



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.12.2002
COM(2002) 752 final

Proposal for a

COUNCIL DECISION

on the use of interest from the European Development Fund to finance the cost of implementing the internal system of management for individual consultants working in the ACP states

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. INTRODUCTION

To meet with the need for long-term expertise in non-member countries in receipt of Community aid, the Commission calls on individual consultants. These consultants carry out technical assistance missions outside the EU in the framework of projects within the administrations of beneficiary countries, including ACP countries, humanitarian assignments (ECHO experts) and Commission Delegations.

The individual consultants given employment contracts by the Commission are recruited from a list of consultants drawn up following the call for candidates published in the Official Journal of the European Communities C 274 of 26 September 2000 and on the internet, this call remaining open permanently.

At the end of 2002 the number of active individual consultants will stand at about 350.

Since 1998, following an international procurement procedure, two companies (GTZ and AGRER) were put in charge of supplying the administrative and logistic support related to the sending of such technical assistance; the contracts for this support are concluded directly between the Commission and the consultants concerned.

The fixed costs of this system of technical assistance management by service providers are covered partly by the budget and partly by the EDF. In view of the scale of technical assistance in the ACP countries, coverage of these costs using interest generated by EDF funds was approved by Council Decision 98/461/EC of 13 July 1998.

The renewal of the system for managing individual experts consultants beyond 31 December 2002 in its current form would contravene Article 57 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹ and the corresponding provision in the proposal for the EDF Financial Regulation (Article 15(7)).² These provisions do not authorise a situation whereby external companies sign contracts and make payments on behalf of the Commission. Here, however, even though the consultants are selected and recruited by the Commission and contracts are concluded directly between the Commission and the consultants, the two management companies do subsequently make payments³ and sign some contracts⁴ on behalf of the Commission.

¹ OJ L 248, 16.9.2002, p. 19.

² Proposal for a Council Regulation on a Financial Regulation applicable to the 9th European Development Fund (COM(2002) 290 final/2).

³ Remuneration and allowances, insurance, pension funds, travel, transport of personal effects and accommodation.

⁴ Contracts connected with the supply of professional logistics.

2. INTERNALISATION OF THE MANAGEMENT OF INDIVIDUAL CONSULTANTS

Therefore, in the light of the provisions of the new Financial Regulations, the Commission decided on 30 April 2002 to reorganise the system of management of individual consultants. The solution adopted was to internalise management, starting on 1 January 2003.

This internalisation means that the unit of the EuropeAid Cooperation Office currently responsible for recruiting individual consultants and the European Community Humanitarian Office (ECHO) will take over, in accordance with the agreement on the sharing of work and responsibilities between the two departments, all operational and financial management in this area. It also entails increasing staff numbers, especially for the administrative work of drawing up contracts and dealing with various aspects of the consultants' rights: remuneration, insurance, travel, logistics, and so on.

3. COSTS AND FINANCING OF THE NEW SET-UP

The total cost of internal management by the Commission of all individual consultants is estimated at €2 500 000/year: this covers the cost of 22 auxiliary staff at headquarters and 26 local staff in the Delegations to deal with all geographical areas.

For programmes covered by geographical or horizontal budget lines, the financing will be charged against the BA budget lines in strict compliance with the remarks for each budget heading. For EDF-financed programmes financed in the ACP countries, the financing will be charged against EDF interest.

The scale of the contribution proposed by the Commission on the basis of the current volume of technical assistance for management of EDF-financed programmes is 27%. Staffing accounts for €675 000 in management costs annually, i.e. a total cost of €2 700 000 to be covered by EDF interest for the period 2003-2006.

4. CONCLUSIONS

In view of the new Financial Regulation applicable to the general budget of the European Communities, and in particular Article 57 thereof, and the corresponding provisions in the proposal for the EDF Financial Regulation, the Commission decided to internalise the management of individual consultants.

In view of the need to continue to use the individual consultants system for the ACP area and of the adequate amount of interest generated by EDF funds lodged with the paying agents in Europe⁵, the Commission proposes that the Council decide to draw some €2 700 000 from the interest generated by the funds deposited under the various EDFs for the purpose of financing the cost of implementing the internalised system for managing individual consultants in the ACP States.

⁵ In July 2002 total cash in the form of EDF interest stood at €27 488 698.

For the reasons set out above the Commission proposes that the Council adopt the attached Decision.

Proposal for a

COUNCIL DECISION

on the use of interest from the European Development Fund to finance the cost of implementing the internal system of management for individual consultants working in the ACP states

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the third ACP-EEC Convention,

Having regard to the fourth ACP Convention signed at Lomé on 15 December 1989,⁶ as amended by the Agreement signed in Mauritius on 4 November 1995,⁷

Having regard to the Internal Agreement of 19 February 1985 on the financing and administration of Community aid, and in particular Article 9(2) thereof,⁸

Having regard to the Internal Agreement of 16 July 1990 on the financing and administration of Community aid under the fourth ACP-EC Convention (hereinafter referred to as the Internal Agreement on the 7th EDF), and in particular Article 9(2) thereof,⁹

Having regard to the Internal Agreement of 20 December 1995 between the Representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of Community aid under the Second Financial Protocol to the fourth ACP-EC Convention (hereinafter referred to as the Internal Agreement for the 8th EDF, and in particular Article 9(2) thereof,¹⁰

Having regard to the proposal from the Commission,

Whereas:

- (1) Article 57 of the new Financial Regulation adopted by the Council on 25 June 2002 stipulates that the Commission may not entrust measures of budget implementation, especially payments and recoveries, to external private-law bodies or organisations.
- (2) The proposal for a Council Regulation on a Financial Regulation applicable to the 9th EDF, which was drawn up conformity with the Financial Regulation applicable to the general budget, does not allow external private-law bodies or organisations to sign contracts or execute payment orders on behalf of the Commission.

⁶ OJ L 229, 17.8.1991, p.3.

⁷ OJ L 156, 29.5.1998, p.3.

⁸ OJ L 86, 31.3.1986, p. 210.

⁹ OJ L 229, 17.8.1991, p. 288.

¹⁰ OJ L 156, 29.5.1998, p. 108.

- (3) In order to comply with the new provisions of the Financial Regulations and anxious to improve the system for managing individual consultants, the Commission has internalised this management system, starting on 1 January 2003.
- (4) The financial resources required should be drawn from the interest generated on funds deposited under the different EDFs and which are in the EDF's cash accounts, in accordance with the Internal Agreements applicable to the 6th, 7th and 8th EDFs,

HAS DECIDED AS FOLLOWS:

Article 1

The sum of €2 700 000 shall be deducted from the interest on the funds deposited under the various Funds in the cash accounts of the European Development Fund (EDF) to finance the costs of internalising the management system for individual consultants working in the ACP states and OCTs.

Article 2

This Decision shall enter into force on the day of its adoption.

Done at Brussels, [...].

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

Policy areas(s): management of EC-ACP aid

Activity: financing the management system for individual consultants working in the ACP States with EDF interest

1. BUDGET LINE(S) + HEADING(S): EDF INTEREST

2. OVERALL FIGURES

2.1 Total allocation for action: €2 700 000 million for commitment

2.2 Period of application: January 2003 - December 2006

2.3 Overall multiannual estimate on expenditure:

a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

(€ million to three decimal places)

	Year 2002	2003	2004	2005	2006	2007	Total
Commitments	0	2.700					2.700
Payments	0	0.675	0.675	0.675	0.675		2.700

b) Technical and administrative assistance and support expenditure *(see point 6.1.2) - Not applicable - EDF financing*

Commitments							
Payments							

Subtotal a+b							
Commitments							
Payments							

- c) Overall financial impact of human resources and other administration expenditure (*see points 7.2 and 7.3*) *Not applicable - EDF financing*

Commitments/ payments							
--------------------------	--	--	--	--	--	--	--

TOTAL a+b+c							
Commitments							
Payments							

2.4 Compatibility with the financial programming and the financial perspective

Proposal is compatible with existing financial programming.

Proposal will entail reprogramming of the relevant heading in the financial perspective.

Proposal may require application of the provisions of the Interinstitutional Agreement.

2.5 Financial impact on revenue

Proposal has no financial implications (involves technical aspects regarding implementation of a measure).

OR

Financial impact - the effect on revenue is as follows:

(€ million to one decimal place)

		Prior to action [year n-1]	<u>Situation following action</u>					
<u>Budget line:</u>	<u>Revenue</u>		[Année n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5]
	<i>Revenue in absolute terms</i>							
	<i>Change in Revenue</i>							

3. BUDGET CHARACTERISTICS - NOT APPLICABLE - EDF FINANCING

Type of expenditure		New	EFTA contribution	Contributions from candidate countries	Heading Financial Perspective
Comp/ Non-comp	Diff/ Non-diff	YES/NO	YES/NO	YES/NO	No

4. LEGAL BASIS

- The Internal Agreement of 19 February 1985 on the financing and administration of Community aid under the third ACP-EC Convention.
- The Internal Agreement of 16 July 1990 on the financing and administration of Community aid under the fourth ACP-EC Convention.
- Internal Agreement of 20 December 1995 on the financing and administration of Community aid under the second Financial Protocol to the fourth ACP-EC Convention.

5. DESCRIPTION AND GROUNDS

5.1 Need for Community intervention

5.1.1 Objectives pursued

A desire to comply with the new provisions of the Financial Regulation adopted by the Council on 25 June 2002 and to improve the individual consultants' management system has led the Commission to internalise this management system from 1 January 2003.

5.1.2. Measures taken in connection with ex ante evaluation

Administrative and budgetary decision taken by the Commission at its 1565th meeting on Tuesday 30 April 2002.

5.2 Actions envisaged and arrangements for budget intervention

The total internalisation of individual consultants' management, as well as fulfilling the aim of complying with the new Financial Regulations, means that the specialised unit of the EuropeAid Cooperation Office and the European Community Humanitarian Office (ECHO) must take over, in accordance with the agreement on the sharing of work and responsibilities between the two departments, all operational and financial management of contracts, which will in turn require more staff.

5.3 Implementation arrangements

Appropriations will be made available to and managed by the Commission as part of the devolution process, in accordance with the provisions of the Financial Regulation adopted by the Council on 16 June 1998 and applicable to development financing cooperation under the fourth ACP-EC Convention (OJ L 191, 7.7.1998, p. 53).

6. FINANCIAL IMPACT

6.1 Total financial impact over the entire programming period

(The method of calculating the total amounts set out in the table below must be explained by the breakdown in Table 6.2)

6.1.1 Financial intervention

Commitments in million (to three decimal places)

Breakdown	2002	2003	2004	2005	2006		Total
Action 1- Covering the transition between the current system and the completely internalised management system							
Action 2- Running the internal management system		2.700					2.700
TOTAL		2.700					2.700

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

	[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[N+5 and subs. years]	Total
1. Technical and administrative assistance							
a) Technical assistance offices							
b) Other technical and administrative assistance: - intra muros: - extra-muros: <i>of which for construction and maintenance of computerised management systems</i>							
Subtotal 1							
2) Support expenditure							
a) Studies							
b) Meetings of experts							
c) Information and publications							
Subtotal 2							
TOTAL							

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

(Where there is more than one action, give sufficient detail of the specific measures to be taken for each one to allow the volume and costs of the outputs to be estimated.)

Commitments in € million (to the 3rd decimal place)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1...n)	Average unit cost	Total cost (total for years 1...n)
	1	2	3	4=(2x3)
<u>Action 1</u> - Measure 1 - Measure 2 <u>Action 2</u> - Measure 1 - Measure 2 - Measure 3 etc.				
TOTAL COST				

(If necessary, explain the method of calculation)

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of Permanent posts	Number of temporary posts		
Officials or Temporary staff	A B C				<i>If necessary, a fuller description of the tasks may be annexed.</i>
Other human resources			22 auxiliary staff (B and C) 26 local staff		Additional support staff needed at headquarters for management of the individual contracts of consultants working in the ACP countries
Total			48 people		

7.2 Overall financial impact of human resources

Type of human resources	Amount €	Method of calculation
Officials		
Temporary staff		
Other human resources (give budget line)		
Total		

7.3 Other administrative expenditure deriving from the action

Budget line: (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7)		
A0701 - Missions		
A07030 - Meetings		
A07031 - Compulsory committees (1)		
A07032 - Non-compulsory committees (1)		
A07040 - Conferences		
A0705 - Studies and consultations		
... Other expenditure (state which)		
Information systems (A-5001/A-4300)		
Other expenditure - Part A (state which)		
Total		

The amounts are total expenditure for twelve months.

(1) Specify the type of committee and the group to which it belongs.

Annual total (7.2 + 7.3)	(in euro)
Duration of action	years
Total cost of action (I x II)	(in euro)

(In the estimate of human and administrative resources required for the action, DGs/Services must take into account the decisions taken by the Commission in its orientation/APS debate and when adopting the preliminary draft budget (PDB). This means that DGs must show that human resources can be covered by the indicative pre-allocation made when the PDB was adopted.

Exceptional cases (i.e. those where the action concerned could not be foreseen when the PDB was being prepared) must be referred to the Commission for a decision on whether and how (by means of an amendment of the indicative pre-allocation, an ad hoc redeployment exercise, a supplementary/amending budget or a letter of amendment to the draft budget) implementation of the proposed action can be accommodated.)

8. MONITORING AND EVALUATION

8.1. Monitoring arrangements

Headquarters will carry out regular internal controls to check the quality of contract management and adherence to procedures.

8.2. Arrangements and schedule for the planned evaluation

9. ANTI-FRAUD MEASURES