be met and should create new opportunities for green technologies/ solutions;
- Joint development of innovative approaches to support environmental quality and green growth;
- China's achievement of its international environmental commitments.

Component B aims to support China-EU efforts in tackling wildlife trafficking by:

- Seeking to influence key decision makers in government and business;
- Reviewing existing activities in this areas in China to identify key stakeholders and gaps and means of addressing those;
- Undertaking a targeted awareness raising or communication activity to address one of the key gaps to raise public awareness and in particular amongst potential Chinese consumers of wildlife products or endangered species.

3.2. Expected results and main activities

As indicated, the action will have two main components with distinct activities:

Component A

It will support the EU's Environmental Policy Dialogue with China, encouraging the promotion of good practices and environmental standards of the EU and increasing convergence between the EU and China on environmental governance.

To achieve the objectives set out under section 3.1, the project will work towards producing the following *expected results*:

- (i) Enhanced the EU-China Environmental Policy Dialogue through the implementation of activities agreed in the framework of this dialogue;
- (ii) European policies, best practices and learnings in environmental governance are promoted, regarded as potentially relevant by the Chinese authorities for the Chinese context, which would open the way for their possible progressive translation, to the maximum extent possible, into revised environmental policies in China at both national and local levels;
- (iii) Green growth concept is boosted in China via promoting regulatory convergence;
- (iv) European actors, including businesses in all sectors relevant to the green growth are increasingly involved and business opportunities created.

The following main indicative activities will be supported through Component A:

- 1) In-depth studies (indicatively two) will be conducted, on issues to be agreed by the Commission and MEP. The selection of the issues for these studies will be agreed ahead of the tendering process, based on the issues discussed in the Environmental Policy Dialogue (EPD) and in the Action Plan agreed at the EPD.
- 2) Short papers (indicatively eight) will be produced on hot/topical and emerging issues, lessons from EU policy in the areas highlighted above of pollution prevention and control, environmental governance and green growth and circular economy.
- 3) Training workshops will be organised (indicatively four, for a tentative duration of three days each) for around 30 provincial officials, legal officials or judges on good practice in implementation and enforcement of environmental legislation.
- 4) Two training weeks will be organised (2 separate visits/ groups, indicatively over 8 days including travel time) for up to, indicatively, 20 Chinese provincial officials in Brussels/ Bruges and/ or another Member State location, to look at environmental policy development, governance and law enforcement.
- 5) The organisation of, indicatively, eight Experts Workshops which would bring together small groups of Chinese and European practitioners, researchers to discuss topical issues for the development of environmental legislation, standards or green development. The topics will be agreed by the committee but

could cover addressing Volatile organic compounds (VOCs) from transport, car standards, use of Public-Private-Partnerships (PPP) for environmental infrastructure, approaches to industrial permitting, measuring green development- beyond GDP, green finance, market based approaches. Workshops are expected to be attended by around 30 policy makers, experts or stakeholders (tentatively, two small workshops every 6 months).

- 6) Indicatively two policy or scoping study tours for up to around 8 senior officials or experts from China to the EU will be organised.
- 7) Organisation of a seminar with Chinese and European stakeholders to present the final results of the action (indicatively 70 people)

Component B

It will encourage action by China to address the EU's international goal of addressing wildlife trafficking and its impacts on endangered species and local communities.

To achieve the objectives set out under section 3.1, the project will work towards producing the following *expected results*:

- (i) The EU Action Plan against Wildlife Trafficking is implemented by identifying appropriate interlocutors, complementary activities and gaps in actions to be filled.
- (ii) Appropriate actions are identified to address the demand reduction on wildlife trafficking in China and the supply side with the partners that should be targeted, in particular at regional and local level.
- (iii) Conditions are created for the demand side for at least one identified species or group to be progressively reduced as a result of a communication campaign.

The following main indicative activities will be supported through Component B:

Phase 1 (B1)

- 1) A study will be conducted to review projects implemented by third partners in China with respect to wildlife trafficking. It will assess outcomes of communication and information campaigns conducted in China with respect to the demand for wildlife products and will identify the right interlocutors at regional and local level that could contribute to limit wildlife trafficking, with a special focus on China's bordering countries (i.e. Myanmar, Laos, and Vietnam).
- 2) A workshop will be organised to discuss the work and preliminary findings of the study with stakeholders from government, academia and civil society organisations from China and other countries in the region or outside of it, such as Myanmar, Laos, Vietnam, Thailand, Africa, etc.

Phase 1 (B2)

- 3) During the second phase a communication campaign will be implemented. It will target Chinese consumers, opinion formers and decision makers with the aim to contribute to reduce consumer demand and promote effective government actions (e.g. a ban on imports, work with Europe on listing Convention on International Trade of Endangered Species (CITES), improved

implementation and enforcement amongst other possible measures) for a specific species.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
There is a risk that engagement and availability of Chinese counterparts, in particular the staff of MEP, will not be as active as expected or will decrease over time.	M/H	The fact that this proposal (component A) responds to a Chinese demand should reduce this risk. A MEP contact point will be established and the EU delegation in Beijing will maintain frequent contacts for early identification of problems so that those can be addressed before project is actually threatened.
Lack of results from the media campaign (component B2).	M	Use of an emblematic face/specie; cooperation with local entities with strong link with the civil society including businesses and officials.
Poor involvement of business stakeholders.	L	The broad, open and transparent implementation of the action will help ensure that business will be able to contribute and also be informed in their further business opportunities. Implementing partners will request to reach out to business stakeholders as part of their assignment.

3.4. Stakeholders

Senior decision makers at national level: Directors General and Ministers in the Ministry of Environmental Protection (MEP), State Forestry Administration, MOFCOM (responsible for trade issues and development issues) and in other Chinese Ministries developing green policies to integrate environmental concerns; Members of China's State Council responsible for environmental issues and green growth (including via CCICED); Senior Provincial Officials who will now have increased responsibility for the implementation of environmental laws and green growth policies and for addressing wildlife trafficking; Judges and prosecutors responsible for enforcement of Environmental Laws across China; EU policy makers, MEPs and Member State Officials involved in EU policy development.

The Wildlife Trafficking Communication campaign under Component B.2 will target the civil society and, through it, the business community and regulators will be involved.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: call for proposals (direct management)

Component B.2 above will be implemented through a call for proposal. It is expected that indicatively one grant will be signed.

(a) Objectives of the grant(s)

Support relevant communication actions in order to reduce consumer demand of endangered species in China, by helping promote effective government actions.

(b) Eligibility conditions

Open to EU and non-EU civil society entities, local and international NGOs, operators engaged in the area of environment, green economy and wildlife protection. Chinese entities can participate as co-applicants.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The envisaged possible rate of co-financing for grants under this call is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

The grant contract(s) will be concluded indicatively during the 3rd quarter of 2017.

4.1.2. Procurement (direct management)

Component A and B.1 above will be implemented through procurement.

- (a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.
- (b) Indicative timing to launch the call: fourth quarter of 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1 – Grant – call for proposal (direct management)	1.15
4.1.2 – Procurement – (direct management)	1.85
Totals	3

This budget is indicative. Any leftovers from the call for tender may be used for the call for proposals.

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

A steering committee shall be set up in support of the action. It will consist of representatives of relevant Commission services and the EEAS, with the EU Delegation in Beijing in the lead of its management and DG ENV as the main interlocutor for technical issues.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the action. The implementing organisations shall develop an information and communication plan that will ensure that the EU contribution to the action is fully recognised and that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.

ANNEX 18

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for International Digital Cooperation

1. IDENTIFICATION

Title of the action	International Digital Cooperation			
Country(ies)/ Region	Countries: Brazil, China, India, Japan, South Korea and the United States (US) Regions: Latin America, Asia and Europe The action also foresees engagement at the international level.			
Total cost	Total estimated cost: EUR 8 000 000 Total amount of the EU budget contribution: EUR 8 000 000			
Total duration ¹	60 months			
Method of implementation	Direct management Grant – call for proposal (projects C and D) Grants – direct award (project B) Procurement services (project A)			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>

¹ The total duration takes into account : (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months)

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The internet and digital technologies are transforming our world. The digital economy has the potential to improve productivity and create jobs and growth in the EU. To strengthen its position as a world leader in the digital economy, the EU must promote a secure, right-based international digital sphere, conducive to a level playing field in terms of market access and business opportunities.

The Global Strategy for the European Union's Foreign and Security Policy recognises the importance of the EU acting as a forward-looking cyber player, protecting critical assets and values in the digital world.

This pilot action proposes four thematic projects broadly framed within the external dimension of the EU's Digital Single Market Strategy and specifically relating to the Communication on ICT Standardisation Priorities for the Digital Single Market, EU Data Protection and Privacy policies, EU Cybersecurity strategy and the European Agenda on Security:

Project A: Enhanced personal data protection and data flows

Project B: ICT Standardisation

Project C: Trust and Security in cyberspace

Project D: Cross border access to electronic evidence

2.2. Context

Information and Communication Technologies (ICT) and the digital economy can increase Europe's productivity and contribute to creating growth and employment. The ICT sector represents 4% of EU GDP and investments in ICT account for about half of recent productivity growth in Europe.

The EU has been working towards the creation of a more integrated European digital economy since the mid-1990s through numerous legislative initiatives. Reflecting this high priority, the Digital Agenda is one of the flagship initiatives of the Europe 2020 Strategy. However, despite accomplishments, the EU continues to lag behind its main international competitors in the digital economy. Against this background, on 6 May 2015, the Commission adopted the **new Digital Single Market (DSM) Strategy** as one of the 10 priorities of the Juncker Commission. The aim is to enhance Europe's position as a world leader in the digital economy and make the EU an even more attractive location for global companies. A single EU Digital Market requires for its success a more open and compatible international digital sphere. This necessitates that the EU invests in promoting an open international digital market and level playing field. At the same time, high levels of personal data protection, and cyber stability and resilience of critical networks need to be ensured.

Personal Data Protection and Data Flows

The digital economy is supported by large quantities of data being collected and often shared within and across borders, requiring solid protection of personal data. In April 2016, the EU adopted the General Data Protection Regulation (GDPR). It stands for a comprehensive reform of the EU 1995 Data Protection Directive and is designed to strengthen privacy rights

and boost Europe's digital economy. The Regulation will become applicable as of May 2018. According to the GDPR, non-EU companies will have to apply, when offering their services to customers in Europe, the same rules as EU companies; thus creating a level playing field. Reversely, when personal data are transferred from Europe to third countries, the protection should travel with it. The objective of the EU is to afford high level of personal data protection respecting citizen's rights without hindering the development of new products and services.

To ensure seamless application of the GDPR, it is in the EU interest to promote a high level of personal data protection, in particular among key trading partners.

India is an important trading partner to the EU in respect of data-dependent services such as outsourcing. There is no specific data protection legislation in place but the EU-India dialogue on means of protecting personal data is ongoing.

Japan and Korea play an important role on digital issues in Asia and worldwide and can be important partners for the EU as they have shown interest in the EU data protection regime. Both countries have adopted legislation and authorities for data protection which have recently been reformed, inspired by the EU experience. At the regional level, in 2012, APEC members adopted Cross-Border Privacy Rules (CBPR) for the Asia-Pacific. This system intends to ensure that companies have privacy policies that meet established standards as validated by recognised Accountability Agents.

In Latin America, Argentina and Uruguay have been given adequacy status under the 1995 EU Data Protection Directive while Mexico and Chile have recently reformed or are undergoing reforms in this area. Brazil does not have general data protection legislation in place yet but is in the process of developing it. Despite important differences between Latin American countries, there is regional cooperation on data protection issues. The most important framework for this cooperation, the Red Iberoamericana de Proteccion de Datos, includes two EU Members, Portugal and Spain and discusses regularly EU data protection rules. The cooperation however does not include all countries in the region. Notably, Brazil is not a member.

Overall, the state of play of data protection in Latin America and the EU interest in the region provide an important opportunity for EU engagement in this area. Specific topics of interest to countries in the region include the interpretation of general data protection concepts and principles in a manner which corresponds to that of the EU as well as a dialogue on issues of technologies and standards for privacy by design.

ICT Standardisation

The transformation of the global economy to a digital economy affects all sectors and results in increased use of connected devices. In this environment, common standards which ensure the interoperability of digital devices are of the utmost importance. They guarantee that technologies work smoothly and reliably together, provide economies of scale, foster research and innovation and keep markets open.

Most of the EUs main trading partners have recognised this importance and have heavily invested in standard setting and certification infrastructures:

With a vibrant ICT industry, the USA is considered to be the key EU partner on general principles for ICT services trade, and in Cloud Computing, Intelligent Transportation Systems (ITS) and eHealth. In general, the EU and USA have an ongoing cooperation in the framework of the Information Society Dialogue since more than 10 years.

South Korea was the first country to sign with the EU a joint Declaration on 5G in June 2014. It paved the way towards structured exchanges on inter alia global standards, with the objective of supporting global agreement. In addition, South Korea is leading on eTrade systems and standardized eDocuments which are common in Japan, South Korea, Taiwan, Singapore and the East-coast regions of China. This Korean eTrade expertise may be of practical interest for the EU to test a mutually beneficial “win-win” cooperation approach.

Japan has nurtured cooperation with the EU on ICT policy issues since 2008 within the framework of the Japan-EU ICT Dialogue. Japan was an important partner in a cooperation project on ITS standards harmonisation and systems interoperability. Finally, Japan signed a joint EU-Japan Declaration on 5G in May 2015.

India and the EU maintain regular dialogues under the “India-EU Joint ICT Working Group” and “EU-India ICT Business Dialogue”. India’s new government has launched the ICT relevant flagship initiatives “Make in India”, “Digital India” (rural broadband rollout, providing e-government services and digital skills development) and “Smart Cities”. Officially, India wants to play an important role in intellectual property creation and standards definition and is committed to collaborate with standards organisations. However, its ICT industry is composed of an important number of standards implementers and fewer standards contributors. Finally, EU and India are discussing a joint EU-India Declaration on 5G.

Brazil signed a joint EU-Brazil Declaration on 5G in February 2016. Both partners intend to work to define common standards to ensure a stronger position on the global stage regarding 5G and more largely IoT.

China is on the way to transforming itself into a high-tech economy while its position on digital cooperation is complex and ambiguous. China declares its support for open standardisation and collaboration on 5G. However, this commitment needs still to be substantiated by concrete action. The EU and China have signed a joint Declaration on 5G in September 2015.

In addition to national standard setting efforts, standards drafted by international standards bodies, such as International Organisation for Standardization (ISO) and International Electrotechnical Commission (IEC), are more and more important on the global markets. They are increasingly transposed as Harmonised Standards in Europe to prove presumption of conformity with EU legislation. As such, engagement with international standardisation organisations including in terms of ensuring appropriate representation and effective participation of European industry, including SMEs, building on existing best practice, is key for European competitiveness. There is room for more coordinated strategies and joint efforts by European stakeholders and National Standardisation Bodies to influence the processes at ISO and IEC - both at the technical and policy – level.

In response to growing global competition, the Commission adopted, in April 2016, the Communication on ICT Standardisation Priorities for the Digital Single Market² which sets out a comprehensive strategic and political approach to standardisation. This Communication identifies a list of 5 ICT priorities: 5G communications, cloud computing, the internet of things (IoT), (big) data technologies and cybersecurity. The Communication calls for proactive engagement with key international partners (such as the US, China, Japan, South Korea) to ensure global alignment of priorities in the ICT domain, and a consistent approach to standard setting. It is completed with the Joint Initiative on European Standardisation (JIS) in the Commission Communication European Standards for the 21st Century³. The JIS will among others, promote the European regulatory model supported by voluntary standards and its close link to international standardisation in third countries; and the representation of the interests of SMEs in Europe in international standardisation processes.

In short, the EU aim is to ensure that Europe remains a global hub for standardisation through the promotion of EU approaches to international standards development setting and EU standards. A global perspective on standards and standardisation will help European industry to grow outside Europe. The longstanding relationship between European standardisation organisations and their counterparts in the world is a strategic asset that can be used to promote free trade and strengthen the competitiveness of European industries. These positive effects could be further enhanced with regulatory cooperation to work towards the aim of “one standard, one test, accepted everywhere”.

Trust and Security in cyberspace: Cyber diplomacy and Cyber resilience

While the Internet and ICT technology have made positive contributions towards economic, political and human development, rapid digital evolution raises concerns about maintaining trust and security in cyberspace. Firstly, the question of international cyber stability and avoiding conflicts through the development of cyber norms and, confidence building measures, and applying existing international law in cyberspace is at the centre of numerous discussions. Secondly, with the global online population jumping from 2.5 billion Internet users in 2016 to 5 billion projected users by 2020-25, the increase of interconnected devices will create greater risks in terms of new cyber vulnerabilities to critical infrastructures. Some governments are also using intrusive techniques to gain the economic, political or security upper hand over their competitors, while exposure to different value systems can increase the risk of misperceptions and clashes.

In response to these challenges, the EU adopted in February 2013 its EU Cybersecurity Strategy. Subsequently, in February 2015, the Council of the EU adopted Council Conclusions on Cyber Diplomacy which recognise engagement with key partners as a way towards promoting EU political, economic and strategic interests. One of the main aims of EU cyber diplomacy is building global consensus on how to apply existing international law in cyberspace and develop norms for responsible state behaviour. A renewed emphasis on dialogue with third countries with a special focus on like-minded partners that share EU values has emerged. The increased emphasis on cyber from the EU is coupled with an increased interest from partners to dialogue with the EU on cyber and to get better acquainted with the EU cybersecurity legislation and best practices, especially also in view of the

² COM(2016) 176 final: ICT Standardisation Priorities for the Digital Single Market, adopted on 19th April 2016

³ COM(2016) 358 final: European Standards for the 21st century, adopted on 1st June 2016

recently adopted EU Directive on Network and Information Security which treats cyber resilience of critical infrastructure.

It is in the EU interest to capitalize on this interest and promote dialogue. For cyber norms, this could entail building upon and expanding on the work to day of the UN Group of Governmental Experts on development in the field of Information and Telecommunication's in the Context of International Security (UN GGE) and the two sets of cyber confidence-building measures (CBMs) in the OSCE. The Tallinn Manual relating to the application of international law in cyberspace should also be recognised in this regard. As regards cyber resilience, there is a need to share information on the new EU legislation.

In terms of cyber partnerships, the EU-USA cyber partnership is the most developed. However, beyond the US, there are numerous contacts with Japan and South Korea who are considered as like-minded partners to the EU. Similarly, the EU and Brazil have agreed to start a cyber dialogue and have unlocked joint funding under their research programmes to address Internet governance and security. Bilateral cooperation between the EU and China has been on-going for 4 years. Relationship EU/China has so far proved to be difficult, but China is an important actor in cyberspace and needs to be engaged. India is perceived as a promising partner but the policy dialogue that EU has with India on cyber should be followed up by complementary activities with civil society and private sector involvement.

These bilateral engagements have been formalised in a series of EU Cyber Dialogues (so-called Track 1.0) with India (launched 2011), China (2012), South Korea (2013), Japan (2014), US (2014) and shortly with Brazil. A lesson learnt from official track 1 cyber dialogues is the need to complement them with more intense and broader dialogue on cyber governance, frameworks and norms involving civil society and private sector (Track 1.5) at national and regional levels.

Cross border access to electronic evidence

In the current fight against terrorism and organised crime the access to cross-border electronic evidence is a vital element of judicial cooperation. To respond to this challenge, the Commission has developed an implementation plan to improve the swiftness of Mutual Legal Assistance (MLA) requests and create better and more reliable procedures for access to non-content data by law enforcement authorities directly from private sector operators. This is framed in the European Agenda on Security (EAS) adopted in April 2015 and the Council conclusions on improving criminal justice in cyberspace adopted on 9 June 2016.

Since most of the Internet Service Providers (ISPs) have headquarters in the US or maintain data there, the USA is on the receiving end of many European requests for information and electronic evidence. There is scope for targeted action to improve EU-US cooperation on cross border access to electronic evidence.

2.3. Lessons learnt

The importance given to **personal data protection** varies between countries. Further to several high profile revelations of misuse of personal data, there is a nascent awareness among society as a whole that data protection is a human right, which, in the EU is enshrined in the Charter of Fundamental Rights. The issue is becoming relevant in political debate and increasingly researched academically in most parts of the world. The EU data protection

framework, considered the most complete, is often used as a reference. While the EU has been conducting relevant dialogues with the countries listed in this action, further cooperation involving also non-state actors needs to be undertaken.

Regarding **ICT standardisation**, there is new momentum on promoting the role of EU as a global hub of ICT standardisation. In this context, the experience of the successful international cooperation on Intelligent Transportation Systems (ITS) between the EU, US and Japan should be built on. This experience anticipates the coming challenges of ICT priorities such as the Internet of Things and could serve as a model for international ICT standards development between the EU and partner countries.

Regarding **trust and security**, a good example of an effective Track 1.5 process which complements official cyber diplomacy Track 1.0 processes is the Sino-European Cyber Dialogue (SECD). The SECD met for the first time in 2014 and complements the formal China-EU Cyber Dialogue. This Track 1.5 process is strictly off the record and with the exception of an agreed upon press release, is not commented on in public. A Track 1.5 process allows for discussions between officials, civil society and the private sector.

2.4. Complementary actions

The proposed action will complement the work of ongoing initiatives as follow:

Regarding **personal data protection**, the EU is actively involved in international cooperation through the Council of Europe and its Convention for the Protection of Individuals with regards to the Automatic Processing of Personal data (Convention 108). This action will complement a number of global and regional initiatives, like the Global Privacy Enforcement Network (GPEN); the Red Iberoamericana de protección de datos; and the Data Privacy Subgroup under the APEC Electronic Commerce Steering Group and the APEC-EU Working Committee on privacy.

Regarding **ICT standardisation**, the action will be a useful complement to the 5G Infrastructure Public Private Partnership (5G PPP) which is a joint initiative between the European ICT industry and the European Commission to rethink the 5G infrastructure and to create the Next generation of communication networks and services. The action will also build on the lessons learned in the Intelligent Transport System (ITS) and the IoT Alliance for Internet of thing Initiative (AIOTI). In India, the action will complement work already ongoing under the EU-India co-operation project on ICT related standardisation, policy and legislation. In South Korea, the action will build on the H2020 EU-South Korea IoT joint research and the 5G-Next Generation Communication Networks. With the US, the action will build on the H2020 EU-US Discovery which is a transatlantic ICT forum designed as a mechanism to promote policy debate and provide opinions and recommendations for cooperation in ICT standardisation as well as the EU-US health IT Workforce. The action will also collaborate with the Big Data Value Public Private Partnership. Complementary FP7 programmes of interest include: Building International Cooperation for Trustworthy ICT: Security, Privacy and Trust in Global Networks and Services; Certification, Internationalisation and Standardization in cloud Security; Confidential and Compliant Clouds; and “Practice: Privacy-Preserving computation in the Cloud”.

Regarding **trust and security: Cyber diplomacy and cyber resilience**, the action will build on existing track 1.0 cyber dialogues and work undertaken by the UN Group of Governmental

Experts on development in the field of Information and Telecommunication's in the Context of International Security, and the OSCE. The action will also take note of international negotiations on applying international law in cyberspace. The action will take into account the ASEAN Regional Forum Work Plan on Cybersecurity and complement the Sino-European Cyber Dialogue (Track 1.5 Process). Complementary FP7 programmes of interest cover: European Cyber Security Protection Alliance and the Nippon-European Cyber defence-Oriented Multilayer Threat Analysis.

Regarding **Cross border access to electronic evidence**, the action will build on the 18 month implementation plan to improve the swiftness of Mutual Legal Assistance (MLA) requests and create better and more reliable procedures for access to electronic evidence by law enforcement authorities directly from private sector operators.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** of this programme is to contribute to the development of a secure, right-based international digital sphere, conducive to a level playing field in terms of market access and business opportunities for EU companies.

Four thematic Projects will be developed to support this global objective.

3.1.1. Enhance personal data protection and data flows (project A)

The specific objectives of the project will contribute to:

- Strengthen understanding of the importance of personal data protection for data flows in key partner countries
- Enhance the level of data protection in key partner countries

3.1.2. ICT Standardisation (project B)

The specific objective of the project will contribute to:

- Strengthen the EU approach and outreach on international ICT standard setting and EU standards

3.1.3. Trust and Security in cyberspace: Cyber diplomacy and Cyber resilience (project C)

The specific objective of the project will contribute to:

- Advance an open, free and secure cyberspace through the promotion of rules-based cyber-behaviour and increased cyber resilience

3.1.4. Cross Border Access to Electronic Evidence (project D)

The specific objective of the project will contribute to:

- Support effective law enforcement cooperation between the EU and the US

3.2. Expected results and main activities

3.2.1. (A) - Enhanced personal data protection and data flows

This project aims to achieve the following *expected results*:

R.1. Increased awareness and acceptance of relevant actors and in particular public authorities, civil society and businesses of personal data protection as a pre-requisite to data flows with the EU

R.2. Enhanced knowledge of target groups in partner countries of the new General Data Protection Regulation (GDPR)

R.3. Improved coherence on data protection approaches through the development of common approaches compatible with the EU data protection model

These results will be achieved through the following *main indicative activities*:

- Research activities to support effective engagement and a high level of data protection conducted per target country:
 - Mapping of status of data protection, stakeholders, on-going and planned processes/programmes
 - Analysis of key issues and opportunities for EU engagement
 - Development of case studies/best practices that show added value of high data protection
 - Development of common approaches, tools and lessons learnt
- Policy outreach, dialogue and knowledge exchange activities for targeted stakeholders on tailor-made data protection issues to foster general awareness, specific knowledge on GDPR as well as foster peer learning and common approaches. These activities will feature dedicated topics based on the targeted stakeholder and can range from a general expose of the importance of data protection to specific interpretation of data protection concepts and principles. Inputs will include specialised workshops, in-country roundtables and participation in existing initiatives. In Latin America a regional approach will be favoured and complemented with bilateral activities while in Asia the reverse approach is proposed.
- Communication and dissemination activities to promote broader sharing of EU Data Protection Model and stimulate knowledge sharing and capitalisation.

3.2.2. (B) - ICT Standardisation

This project aims to achieve the following *expected results*:

R1: Increased awareness and acceptance of relevant actors of EU standardisation model

R2: Improved coherence through development of common standardisation approaches based on existing best practise

R3: Strengthened cooperation with identified actors regarding the development of harmonised open international ICT standards in the area of Internet of Things, 5G Communication, Cloud computing, big Data and Cyber security

These results will be achieved through the following *main indicative activities*:

- Research activities to support effective engagement on the EU standardisation model and EU standards:

- Analysis of key Standard Development Organisations (SDOs) and countries/regions active in the priorities identified in the Commission Communication on ICT Standardisation Priorities. The analysis should include: identification of stakeholders; ICT standardisation output, concrete standards created and impact on 5G and IoT; key new initiatives by third parties; review of identified SDOs governance and IPR policies in comparison with WTO-TBT principles; assessment of EU access and representation in relevant technical and IPR committees of identified SDOs; identification of global future ICT standardisation needs (e.g. blockchain, artificial intelligence, automated vehicles); and key issues and opportunities for EU engagement.
- Development of case studies/best practices on the EU standardisation model and the harmonisation of global standards on one of the priorities identified in the Commission Communication on ICT Standardisation Priorities. A specific case study will refer to best practice developed in the cooperation on Intelligent Transportation Systems (ITS) between the EU,US, Japan and Korea.
- Development of common approaches, tools and lessons learned

- Policy outreach, dialogue and knowledge exchange activities for targeted actors. These activities will be conducted with different actors in various formats including through the organisation or participation at national and regional levels in international groups, specialised workshops and roadshows. The aim will be to progressively improve a common understanding regarding the cooperation towards harmonised international open standards including the promotion of the European model, and the outreach of European ICT Standards to key countries identified in the research activity.

- Communication and dissemination activities to dialogue on international standardisation.

A preliminary estimate of topics to be addressed with specific SDOs is provided below.

SDOs ⁴	Big Data	5G	IoT	Cyber Security	Cloud computing
ISO/IEC JTC1	X	X	X	X	X
IEEE		X	X	X	X

⁴ https://en.wikipedia.org/wiki/List_of_technical_standard_organisations

ITU-T	X	X	X	X	X
IETF			X	X	X
W3C	X		X	X	
OASIS	X		X	X	X
3GPP		X	X	X	
OCF			X		
OGF					X
OMG			X	X	X
OIDF			X	X	
ECMA Inter.	X				
GS1			X		
OpenGroup	X			X	X

3.2.3. (C) - Trust and Security in cyberspace: Cyber diplomacy and Cyber resilience

This project aims to achieve the following *expected results*:

R1: Increased consensus with partner countries on how to apply existing international law in cyberspace

R2: Enhanced development of cyber norms and confidence building measures

R3: Strengthened multi-stakeholder cyber engagement

R4: Enhanced dissemination of EU best practices in strengthening cyber resilience and protecting critical cyber infrastructure.

These results will be achieved through the following *main indicative activities*:

- Research activities to support effective engagement per target country:
 - Identification and assessment of stakeholders and their positions on project themes. This activity will include civil society, think-tanks, academia and relevant national business/private sector actors.
 - Analysis of key issues and opportunities for EU engagement
 - Development of tools including legal analysis, case studies and lessons learnt as a basis for further dialogue and consensus-building
- Policy outreach and roundtable activities for targeted stakeholders on the application of international law, cyber norms and CBMs, and cyber resilience of critical infrastructures. These activities will be conducted with officials of partner countries, experts, civil society and

the private sector in various formats. Specific track 1.5 processes will be developed with EU cyber dialogue partners US, Japan, South Korea, India and Brazil in complement to the other outreach and roundtable activities. Regional track 1.5 processes will be initiated with regional groups such as Brazil, Argentina, Chile and Mexico. In Asia, Japan, South Korea and ASEAN Regional Forum partners would be targeted. In Europe, side events could be organised in the margins of the OSCE.

- Communication and dissemination activities to promote broader dialogue.

Activities under project C will be designed in recognition of the important role of civil society and the private sector in cyber issues.

3.2.4. (D) - Cross Border Access to Electronic Evidence

This project aims to achieve the following *expected results*:

The results include:

- R1: Enhanced implementation of effective EU-US Mutual legal assistance (MLA)
- R2: Strengthened cooperation between law enforcement and US registered business/private sector for digital evidence

These results will be achieved through the following *main indicative activities*:

- Outreach and knowledge exchange activities for targeted stakeholders on the application of MLA mechanisms and access to electronic evidence from business operators in the US.

Indicative geographic scope of projects

Project	US	China	Japan	South Korea	India	Reg. LA	Brazil	Reg. Asia	Reg. Europe	Int'l (incl. SDOs)
A			X	X	X	X	X			
B										X
C	X	X	X	X	X	X	X	X	X	
D	X									

For project A, the action will focus bilaterally on Japan and Korea and regionally on Latin America where cooperation with Brazil will receive also bilateral attention. India will benefit from some of the project activities although to a lesser extent. For project B, the focus is on engagement with Standard Development Organisations rather than partner countries. However, some outreach will be conducted in a selected number of priority countries to be

identified in the research analysis. For project C, the geographic scope will provide for flexibility to incorporate further countries in planned outreach activities with the priority countries/regions above based on concrete cooperation requests. Project D focuses solely on the US.

3.3. Risks and assumptions

Key assumptions underlying the implementation of this action are that (i) partner countries remain interested in using the EU Data Protection Model as a reference in the context of the new GDPR; (ii) the EU effectively implements its strategic and political approach to standardisation adopted in April 2016; and (iii) official EU Cyber Dialogues are effectively taking place.

Risk	Mitigation measures
Interest of partner countries to participate in project activities decreases	Action needs to showcase the added value for engagement
Identification and relevant involvement of stakeholders at both national and regional level proves challenging.	Adopting a balanced intervention approach by way of a mix of actions at the national and regional level. Involving EU Delegations at the heart of project implementation.
EU data protection agenda is seen as a protectionist measure	Adopting a right-based approach and showing benefits of high protection standards
Difficulty to engage non-like-minded countries on regulatory cooperation and cyber issues	Close coordination and alliance building with EU Member States and liked-minded partner countries
Regional standards competing at global level	Transpose EU standards into international standards. Increase international coordination.

3.4. Stakeholders

Considering the multi-stakeholder character of the proposed action, foreseen activities will imply collaboration in the targeted countries for implementation with the following stakeholders:

Personal data protection and data flows: the project will target civil society; business/private sector; academia; legislators and government in the form of agencies and other organs directly involved with data protection. In countries where a national data protection authority is in place, activities may be coordinated with the regular activities of the relevant counterpart (activities of national authorities, conferences of regional bodies, etc.). At regional level, the project will seek collaboration with regional fora such as the Red Iberoamericana de protección de datos and the Data Privacy Subgroup under the APEC Electronic Commerce Steering Group.

ICT Standardisation: the project will target Standard Development Organisations (SDOs) and regulatory bodies at partner country level and internationally. The participation of the business/private sector will target a balance between standard contributors and standard implementers.

Trust and security: Cyber diplomacy and cyber resilience: the project will target government and more particularly authorities in the partner countries that are engaged in cyber diplomacy and cyber resilience. In addition, the project will seek the involvement of civil society, academia, think tanks and the business/private sector carrying out activities related to protecting critical infrastructure, preservation of online rights and freedoms, privacy and openness.

Cross border access to electronic evidence: the project will target government and more particularly law enforcement and judiciary authorities in the US and the EU as well as the business/private sector and more specifically US Tech companies with a special attention for the Silicon Valley.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Grants: call for proposal – (direct management)

This implementation modality concerns:

- Project C - Trust and security in cyberspace: cyber diplomacy and cyber resilience
- Project D - Cross border access to electronic evidence

(a) Objectives of the grants

Projects C and D will be implemented through two grants procured through a call for proposals with two lots:

Lot 1: Trust and Security in cyberspace: Cyber diplomacy and cyber resilience (project C)

Lot 2: Trust and Security: Cross border access to electronic evidence (project D)

The objective of the grant under Lot 1 is to contribute to advance an open, free and secure cyberspace through the promotion of rules-based cyber-behaviour and increased cyber resilience. The field of intervention is cyber diplomacy and cyber resilience. Expected results are: increased consensus with partner countries on how to apply existing international law in cyberspace; enhanced development of cyber norms and confidence building measures; strengthened multi-stakeholder cyber engagement; and enhanced dissemination of EU best practices in strengthening cyber resilience and protecting critical cyber infrastructure.

The objective of the grant under Lot 2 is to contribute to support effective law enforcement cooperation between the EU and the US. The field of intervention is access to cross border evidence. Expected results are: enhanced implementation of effective EU-US Mutual legal assistance (MLA); and strengthened cooperation between law enforcement and US registered business/private sector for digital evidence.

(b) Eligibility conditions

Think tanks, NGOs, research institutes or other civil society organisations in the EU and partner countries. For Lot 1 – "Trust and security", partner countries include: US, China,

Japan, South Korea, India, Brazil, Latin America, Asia and Europe. For Lot 2 – "Cross border access to electronic evidence", the partner country is the US. Regional and international organisations are eligible to apply. Applicants must demonstrate that project activities are strictly non-profit making.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

The grant contracts will be concluded indicatively during the 1st quarter of 2017.

4.1.2. Grants – direct award (direct management)

This implementation modality concerns:

- Project B: ICT Standardisation

(a) Objectives of the grants

The objective of this grant is to contribute to strengthen the EU approach and outreach on international ICT standard setting and EU standards. The field of intervention is ICT standardisation. Expected results are: increased awareness and acceptance of relevant actors of EU standardisation model; improved coherence through development of common standardisation approaches based on existing best practise; strengthened cooperation with identified actors regarding the development of harmonised open international ICT standards in the area of Internet of Things, 5G Communication, Cloud computing, big Data and Cyber security.

(b) Justification of a direct award

Under the responsibility of the Commission's responsible authorising officer, the grant may be awarded without a call for proposals to the European Telecommunications Standards Institute (ETSI).

In accordance with the provisions of article 190(1)(f) of the RAP, characteristics of this action require a particular type of body, notably ETSI, on account of its technical competence, its high degree of specialisation and administrative power. In the case where the grant is awarded directly to ETSI, this will be justified by the Commission's authorising officer responsible in the award decision, in line with Article 190(1) (f) of the RAP.

Given the high political relevance for the EU of promoting the EU standardisation model globally, it is judged as most appropriate to select as implementing partner of this project ETSI by virtue of its own mandate as the European telecommunication standards organisation.

In fact, ETSI is officially recognised by the EU as one of the three European Standards Organizations, but it is uniquely placed to implement this technical action on ICT standards in view of its specific expertise on telecommunication standards, in particular on Cloud Standards and the Internet of Things (IoT), which is at the core of this project.

ETSI offers a combination of technical expertise and contacts with the governments, businesses as well as other stakeholders to conduct work on the proposed action. As a not-for-profit standards development organisation founded initially in 1988 to serve European needs, ETSI has today a global perspective with a global membership and standards implemented worldwide. Its diverse membership includes some of the world's leading companies from the manufacturing and service sectors, regulatory authorities and administrations, SMEs and start-ups, working alongside universities, R&D organisations and societal interest groups. Consequently, ETSI has all the necessary legitimacy vis-à-vis relevant stakeholders for this action.

ETSI's mission is to enable the emergence of global open standards for communication networks and services. ETSI conducts its mission through enabling the creation of standards by means of setting the ecosystem and creating the communities and conditions for the development of standards. Over 800 members (industry, governments, and users) from 65 countries design the work programme and populate the technical committees. ETSI collaborates and works in partnership with different types of organizations around the world. ETSI is also highly regarded for its world-leading Intellectual Property Rights (IPR) Policy based on FRAND principles.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial manage

(e) Indicative trimester to conclude the grant agreement

Indicatively during 1st quarter 2017

4.1.3. Procurement (direct management)

This implementation modality concerns:

- Project A: Enhanced data protection and data flows

(a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.

(b) Indicative timing to launch the call 1st quarter 2017

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. Grant – call for proposal (projects C and D) (direct management)	2.5
4.1.2. Grants - direct award (project B) (direct management)	2.5
4.1.3. Procurement - services (project A) (direct management)	3.0
Total	8.0

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the action will be a continuous process and part the implementing partner's responsibility. To this end, the implementing organisations shall establish internal, technical and financial monitoring and elaborate regular progress reports and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

To ensure proper project governance and strategic orientation a Steering Committee per project will be established.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the action. The implementing organisations shall develop an information and communication plan that will ensure that the EU contribution to the action is fully recognised and that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.

ANNEX 19

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for EU-GCC dialogue on economic diversification**1. IDENTIFICATION**

Title of the action	EU-GCC dialogue on economic diversification			
Country/ Region	Gulf Cooperation Council (GCC) countries ¹			
Total cost	Total estimated cost: EUR 3 000 000 Total amount of the EU budget contribution: EUR 3 000 000			
Total duration ²	60			
Method of implementation	Direct management: Procurement – Services			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

2. RATIONALE AND CONTEXT**2.1. Summary of the action and its objectives**

The Global Strategy for the European Union's Foreign and Security Policy states that the EU will pursue balanced engagement in the Gulf, with the GCC and individual Gulf countries, by deepening dialogue and fostering the space for cooperation and diplomacy.

This project on economic diversification in the GCC will aim to tackle a number of key issues of relevance to the development of EU-GCC relations, which are all closely linked to GCC Member States' strategies to develop their economies away from an often near-exclusive reliance on hydrocarbon extraction.

For GCC countries to succeed in this process, they will need to put in place an appropriate policy environment to encourage and facilitate private sector development and investment in non-hydrocarbon-dependent sectors. Given that the GCC countries represent a major export

¹ Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

² The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (36 months); (iii) the closure phase (indicatively 12 months).

market for the EU and are our fourth most important export market after the US, China and Switzerland in 2015, with a significant trade surplus, as well as an important destination and source partner for international investment flows, there is a strong interest that this evolution takes place in a way that encourages additional two-way trade and investment flows.

This project should also continue to provide a positive spin to the otherwise complex EU-GCC dialogue on climate issues.

2.2. Context

Individual GCC countries have been drawing up plans to diversify their economies for decades in part also due to an unprecedented rise in demographics, where jobs will have to be created for the youth. With the changing economic reality, namely in view of the likely durably lower oil prices and with the global shift towards sustainable practices including in the energy sector, GCC countries have engaged more decisively on a path of transformation towards knowledge-based economies and societies, and shift away from sole dependency on fossil fuel. This shift already led GCC members to take unprecedented measures towards diversifying their sources of revenue, e.g. by taking steps towards introducing a broader-based taxation (e.g. VAT by 2018). The altered fiscal situation due to lower oil prices has increased the commitment to take economic diversification more seriously in most GCC member states; the recent National Transformation Plan of Saudi Arabia "Vision 2030"³ unveiled in May 2016 by the Deputy Crown Prince is an example of a possible vehicle to trigger a real change of mind-set: its objective is to both diversify the economy away from oil and implement social reforms. The initiatives envisaged aim at more than tripling Saudi Arabia's non-oil revenue over the next five years, reduce public-sector salaries and create more than 450,000 non-government jobs.

This development was emphasised in 2015, when all GCC countries presented a commitment to the Paris agreement (INDC⁴) based on their economic diversification strategy, which for example in the case of Saudi Arabia contains a concrete target in terms of GHG emissions reductions. The recent moves to cut subsidies, which encourage fossil energy use and burden the public budget, are a real step towards fulfilling this commitment.

In response to calls for increased cooperation and exchanges on climate-relevant issues, four workshops between the EU and GCC countries on economic diversification in the context of climate change were organised between January 2015 and February 2016. They resulted in an agreement that two new avenues need to be opened; firstly a **horizontal cross-sectoral approach** is necessary for an effective discussion on this topic (under the EU-GCC official umbrella), and secondly, **workshops on economic diversification** relevant topics of interest to be organised in cooperation with the European Commission. In addition, two research and innovation workshops were organised in December 2015 (Muscat) and March 2016 (Doha) by the FP7⁵ funded bi-regional platform INCONET-GCC2. The workshops allowed to identify priorities of mutual interest in the field of health, smart cities, clean and sustainable energy, and to discuss related cooperation opportunities and challenges. The field of clean and sustainable energy appears as a clear priority for cooperation and two topics were identified as vital for the success of the COP21 Agreement: Carbon Capture and Storage, and Concentrated Solar Power.

³ <https://english.alarabiya.net/en/perspective/features/2016/04/26/Full-text-of-Saudi-Arabia-s-Vision-2030.html>

⁴ INDC: Intended Nationally Determined Contribution.

⁵ FP7: Seventh Framework Programme for Research and Technological Development

A list of potential sectors of cooperation⁶ on economic diversification was shared with the GCC at the last EU-GCC Joint Cooperation Committee (JCC) held in Riyadh on 6 April 2016. The GCC Secretariat welcomed these sectors of cooperation, as did, in particular, Saudi Arabia and the UAE. On the EU side, such cooperation could also possibly be supported by Member States, who are generally in favour of improving the relationship with the GCC region.

The current EU pro-innovation ecosystem offers opportunities for GCC countries strategic investments, not only to tap into the EU technological know-how, but to integrate sound multi-stakeholders innovation value chains, allowing GCC countries to leapfrog the diversification of their economies, gaining the know-how to better direct their investments and make them more sustainable. Paving the way to such strategic co-investments would be to foster cooperation through the Horizon 2020 programme, which is open for participation of GCC public and private entities.

The GCC countries are among the world's largest GHG emitters per capita, with a fast emissions growth over the past decades. They traditionally played a negative role in the climate negotiations but did not oppose the adoption of the Paris Agreement in 2015. All GCC countries submitted their INDCs, whereas Saudi Arabia presented a GHG emissions reduction target in absolute terms thanks to the link between climate action and the economic diversification. The dialogue on economic diversification is a useful way to make the economic case for a more positive attitude towards climate policies and support the EU climate diplomacy.

Against the broader background of work to promote also a more active EU economic diplomacy, this project should support EU trade and investment interests at the same time as contributing towards the process of economic diversification in the Gulf region.

Bringing together climate diplomacy and economic diplomacy objectives in the same action is very much in line with the Global Strategy for the European Union's Foreign and Security Policy. The strategy sets forth a vision of a more joined up Union and emphasises the importance of a more joined up external action as one of the elements to that end.

2.3. Lessons learnt

In defining both the implementation details and the concrete activities, best use will be made of lessons learnt in particular from the EU-GCC Invest project, which ended in 2013; during the still ongoing EU-GCC Trade and Business Cooperation Facility; the EU-GCC Clean Energy Network II and the INCONET-GCC2 roadmap on research and innovation cooperation.

This experience relates to the project management set-up, including clear and structured engagement of the implementing entity with the EU institutions, the challenges of the

⁶ A preliminary list of areas of common interest shared with GCC at the last EU-GCC JCC :

- Industrialisation;
- Transport and urban development including smart cities;
- Sustainable water management, desalination;
- Research and education including development of local talent;
- Private sector development and entrepreneurship;
- Investment enabling environment.

launching phase, the creation of a local network, and the best sequencing and implementation of individual activities.

2.4. Complementary actions

The proposed project areas of cooperation correspond to EU priorities in the region and they are complementary to existing projects (namely EU-GCC Clean Energy Network II and EU-GCC Trade and Business Cooperation Facility); the ongoing cooperation (such as the Macroeconomic dialogue) or the future EU-GCC Dialogue on trade and investment issues, while providing a cross-sectoral platform for possible synergies building and better coordination.

Concretely, the project should provide the means to mobilise maximum possible knowledge and resources, as well as the private sector, in conjunction with the above-mentioned government to government dialogues.

3. DETAILED DESCRIPTION

3.1. Objectives

The project will have as an overarching objective the monitoring and support of continuous exchanges at both political and technical levels concerning the process and progress of economic diversification within the context of the development of trade relations with the region and the EU economic diplomacy. It will also provide a positive spin to the otherwise complex EU-GCC dialogue on climate issues.

The project specific objectives will be two-fold and aim to:

- Better consolidate and coordinate the positions of the EU industry and technology platforms at national and regional level and presenting them in an appealing way to the GCC side during the below described activities. This would be achieved through **horizontal cross-sectoral strategy** and include strategic and inclusive discussions, impact assessments, surveys and studies of mutual interests in key fields of trade, economy, finance, business environment, energy, climate change, environment, education, research and innovation.
- Provide further, targeted support in the form of an exchange of technical expertise and advice in view of the implementation of the economic diversification strategies. This would be achieved through **sectoral technical cooperation** in areas such as industrial policy and development of non-hydrocarbon sectors, private sector development, in particular Small and Medium-size Enterprises (SMEs), and entrepreneurship; development of a sustainable innovation ecosystem; investment enabling environment; joint R&D activities and technology transfer etc. and so promote the network creation and facilitate the market access on both sides and in particular of the EU companies to the GCC market.

3.2. Expected results and main activities

Component A: Strategic discussions and policy dialogues

Expected results:

Improved visibility and image of the EU as a partner for GCC for cooperation on economic diversification strategies, macroeconomic stability, trade and investment, research and innovation as a result of a structured and cross-sectoral dialogue and improved information flows between the EU and GCC.

Main indicative activities:

Exchanges, best practices, case studies, etc. sharing between public and private sectors on the areas of interest and as relevant to the ongoing political and technical dialogues. Such exchanges would be carried out in conjunction with the ongoing official EU-GCC policy dialogue and would not be necessarily limited to the duration of the project. This would in turn provide insights (or if possible an action plan) concerning possible cooperation and business opportunities for both sides in the future, and more transparency.

Component B: Linking public and private sector

Expected results:

Relevant contributions made to GCC legislation and regulation relating to the investment environment (e.g. on topics such as labour laws, workforce and immigration; environmental standards; innovation; procurement and local content requirements; investment protection; infrastructure development policies; IPR), based on consultations with EU business and a consolidation of EU business positions, which are currently not coordinated at EU level.

Main indicative activities

Exchanges on relevant policy options with private sectors stakeholders, academic and non-governmental institutions.

Activities which support the establishment of a regular dialogue or a platform encouraging and facilitating the cooperation of the public and private sector representatives in order to ensure exchanges on relevant policy options.

Investment surveys and position papers reflecting a consolidation of the views of EU businesses operating in the region, targeted trainings and networking events.

Component C: Awareness raising

Expected results

Improved interaction and information availability for EU stakeholders on business and investment climate in the GCC, particularly as it relates to the development of non-

hydrocarbon sectors (depending on the priorities as set in the respective national transformation plans/visions⁷).

Main indicative activities

Investment surveys and position papers reflecting a consolidation of the views of EU businesses operating in the region, business fora, targeted trainings, awareness raising projects, networking and match-making events, joint fairs and dissemination of relevant information to business, including prospective exporters/investors.

Creation of an interactive project website.

Component D: Sectoral technical cooperation

Expected results

Improved trade and investment climate, which would encourage and facilitate a closer cooperation, increase business opportunities and partnerships, environmental and research cooperation, including improved access to existing cooperation programmes such as Horizon 2020, and joint projects or investments in the GCC as well as in the EU.

Main indicative activities

Exchanges, best practices, case studies, etc. sharing between public and private sectors as well as contributions to GCC legislation on the areas of interest such as industrial policy and development of non-hydrocarbon sectors, private sector development and entrepreneurship, investment enabling environment, research and education including innovation management and development of local talent technology, etc. Trainings and exchange programmes for young professionals contributing to the creation of a reserve of reliable workforce with relevant business related skills while tackling the mandatory local content quotas.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Considering the general approach to climate change in the Gulf region and historic challenges of implementing economic diversification, there is a risk of decreased interest in the cooperation stressing GHG emissions reduction.	M	The focus on economic diversification, which will be the core of GCC climate change policies and is now the key priority in the region, should minimise this risk. The enhanced research and innovation cooperation and science diplomacy allow for the relevant stakeholders to stay involved, even if the dialogue on other "less

⁷ While the prioritisation of sectors should be done at the start of the project, together with the winning consortium (inception phase), the currently estimated priority sector to be considered with reference to the existing national visions are the following: alternative energy sources and efficiency, petrochemicals, transport and infrastructure including defense, food security, buildings and urban planning and possibly tourism.

		soft" issues is not progressing.
Should international oil prices recover significantly from present levels, the motivation of GCC governments/agencies will be reduced.	M	Current predictions indicate that the oil prices should remain at relatively low levels. On the other hand, with growing oil prices, there would be more available means to implement current ambitious and priority diversification policies, which are necessary for the sustainability of both the political and economic system in the GCC countries.
The successful and timely implementation of activities also depends on the support provided by the various administrative and judicial stakeholders on the GCC side. A risk exists that this support may not be constant over time or decrease.	M	A meticulous preparation of the programme launch and an outreach to the GCC stakeholders, who already expressed their interest in the project, will limit this risk. Appropriate mechanisms should allow for the necessary flexibility to adapt activities and plans to evolving circumstances.

3.4. Stakeholders

Public administrations (GCC countries, European Commission and EU Member States as appropriate) and key non-governmental institutions with a mandate to deal with trade, economy and planning, public finance, urban development, climate change, energy, environment and water, maritime affairs, research, innovation, education and employment, which will interact thanks to the cross-sectoral economic diversification dialogue, which will be established as described above.

The involvement of the European Investment Bank and other International Financial Institutions from the EU and from the GCC countries could also be considered as regards enhanced dialogue and exchange programmes in the financial services sector.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

- a) The project will be implemented via an international service contract.
- b) Indicative timing: call for tenders to be launched 4th Quarter 2016

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement - (direct management)	3
Total	3

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

A *Steering Committee* will be in charge of taking decisions on the annual activity plans and budgets and of overseeing the implementation of the overall project. It will include representatives of EEAS and relevant Commission services (indicatively FPI, DG TRADE, ECFIN, ENER, CLIMA, GROW, RTD, EEAS) and the technical implementation team. The Steering Committee meetings will be held in the GCC or in Brussels (DVC connectivity) and be chaired by DG TRADE (EU Delegation) and FPI. It will meet at least once a year, starting with a kick-off meeting during the inception phase of the project. DG TRADE will be in charge of all technical matters as well as the coordination with the partner DGs while FPI will handle all contractual and financial matters.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its component, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action

4.5. Communication and visibility

It is suggested that an interactive website be created for the programme. It should also include links to the websites of other EU programmes and initiatives in the region or bring all the current projects together into one website. The creation and set-up of this website and of visibility actions will be specified in the service contract, aiming at implementing a more comprehensive format, including search function. The service contract will further clarify DG TRADE's control function and ownership of the website.

Part of the annual activities will focus on the increase of public awareness. It is further envisaged to carry out these activities if possible back-to-back with EU-GCC high-level policy events, EU-GCC Joint Cooperation Committee or Commissioners' visits in order to assure visibility and political engagement, including possibility of implication of business delegations.

The project will provide support to the creation of an EU-wide industry and business community in the GCC to be built on the existing national structures such as the French-Arab Business Council. It will also aim at increasing awareness of the established traineeship opportunities in EU businesses and programmes.

During the implementation of the project, and in all activities carried out, EU support will be made visible to all entities and stakeholders involved as well as in media, social media, brochures, videos and any other communication material. In line with relevant EU visibility guidelines, all documentation and promotional material produced in the framework of the project must bear the EU flag and mention that it is financed by the EU.

ANNEX 20

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for the EU-Latin America cooperation on Civil Aviation**1. IDENTIFICATION**

Title of the action	EU-Latin America cooperation on Civil Aviation			
Country(ies)/ Region	<p>At bilateral level: Argentina, Brazil, Chile, Colombia and Mexico.</p> <p>At regional level: SRVSOP¹ and ACSA² are the regional mechanisms through which the results will be disseminated to the whole region.</p> <p>The Caribbean region may also be covered by some of the activities included in this action, as appropriate.</p>			
Total cost	<p>Total estimated cost: EUR 7 000 000</p> <p>Total amount of the EU budget contribution: EUR 7 000 000</p>			
Total duration ³	72 months			
Method of implementation	Indirect management			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>

¹ SRVSOP - Sistema Regional de Vigilancia de la Seguridad Operacional (Safety Oversight Regional System) grouping Argentina, Bolivia, Brazil, Cuba, Chile, Colombia, Ecuador, Panamá, Paraguay, Perú, Uruguay and Venezuela.

² ACSA - Agencia Centroamericana de Seguridad Aérea (Central American Aviation Safety Agency) grouping Belize, Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua.

³ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (48 months); (iii) the closure phase (indicatively 12 months).

	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
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2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

In line with the Europe 2020 strategy and the European Commission's Aviation Strategy for Europe⁴, this project will develop and support European aviation interests in Latin America, with a focus on Argentina, Brazil, Chile, Colombia and Mexico, by strengthening institutional links, promoting regulatory harmonisation, addressing capacity limitations and supporting environmental protection and climate action. It will promote European policy, standards and technology in order to provide a more compatible and open market for the EU aviation industry in this region.

2.2. Context

Aviation is a strong driver of economic growth, jobs, trade and mobility for the EU. It plays a crucial role in the EU economy and reinforces its global leadership position.

The Latin American market (in particular Argentina, Brazil, Chile, Colombia and Mexico) is strategically important for the EU aviation industry. Over the next 20 years, growth of the region's airlines is estimated at 5.3% per annum and approximately 2 300 aircraft are forecasted as needed to support the region's economic and traffic growth.

Political and trade relations between the EU and Latin America, and particularly with Brazil, are significant for both regions. The EU is the second largest trade partner and largest investor in Latin America. There are also important aircraft industry manufacturing assets in Brazil and Mexico. Both governments have as an objective to facilitate the development of these industries and EU partners are the most qualified for possible joint ventures or other forms of industrial cooperation.

With Brazil, the EU has concluded a Bilateral Aviation Safety Agreement (BASA) and is close to concluding a comprehensive Air Transport Agreement (ATA). The European Commission has proposed to the Council to open negotiation on ATA also with Mexico. These agreements shall bring significant economic benefits in terms of additional direct traffic but also improved regulatory cooperation in the areas of aviation safety, security, air traffic management, aviation infrastructure, environmental standards, competition, investment in air carriers, consumer protection, computer reservation systems and social aspects.

On 7 October 2016 the ICAO Assembly adopted a [Resolution for the establishment of a Global Market Based Measure](#) to offset CO2 emissions from international aviation and to contribute to the carbon neutral growth of the sector from 2020 onwards.

This context provides significant political, economic and business opportunities. For these opportunities to reach their full potential high standards of aviation safety and security are to be maintained and aviation's environmental and climate footprint is to be reduced.

⁴ An Aviation Strategy for Europe, COM(2015) 598 final of 07.12.2015

2.3. Lessons learnt

Through previous activity carried out by the European Aviation Safety Agency (EASA), bilateral contacts with the target countries and regional institutions have been established with positive feedback.

There have been several examples of concrete cooperation through the SRVSOP implemented in the past and ACSA has received limited but timely EASA support over the past years that has allowed a privileged relationship and provided them with exposure to EU aviation rules.

Following this there is significant experience on how to leverage a small investment to produce a significant result: the ACSA group of countries in Central America now already follow certain EU rules. However, there is a need to maintain this link and provide a timely boost to that support. There are no other complementary EU projects or programmes ongoing or planned in this field now.

More generally, the implementation of similar technical aviation projects through commercial contractors has delivered mixed results. This is why EASA will play a leading role in the management of the project. As well as being a counterpart authority for the Latin American states, it will also boost the EU's visibility and provide a single entry point for EU expertise.

This approach will be conducted in close cooperation with the aviation authorities at European and Member State level. Member State authorities will play an important role in the project activities, according to their competences.

2.4. Complementary actions

Several regional initiatives are working to promote regional integration and develop a common approach to aviation safety and a common regulatory framework.

The Latin American Civil Aviation Commission (LACAC) is the regional organization for civil aviation for the Latin American States. Its main objective is to provide the civil aviation authorities of their Member States with a suitable framework within which to discuss, to plan and to manage all measures required for co-operation and coordination of civil aviation activities and to promote efficient, sustainable, safe, secure, orderly and harmonized air transport for Latin America.

SRVSOP in South America is an initiative to develop common standards and share resources taking advantage of economies of scale. Their regulatory framework is already developed but there is a possibility to influence and cooperate with them, especially on Air Traffic Management / Air Navigation Services, which still needs to be developed.

ACSA in Central America is an example of regional integration via a Regional Safety Oversight Organisation (RSOO), of which EASA is the foremost example. Within ACSA, there is a clear decision to follow EU standards, which are a natural fit for different sizes and shape of countries wishing to work together.

Airbus has been providing funding to ACSA and some EU National Aviation Authorities also provide support to their territories located in the region.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of the project is to enhance political, economic and environmental partnership between the EU and Latin America in the domain of civil aviation.

The specific objective of the project is to promote EU standards, strengthen regulatory cooperation and facilitate market access for EU aviation industry in Latin America, as well as minimise the impact of aviation on the environment and climate change. The project will particularly focus on Argentina, Brazil, Chile, Colombia and Mexico.

3.2. Expected results and main activities

In order to reach the specific objective and to contribute to the overall objective, the proposed action is expected to deliver the following results:

Result 1 - Dialogue on civil aviation built and institutional relations reinforced between Latin America and the EU.

Result 2 - Increased technical exchange between Latin American and EU aviation stakeholders.

Result 3 - Reduced barriers impeding market access and development for EU aviation industry in Latin America.

Result 4 - Improved environmental performance and reduced impact on climate change of the Latin American aviation sector.

Main indicative activities:

- Bilateral meetings with States and regional partners in Latin America to identify priorities and harmonise aviation policy and regulatory practice.
- Active participation in regional meetings such as the Pan American Aviation Safety Summit, Regional Aviation Safety Group (RASG-PA) and Directors General of Civil Aviation Meeting (DGAC) to promote the project's objectives and raise the interest and involvement of local partners.
- Workshops and technical studies for individual states to define their needs towards higher level of aviation safety to enhance regional cooperation and support the preparation and implementation of the EU air transport agreements and regulatory harmonisation with the EU regulatory framework.
- Staff exchanges and the conclusion of MoUs to develop bilateral partnerships and sustainable links with the different aviation stakeholders, with a particular focus on educational institutions.
- Review of states' aviation systems and provision of consultancy to support the development of roadmaps for improvement of state systems and infrastructure.
- Provision of specific support for the development of the ACSA and SRVSOP regulatory frameworks in line with EU regulations.

- Studies and analysis of Air Traffic Management (ATM) and Aerodromes systems in Latin America with reference to regional ATM measures in line with SES⁵.
- Roadshows and inclusion of EU industry in the above activities to develop safety initiatives and promote EU products and services.
- Conferences and high level meetings to develop a policy dialogue and regulatory framework on environmental protection and climate action with a particular focus on CO₂ emissions from the aviation sector.
- Workshops and studies to strengthen the overall readiness of Latin American states to implement a Global Market Based Measure (GMBM) for carbon neutral growth under ICAO, including Monitoring, Reporting and Verification (MRV) capacities and registry systems.
- Promotion of EU green technologies in the above activities, including ATM, sustainable biofuels and reduction of noise, CO₂ and NO_x emissions.

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Poor interest, willingness to commit resources or buy-in / ownership by some of the targeted countries.	L	Raise industry awareness. Use peer pressure in Latin-American aviation forums. Make use of EU Delegations to keep interest of relevant authorities high. Where applicable, communicate on EU Safety List situation.
Political factors and/or an EU air safety ban may lead to reduced desire to cooperate with EASA and the EU.	L	Monitor the overall political context and communicate and adapt the project accordingly together with stakeholders, including EU Delegations.
Slowdown of economic growth resulting in reduced demand in aviation transport services and products.	L	Monitor overall economic development, consider adjusting focus of project activities to even more strongly support EU market share in Latin America. Alternatively, in case of a severe and prolonged economic crisis, consider reducing the scope, postponing or early closure of the project.
Increased market access obstacles for EU companies trading with or	L	Monitor industrial developments. Increase dialogue and technical project activities addressing market access

⁵ Single European Sky initiative

investing in Latin America.		obstacles.
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3.4. Stakeholders

Indicative stakeholders are:

Interest / roles	EU	Non-EU
Political and technical oversight	European Commission EU Member State Ministries of Transport, Ministries of the Environment, Ministries of Trade and Finance	Latin American Ministries of Transport, Ministries of the Environment, Ministries of Trade and Finance National Aviation Authorities
Main aviation related institutions	EASA, EU National Aviation Authorities, Accident Investigation Bodies, Air Navigation Service Providers, Eurocontrol	Latin American National Aviation Authorities of Beneficiaries (ANAC Argentina, ANAC Brazil, DGAC Chile, UAEAC Colombia and DGAC Mexico) and Regional Organisations (SRVSOP and ACSA), Accident Investigation Bodies, Air Navigation Service Providers, ICAO SAM and NACC offices, LACAC ⁶
Main end stakeholders	Manufacturing industry (ASD), airlines (AEA, A4E), airports (ACI), educational institutions, passenger protection groups, environmental protection groups, trade bodies	Manufacturing industry, airlines (IATA, AAPA), low-cost airlines, educational institutions, passenger protection groups, environmental protection groups, trade bodies

⁶ Latin American Civil Aviation Commission: Argentina, Aruba, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, Peru, Dominican Republic, Uruguay, Venezuela

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1 Indirect management

The project will be implemented in indirect management through the conclusion of a Delegation Agreement with EASA. This Delegation Agreement is justified on the basis of Article 60 of the Financial Regulation⁷.

EASA is a key player in the European Union's aviation safety system established by Regulation (EC) No 216/2008. Its mission is to promote the highest common standards of safety and environmental protection in civil aviation. The Agency develops common safety and environmental rules, carries out standardisation checks and provides technical expertise and training. In accordance with its Basic Regulation it assists the Union and the Member States in their relations with third countries and cooperates with their aeronautical authorities.

EASA is already engaged with the Latin American authorities, mainly through ACSA and SRVSOP. Individual contacts have been also established with Latin American National Aviation Authorities and especially with ANAC Brazil in the framework of the signature and development of the Bilateral Aviation Safety Agreement.

EASA is the sole organisation at European level working on aviation safety and environmental protection based on a total system approach, covering all major aviation domains. EASA's administrative set-up and status will allow this project to offer Latin American partners a single point of entry to the whole remit of EU aviation experience.

Reflecting the regional dimension of the European aviation system and the objective of involving EU industry in this action, the main part of work will be implemented by EU Member State National Aviation Authorities, EU industry (in conjunction with its associations), other EU partners where appropriate, as well as other entities including private sector service providers. EASA will channel funding to these third parties in support of the project objectives. In broad terms, budget implementation tasks may include the provision of technical assistance and consultancy services to relevant partner entities, organisation of seminars/conferences/events, carrying out studies and analysis.

The detailed activities to be carried out will be tailored during the inception phase of the project, based on considerations such as industry priority and the evolving aviation market in the region.

The Delegation Agreement will indicatively be concluded in the 4th quarter of 2016.

⁷ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union

4.2. Indicative budget

Method of Implementation	Amount in EUR in million
4.1.1 – Indirect management – Delegation Agreement with EASA	7
Total	7

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress reports and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

A project steering committee is envisaged, consisting of at least EASA, services of the European Commission and the European External Action Service. The project will seek to involve Latin America partners, EU industry and other stakeholders as relevant.

4.4. Evaluation and audit

EASA is an EU agency which is subject to scrutiny by multiple actors including the EASA internal audit section, the Commission's Internal Audit Service, the Court of Auditors and other external auditors such as those in the scope of its ISO9001 certification.

For this action or its components, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, based on a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits (if needed), as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the project. The implementing organisations shall develop an information and communication plan that will ensure that the EU contribution to the action is fully recognised and that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.

The implementation of the project by EASA, an agency of the European Union, will multiply the EU's overall visibility.

ANNEX 21

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for the EU-South East Asia cooperation on Civil Aviation**1. IDENTIFICATION**

Title of the action	EU-South East Asia cooperation on Civil Aviation			
Country(ies)/ Region	South East Asian (ASEAN) region: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam			
Total cost	Total estimated cost: EUR 7 500 000 Total amount of the EU budget contribution: EUR 7 500 000			
Total duration ¹	72 months			
Method of implementation	Indirect management			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (48 months); (iii) the closure phase (indicatively 12 months).

2. RATIONALE AND CONTEXT

2.1.1. Summary of the action and its objectives

This project will develop and support European aviation interests in South East Asia in line with the Europe 2020 strategy and the European Commission's Aviation Strategy for Europe², by strengthening institutional links, promoting regulatory harmonisation, addressing capacity limitations and supporting environmental protection and climate action.

It will promote European policy, standards and technology in order to provide a more compatible and open market for the EU aviation industry in this region.

2.1.2. Context

Aviation is a strong driver of economic growth, jobs, trade and mobility for the European Union. It plays a crucial role in the EU economy and reinforces its global leadership position. The Association of South East Asian Nations (ASEAN) is the EU's third largest trading partner outside Europe.

ASEAN represents a fast-growing aviation market of a population of more than 600 million. Air travel to, from, and within South East Asia is projected to grow at an average of 6.6% annually over the next 20 years as passenger demand is stimulated by lower fares and new routes enabled by market liberalisation. Furthermore ASEAN is developing an ASEAN Single Aviation Market (ASAM), which has commonalities with the single aviation market in the EU. Both the growth potential and integration of the ASEAN aviation market provides significant political, economic and business opportunities, which, in order to reach their full potential, must be underpinned by high standards of aviation safety, security and environmental protection.

On 7 June 2016, the Council of the European Union authorised the European Commission to open negotiations on a comprehensive bloc-to-bloc EU-ASEAN Air Transport Agreement. The EU intends the negotiations to be conducted and completed as soon as possible. The Agreement shall bring significant economic benefits to both regions in terms of additional direct traffic but also improved regulatory cooperation in the areas of aviation safety, security, air traffic management, aviation infrastructure, environmental standards, competition, investment in air carriers, consumer protection, computer reservation systems and social aspects.

On 7 October 2016 the ICAO Assembly adopted a [Resolution for the establishment of a Global Market Based Measure](#) to offset CO2 emissions from international aviation and to contribute to the carbon neutral growth of the sector from 2020 onwards.

² An Aviation Strategy for Europe, COM(2015) 598 final of 07.12.2015

2.1.3. Lessons learnt

Lessons have been learned from the on-going ASEAN Air Transport Integration Project (AATIP)³, which supports ASEAN in implementing ASAM. The project will build upon the lessons learned and best practices developed during AATIP's implementation.

More generally, the implementation of technical aviation projects through commercial contractors has delivered mixed results. This is why the European Aviation Safety Agency (EASA) will play a leading role in the management of the project. As well as being a counterpart authority to the South East Asian States, this will boost the EU's visibility and provide a single entry point to EU expertise.

This approach will be conducted in close cooperation between the aviation authorities at European and Member State level. Member State authorities will play an important role in project activities, according to their competences.

2.2. Complementary actions

The EU funds the AATIP project, which is implemented by EASA in support of the ASEAN Secretariat and its member states to support:

- The harmonisation of regulations on aviation safety, security, air traffic management, environmental protection, market liberalisation, and economic and competition laws;
- The definition of frameworks or procedures to support the establishment of ASAM;
- The progress towards ASEAN institutional development and capacity building.

A follow-up to AATIP is under preparation under the EU ARISE⁴ Plus programme. It will focus on the development of the ASEAN Single Aviation Market and complement activities under this project

The International Civil Aviation Organisation (ICAO) supports the Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South East Asia (COSCAP-SEA). The long term objective of the programme is to evolve itself into a Regional Safety Oversight Organisation (RSOO), of which EASA is the foremost example. The other objectives include overcoming deficiencies in the safety oversight capabilities of South East Asian States by providing training and a regional core of inspectors.

SEARIF (South East Asia Regional Initiative Forum) is a grouping of authorities from South East Asia that was created during the EU-Asia Civil Aviation Cooperation Program sponsored by the European Commission and the European Aerospace Industry that ended in 2006.

Airbus provides funding to selected countries in conjunction with DGCA France and ENAC.

Cambodia, Indonesia, Laos, Myanmar, the Philippines, Thailand and Vietnam receive support from the Japan International Cooperation Agency. Brunei and Thailand contract support from the commercial arm of the UK CAA (CAAi). Indonesia has benefited from support from the US FAA, Dutch Ministry of Infrastructure and the Environment (Transport Ministry) and the ICAO Technical Cooperation Bureau (TCB).

³ Funded by the EU (DCI - Asia and Central Asia) AATIP runs from 2012-1016 with a budget of €4.7 million.

⁴ ASEAN Regional Integration Support from the EU

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of the project is to enhance political, economic and environmental partnership between the EU and South East Asia in the domain of civil aviation.

The specific objective of the project is to align EU and South East Asia policy in the field of civil aviation, facilitate market access for EU aviation industry and minimise the impact of aviation on the environment and climate change.

3.2. Expected results and main activities

In order to reach the specific objective and to contribute to the overall objective, the proposed action is expected to deliver the following results:

Result 1 – Enhanced policy dialogue and strengthened institutional links

Result 2 – Reduced market barriers for EU aviation industry in SEA

Result 3 – Raised standard of environmental protection and climate action

Main indicative activities:

- Bilateral meetings between the EU and South East Asia countries to identify priorities and harmonise aviation policy and regulatory practice.
- Workshops and technical studies for individual states to complement and support regional actions supporting the preparation and implementation of the ASEAN comprehensive EU air transport agreement and regulatory harmonisation.
- Staff exchanges and the conclusion of MoUs to develop bilateral partnerships and sustainable links with the different aviation stakeholders, with a particular focus on educational institutions.
- Review of States' aviation systems and consultancy to support the development of roadmaps for improvement of state systems and infrastructure.
- Conferences for raising industry and political awareness, review of State Safety Programmes, regulatory comparison exercises, rulemaking working groups, provision of technical documentation, training and on-the-job support to build capacity in selected weaker states, particularly through the implementation of EU regulations and best practice⁵.
- Roadshows and inclusion of EU industry in the above activities to develop safety initiatives and promote EU products and services.
- Conferences and high level meetings to develop a policy dialogue and regulatory framework on environmental protection with a particular focus on CO₂ emissions from the aviation sector.

⁵ Potentially done in the scope of the South East Asian Regional Integration Forum (SEARIF).

- Workshops and studies to strengthen the overall readiness of South East Asian States to implement a Global Market Based Measure (GMBM) for carbon neutral growth under ICAO, including, in particular, Monitoring, Reporting and Verification (MRV) capacities and registry systems.
- Promotion of EU green technologies in the above activities, including ATM, sustainable biofuels and reduction of noise, CO₂ and NO_x emissions.

3.3. Risks and assumptions

It is assumed that South East Asian States remain committed to pursue the ASEAN Single Aviation Market (ASAM), and hence regulatory harmonisation, and allocate an adequate level of resources.

Risk	Risk level (H/M/L)	Mitigating measure
Poor interest or buy-in by specific states and/or inability to reciprocate with own resources by some of the targeted countries.	M	Refocus project activities on more receptive states. Use of peer pressure in ASEAN aviation forums. Use of EU Delegations to keep interest of relevant authorities high. Raise local industry awareness.
Political factors and/or an EU air safety ban may lead to reduced desire to cooperate with EASA and the EU.	L	Monitor the overall political context and communicate and adapt the project accordingly together with stakeholders, including EU Delegations.
Slowdown of economic growth resulting in reduced demand in aviation transport services and products.	L	Adjusting focus of project activities to even more strongly support EU market share in South East Asia.
Increased protectionism and other market access obstacles for EU companies trading with or investing in South East Asia.	M	Monitor industrial developments. Increase dialogue and technical project activities to address obstacles to market access.

3.4. Stakeholders

Indicative stakeholders are:

Interest / roles	EU	Non-EU
Political and technical oversight	European Commission EU Member State Ministries of Transport, Ministries of the Environment, Ministries of Trade and Finance	ASEAN Secretariat South East Asian Ministries of Transport, Ministries of the Environment, Ministries of Trade and Finance
Main aviation related institutions	EASA, EU National Aviation Authorities, Accident Investigation Bodies, Air Navigation Service Providers, Eurocontrol	SEA National Aviation Authorities, Accident Investigation Bodies, Air Navigation Service Providers
Main end stakeholders	Manufacturing industry (ASD), airlines (AEA, A4E), airports (ACI), educational institutions, passenger protection groups, environmental protection groups, trade bodies	Manufacturing industry, airlines (IATA, AAPA), low-cost airlines, educational institutions, passenger protection groups, environmental protection groups, trade bodies
Relevant regional institutions	ICAO European and North Atlantic office, European Civil Aviation Conference	ICAO Asia Pacific office, COSCAP-SEA

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Indirect management

The project will be implemented in indirect management through the conclusion of a Delegation Agreement with EASA. This Delegation Agreement is justified on the basis of Article 60 of the Financial Regulation⁶.

EASA is a key player in the European Union's aviation safety system established by Regulation (EC) no 216/2008. Its mission is to promote the highest common standards of safety and environmental protection in civil aviation. The Agency develops common safety and environmental rules, carries out standardisation checks and provides technical expertise and training. It accordance with its Basic Regulation it assists the Union and the Member States in their relations with third countries and cooperates with their aeronautical authorities.

⁶ Regulation 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union

EASA is already engaged with the South East Asian authorities, mainly through AATIP. As for AATIP, the scope of the project will require exchanges on an authority to authority level, between EASA and the South East Asia national aviation authorities, with a remit which is broader than the Agency's core tasks.

EASA is the sole organisation at European level working on aviation safety and environmental protection based on a total system approach, covering all major aviation domains. EASA's administrative set-up and status will allow this project to offer South East Asian partners a single point of entry to the whole remit of EU aviation experience.

Reflecting the regional dimension of the European aviation system and the objective of involving EU industry in this action, the main part of work will be implemented by EU Member State National Aviation Authorities, EU industry (in conjunction with its associations) and other EU partners where appropriate.

The detailed activities to be carried out will be tailored during the inception phase of the project, based on considerations such as industry priority and the evolving aviation market in the region.

The Delegation Agreement will indicatively be concluded in the 4th quarter of 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Indirect management – Delegation Agreement with EASA	7,5
Total	7,5

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress reports and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

A project steering committee is envisaged, consisting of at least EASA, services of the European Commission and the European External Action Service. The project will seek to involve South East Asia partners, EU industry and other stakeholders as relevant.

4.4. Evaluation and audit

EASA is an EU agency which is subject to scrutiny by multiple actors including the EASA internal audit section, the Commission's Internal Audit Service, the Court of Auditors and other external auditors such as those in the scope of its ISO9001 certification.

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the project. The implementing organisations shall develop an information and communication plan that will ensure that the EU contribution to the action is fully recognised and that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.

The implementation of the project by EASA, an agency of the European Union, will multiply the EU's overall visibility.

ANNEX 22

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for Policy Support Facility (PSF)**1. IDENTIFICATION**

Title of the action	Policy Support Facility (PSF)			
Country(ies)/ Region	Global			
Total cost	Total estimated cost: EUR 1 202 000 Total amount of the EU budget contribution: EUR 1 202 000			
Total duration	30 months ¹			
Method of implementation	Direct management Procurement – Services Grants – call for proposals			
Markers (from CRIS Dac form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>

2. RATIONALE AND CONTEXT**2.1. Summary of the action and its objectives**

The overall aim of the Policy Support Facility (PSF) is to support the EU's priorities and to influence the partner countries/regions' agenda positively, so that it aligns as much as possible with the EU's policies, objectives and values (especially when it relates to values, governance, standards, consumer protection including consumer product safety, climate change or the protection of the environment); an active and

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) start of the implementation of the action (24 months) to; (iii) the closure phase of the action (indicatively 12 months).

engaging policy dialogue will foster mutual understanding as well as common responses to global challenges.

2.2. Context

The Partnership Instrument (PI) includes, amongst its thematic priorities, support for the implementation of Partnership and Cooperation Agreements, Action Plans and similar bilateral instruments, strengthening the political and economic dialogue with third countries of particular relevance in world affairs, including in foreign policy; supporting engagement with relevant third countries on bilateral and global issues of common concern; enhancing policy dialogues and cooperation with relevant third countries, taking into consideration all areas within the scope of the Europe 2020 strategy; promoting the Union's internal policies with key partner countries and supporting regulatory convergence in this regard.

In order to address these priorities, a Policy Support Facility (PSF) was created by the PI AAP 2014 to respond to the dynamic and fast-changing global environment that European policies have been confronted with in terms of partner countries'/regions' approaches to these policies and to promote European interests.

The AAP 2015 included a further allocation for the PSF which allowed the continuation of the implementation of the facility. The allocation for PSF in the AAP 2016 will top-up the funds of AAP 2015 to enable further implementation.

This PSF is conceived as a rapid- response tool enabling targeted, flexible and tailor-made short-term actions. As such, it is implemented primarily through a multiple Global Framework Contract with three lots; in duly justified cases however, services may be contracted through other existing framework contracts managed by other DGs upon agreement by the responsible service and/or tendered outside existing framework contracts. For some activities under this facility, in particular those targeting multilateral relations of the European Union, a grant under direct management is the most suitable implementation method.

2.3. Lessons learnt

The design of the PSF and its internal processes was based on lessons from existing similar dialogue facilities.

In the four countries where policy dialogue facilities have been in place (Brazil, China, South Africa and Thailand), the projects are either already in their second phase, showing the continuous and growing demand for this type of facility. For instance, the next phase of the EU- Brazil sector dialogues support facility is expected to start at the beginning of 2017 and the Policy dialogue support facility in China has been recently extended.

However, several actions under these different facilities have not necessarily served the policy dialogue in the long-run due to their isolation, a lack of vision and/or work programme of the dialogue and/or the unwillingness of one of the partners to implement the activity. FPI strives to avoid the repetition of these short-comings by an enhanced proposal assessment processes under the PSF.

2.4. Complementary actions

The existing four policy dialogue facilities implemented across the world, namely in Brazil, China, South Africa and Thailand (Brazil – EUR 5.5 Mio, China – EUR 12 Mio, South Africa EUR 7 Mio and Thailand – EUR 4 Mio – all EU contributions). The facility in Brazil was financed under the ICI+ budget and the next phase will be financed by the PI; the remaining three are financed by DCI and as such focus on development co-operation activities. Complementarities and synergies are sought with projects currently running under these facilities.

In 2014, DG ENV also created their own Framework Contract TAIEF that specialises in delivering short-term actions in the priority areas of DG ENV.

3. DETAILED DESCRIPTION

3.1. Objectives

To support policy dialogues between the EU and partner countries on bilateral and global issues of common concern and to facilitate economic and trade relations with partner countries.

It will complement/support the external dimension of internal policies conducted under the other EU political programmes and instruments.

3.2. Expected results and main activities

- R1: Improved bases for policy dialogues of the EU with partner countries and the improvement of the quality of co-operation with those partner countries in areas of common interest.
- R2: Improved bases for activating or renewing debates relevant to EU, international or joint agendas
- R3: Improved bases for adoption/approximation to EU and international standards

For the purpose of the PSF a Global Framework Contract was tendered, consisting of the following three Lots:

- Lot 1 – Event organisation: logistics, travel and accommodation associated to conferences, forums, workshops, study visits, incl. logistical support for working sessions on policy dialogues (in Europe or partner country), etc.
- Lot 3 – Information and communication: information and communication actions of the EU.
- Lot 4 – Market Access and Trade & Investment Agreement Negotiation & Implementation: legal analysis and advice, expertise to support Delegations coordinating Market Access Teams, translations, statistics and collection of data and analysis, expert seminars, workshops, technical assistance to support partner countries implement necessary reforms, monitoring of trade agreements.

An additional Lot (Lot 2) on technical expertise was abandoned during the procurement procedure. The needs of this lot will be covered by the existing Framework Contracts such as BENE2013 managed by DEVCO; this was rendered possible following an amendment of the Financial Regulation which came into force in January 2016.

3.3. Risks and assumptions

- R.1. The activity is an isolated event and does not contribute to deepening the policy dialogue.
- M.1 A proposal has to be presented for approval of the activity and one of the requirements for approval is that the proposal makes it made clear how this activity is embedded in a policy dialogue and/or agenda.
- R2. The activity overlaps with or duplicates activities carried out by other Commission services.
- M2. As part of the approval process, all relevant European Commission services are consulted on the proposed activity.
- R3. Insufficient absorption capacity of the users (EEAS, European Commission line DGs) to provide the technical and policy steer of the activity.
- R4. A proposal has to be presented along with an endorsement letter at an appropriate level of hierarchy; the endorsement letter specifically appoints a focal person in charge of the technical and/or policy steer.

- A1 Sufficient staff is available in FPI both at HQ level and in EU Delegations to manage this facility.

3.4. Stakeholders

Direct stakeholders and partners of the different activities within the facility are partner country administrations involved in the dialogues, together with the corresponding services of the European Commission, the EEAS and other partner country and European public and private institutions interested in the policy dialogues (regional and local governments, universities and research centres, business and socio-professional associations, NGOs, cultural institutions etc.).

Indirect stakeholders are EU Member States, all private and institutional/public stakeholders at different levels in Europe and partner countries that may be consulted or involved in the implementation of the different activities.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

- (a) Contracts: A Global Framework Contract consisting of 3 Lots was concluded in order to implement this facility. In duly justified cases, for a particular activity services may be contracted through other existing framework contracts managed by other DGs upon agreement by the responsible service and/or tendered outside existing framework contracts.
- (b) Indicative number of specific contracts to be signed under the Global Framework Contract : 20
- (c) Indicative number of direct contracts under calls for tenders: 5
- (d) Indicative timing: the tendering procedure for the multiple Global Framework Contract was finalised in the 1st Quarter 2016. Proposals are being received on an ongoing basis.

4.1.2. Grants: call for proposal (direct management)

In duly justified cases, grants may be deemed the most suitable implementation method for a particular activity under this facility.

- (a) Objectives of the grants

Grants may be used to support organisations such as civil society organisations or international organisations in their activities that underpin policy dialogues.

- (b) Eligibility conditions

The eligibility conditions will be developed on the basis of the actual needs.

- (c) Essential selection and award criteria

The essential selection criteria will be financial and operational capacity of the applicant.

The essential award criteria will be relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

- (d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under these calls is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-

financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

It will be further developed if and when required. Indicatively, 1st quarter of 2017

4.2. Indicative budget

Method of Implementation	Amount in EUR million
4.1.1. – Procurement (direct management)	1.0
4.1.2 – Grants (direct management)	0.202
Total	1.202

4.3. Performance monitoring

Day-to-day technical and financial monitoring of the implementation of the facility is carried out by FPI. Furthermore, concerned Commission DGs/ EEAS are required to monitor closely the performance of activities that have been proposed by them. Common Partnership Instrument indicators expected to be finalised in the course of 2016 will be used to monitor the performance of the actions under this facility. The Commission may undertake additional project monitoring visits through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Most of the activities (conferences, seminars, workshops, etc.) are in themselves visibility-related activities, but it is essential to publicise results and achievements in the appropriate forums to increase visibility.

All documentation and promotional material produced in the framework of the project bears the EU flag and mentions that it is financed by the EU.