



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION**

**on the implementation of the Hercule programme and its extension during the period  
2007-13**

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending and extending Decision No 804/2004/EC of the European Parliament and of  
the Council of 21 April 2004 establishing a Community action programme to promote  
activities in the field of the protection of the Community's financial interests  
(Hercule II programme)**

(presented by the Commission)

{SEC(2006) 826}

## COMMUNICATION FROM THE COMMISSION

### on the implementation of the Hercule programme and its extension during the period 2007-13

Decision No 804/2004/EC of the European Parliament and of the Council of 21 April 2004 established a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule programme). It constitutes a basic act in accordance with Article 49 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.

#### I. Assessment of the implementation of the Hercule programme 2004-05 [see annex]<sup>1</sup>:

Article 7(a) of Decision No 804/2004/EC requires the Commission to present OLAF's report on the implementation of the programme and the appropriateness of continuing it to the European Parliament and the Council by 30 June 2006. This communication presents the conclusions of the OLAF report, and on the basis of those conclusions presents a proposal for the amendment and extension of the decision currently in force.

The conclusions of this assessment are as follows:

- For “Technical assistance”, grants were awarded to 10 Member States, including four new Member States. The grants were for technical assistance to operations concerning: a) the fight against fraud, the total amount of which is estimated at approximately €800 000 000; b) the fight against the smuggling and counterfeiting of 100 million cigarettes; c) the fight against the smuggling of more than 2 billion litres of gasoline or alcohol. Furthermore, two international meetings were organised on the exchange of information in the field of technical assistance. The second meeting was attended by 109 participants representing 54 competent national authorities in the 25 Member States.
- For “Training”, grants were awarded for 19 training activities, of which three were carried out in the new Member States. 2 236 participants from the 25 Member States, third countries and European institutions attended/benefited from the activities organised in this context.
- For “Associations of European lawyers”, grants covering 28 activities were awarded 1 852 participants from the 25 Member States, five third countries and other European institutions attended/benefited from the activities organised in this context.

A general reinforcement of the protection of the Community's financial interests has been promoted across the territory of the Union and beyond its borders. Cooperation with national partners has been promoted and consolidated by means of targeted technical assistance on, among others, information exchanges and specialised technical knowledge; there has been constant improvement in the quality of training for those involved in the fight against fraud;

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<sup>1</sup> OLAF's “Report on the implementation of the “Hercule” Programme - Article 7(a) of PE/COUNCIL Decision (804/2004/EC) 21 April 2004” (SEC 2006/826).

also, thorough legal analysis has been carried out, leading to an improvement to Community legislation in this field.

On the basis of this analysis, the report on the implementation of the Hercule programme makes the following recommendations:

- (1) Extend the Hercule programme to ensure the consolidation of the work carried out so far and to enable the new Member States to benefit more from the opportunities offered by the programme.
- (2) Appoint a coordinator or to establish a committee in charge of monitoring the implementation of the programme; identify indicators that would improve assessment of the activities of the programme; ensure the exchange of information so that impact assessments can be carried out in this field in the future; ensure the link between the programme objectives, the geographical distribution of the beneficiaries and the results obtained.
- (3) Promote participation by beneficiaries from the new Member States and by previously unsuccessful interested parties to ensure that all the objectives of the programme are achieved.
- (4) Ensure that the current appropriations for the budget lines concerned by the programme are maintained. If it becomes necessary for new activities to be included in the programme, the necessary expenditure must be added in a revised financial framework for the programme.
- (5) Make the duration of the new Hercule programme longer than the three years provided for in the current programme.

II. The proposal for a Decision amending and extending Decision No 804/2004/EC of the European Parliament and of the Council of 21 April 2004 establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule programme) focuses in particular on these recommendations.

It also proposes that the programme be expanded to include contracts awarded in this field by means of invitations to tender, thereby covering all types of funding in the field of the protection of financial interests. The Hercule II programme should cover in particular activities in the fight against cigarette smuggling and counterfeiting. It will also be expanded to cover certain third countries.

Annex: OLAF report "Report on the implementation of the "Hercule" Programme – Article 7(a) of PE/COUNCIL Decision (804/2004/EC) 21 April 2004".

## **EXPLANATORY MEMORANDUM**

Decision No 804/2004/EC of the European Parliament and of the Council of 21 April 2004 established a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule programme). The Hercule programme constitutes a basic act in accordance with Article 49 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.

The aim of the Hercule programme is to ensure similar and efficient levels of protection of the Community's financial interests and the exchange of best practice. To this end, the programme provides grants for individual activities, such as studies, conferences or training, and provides operating grants for organisations active in this field, such as associations established to promote the protection of Community financial interests.

In accordance with Article 7(a) of Decision No 804/2004/EC, OLAF has drawn up a report on the implementation of the programme and the appropriateness of continuing it. As the implementation report confirmed that the objective of the programme had been achieved, particularly in terms of improving the protection of the Community's financial interests, the conclusions of the report recommended the continuation of the programme.

On the basis of the recommendations of this report, the Commission decided to submit a proposal to extend and amend Decision No 804/2004/EC to cover the period 2007-13. The main objective of the Hercule II programme remains unchanged, while the amendments introduced in the proposed decision focus on the following elements:

- The introduction of “public procurement contracts” into the basic act, which at present covers grants only. In this way, all operational expenditure relating to general anti-fraud activities is included in a single basic act, thereby streamlining and simplifying the legal bases in force at present. These public procurement contracts will aim to attain the objectives of the programme, complementing those attained by means of calls for proposals. Article 280(3) of the EC Treaty requires the Member States, as part of the coordination of their action aimed at protecting the financial interests of the Community against fraud, to organise together with the Commission close and regular collaboration with the competent authorities. For its part, the Commission is required to put this collaboration into practice via activities such as the development and provision of specific IT tools, data exchange and processing, the purchase of specialised hardware and technical support for the monitoring of illegal activities, and the organisation of seminars and conferences, by the Commission (OLAF). The awarding of public procurement contracts in the field of the fight against fraud makes it possible to acquire goods and services (which remain the property of the Community) and to support coordination of activities with the Member States in this field. The public procurement contracts targeted by the Hercule programme cover the sectors “information support”, “technical assistance” and “training, seminars and conferences”.
- In this context, it is judged appropriate to merge OLAF's budget lines starting in 2007, with the exception of the “AFIS” budget line (No 24 02 03). In this way, the commitment appropriations and appropriations for expenditure relating to general anti-fraud activities will be covered by a single OLAF budget line for the period 2007-13. This will increase transparency in terms of the allocation of funds by means of grants or public procurement

contracts and confirm the emphasis placed on the quality of submissions and on selection by competition.

- Operating grants are removed from the basic act, as no such grants were awarded under the Hercule programme 2004-06. It was thus deemed appropriate for the financial resources available to be concentrated on the promotion of activities rather than the support of organisations.
- The sectoral objectives of the programme are clearly defined. The overall objective of the fight against fraud and any other illegal activity detrimental to the Community's financial interests is achieved through specific objectives derived from the three sectors of activity, namely "Technical assistance", "Training, seminars and conferences" and "Information support".
- As a consequences of the increased efforts and commitment to combating cigarette smuggling, including the signature by the Commission and numerous Member States of an agreement with a major cigarette manufacturer, it is necessary to give a clearer expression of the objectives of the fight against cigarette smuggling and counterfeiting. This objective is in conformity with the conclusions of the risk assessment carried out by OLAF in collaboration with the Member States. An analysis carried out by OLAF of the risk of fraud reached the following conclusions: 1) the certainty of an increase in the smuggling of counterfeited cigarettes in the future; 2) the emergence of the production of counterfeited cigarettes on European territory; 3) the need for the competent national authorities to promote greater cooperation; 4) the identification of certain external borders as being "high-risk" in terms of their being routes for the import of counterfeited cigarettes onto the EU's internal market; 5) the heightened need for cooperation and support for the anti-fraud activities of the Member States in this field is illustrated by the signature by some Member States and the Commission of an agreement with a cigarette manufacturer on taking more rigorous action against the counterfeiting and smuggling of cigarettes.
- Accession countries which signed the Treaty of Accession on 25 April 2005 and the candidate countries can participate in the programme on the basis of a memorandum of understanding to be drawn up in accordance with the respective framework agreements. Moreover, in order to promote activities combating fraud and any other illegal activities detrimental to the Community's financial interests outside the territory of the European Union, including the fight against cigarette smuggling and counterfeiting, expenditure relating to the participation of certain other third countries and the countries covered by the European Neighbourhood Policy is also considered eligible.
- Continuation of the programme will consolidate the progress made so far. An extension within the framework of the 2007-13 multiannual financial framework, or in any case beyond the three-year period covered by the Hercule programme, will thus ensure the continuity and stability of the anti-fraud activities of the Commission (OLAF).

The assessment has also demonstrated the need to improve follow-up of the implementation of the programme, for example in the form of the establishment of a monitoring committee or the definition of indicators. These recommendations will be applied in the management of the programme but do not require a change in its legal basis.

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending and extending Decision No 804/2004/EC of the European Parliament and of the Council of 21 April 2004 establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule II programme)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and particularly Article 280 thereof,

Having regard to the proposal from the Commission<sup>2</sup>,

Having regard to the opinion of the Court of Auditors<sup>3</sup>,

Acting in accordance with the procedure laid down in Article 251 of the EC Treaty,

Whereas:

- (1) The Community and the Member States have set themselves the objective of countering fraud and any other illegal activities affecting the Community's financial interests, including cigarette smuggling and counterfeiting.
- (2) Activities with the purpose of providing better information, carrying out studies and providing training or technical and scientific assistance help significantly to protect the Community's financial interests.
- (3) Support for such initiatives in the form of grants has made it possible in the past to enhance the activities of the Community and the Member States in terms of countering fraud and protecting the Community's financial interests, and to achieve the objectives of the Hercule programme for the period 2004 to 2006.
- (4) Article 7(a) of Decision No 804/2004/EC requires the Commission to present OLAF's report on the implementation of the programme and the appropriateness of continuing it to the European Parliament and to the Council. The conclusions of the report state that the objectives established by the Hercule programme have been achieved. Recommendations have been made for the extension of the programme during the period 2007 to 2013.

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<sup>2</sup> OJ C [...] of [...], p. [...].

<sup>3</sup> OJ C [...] of [...], p. [...].

- (5) To consolidate the activities of the Community and the Member States in the field of the protection of the Community's financial interests, including the fight against cigarette smuggling and counterfeiting, the new programme should bring together all operational expenditure relating to the Commission's (OLAF's) general anti-fraud activities in a single basic act.
- (6) The awarding of grants and public procurement contracts to promote and implement the programme must be carried out in accordance with the provisions of Regulation (EC, Euratom) No 1605/2002 and its implementing rules. It was deemed appropriate to eliminate operating grants from the programme as they have not been used as a means of supporting initiatives in the past.
- (7) The accession countries who signed the Treaty of Accession on 25 April 2005 and the candidate countries are able to participate in the Hercule programme on the basis of a memorandum of understanding to be drawn up in accordance with the respective framework agreements,

HAVE DECIDED AS FOLLOWS:

#### *Article 1 - Amendments*

Decision No 804/2004/CE of the European Parliament and of the Council establishing a Community action programme in the field of the protection of the Community's financial interests (Hercule programme) is hereby amended as follows:

- (1) Article 1 is amended as follows:
  - (a) The title is replaced by the following:

“General objectives of the programme”
  - (b) In paragraph 2, the first sentence is replaced by the following:

“The programme aims to contribute to the protection of the Community's financial interests by promoting activities according to the general criteria set out in the annex”.
- (2) The following Article 1a, entitled “Sectoral objectives of the programme”, is inserted:

“Within the general objectives, the programme shall promote the following sectoral objectives in the field of the protection of the Community's financial interests, including in the field of the fight against cigarette smuggling and counterfeiting:

  - (a) For the “Technical assistance” sector: development and improvement of investigative methods and technical resources in the fight against fraud, and improvement in the quality of technical and operational support in investigations.
  - (b) For the “Training, seminars and conferences” sector, there are two aspects:
    - 1) promotion and improvement of cooperation between the Member States and the Community by fostering better understanding of Community and national

mechanisms via the exchange of experiences between the relevant authorities in the Member States, and the dissemination of knowledge, particularly of an operational nature; 2) promotion and improvement of cooperation between practitioners and academics; awareness-raising for the judiciary and other legal professions.

- (c) For the “Information support” sector: provision of information and support for activities relating to access to information, data and data sources.
- (3) Article 2 is amended as follows:
- (a) The title is replaced by the following:  
“Community funding”
  - (b) Paragraph 1 is added:  
“1. Community funding may take the following legal forms:
    - grants;
    - public procurement contracts.”
  - (c) Paragraphs 2 and 3 are replaced by the following:  
“Community funding shall cover, through public procurement contracts or by the award of grants, the operational expenditure relating to activities in the field of the protection of the Community’s financial interests.”
- (4) Article 3 is amended as follows:
- (a) Indent (a) is replaced by the following:  
“Accession countries which signed the Treaty of Accession on 25 April 2005;”
  - (b) Paragraphs (c) and (d) are deleted and replaced by the following:  
“Candidate countries associated with the EU on the basis of the conditions stipulated in the association agreements or their additional protocols on participation in Community programmes concluded or to be concluded with those countries.”
- (5) Article 4 is amended as follows:
- (a) The title is replaced by the following:  
“Implementation”
  - (b) Paragraph 1 is replaced by the following:  
“1. Community funding shall be carried out in accordance with Regulation (EC, Euratom) No 1605/2002 of 25 June 2002.”
  - (c) Paragraph 3 is deleted.



(6) Article 5 is amended as follows:

Paragraph 2 is deleted.

(7) Article 6 is amended as follows:

(a) Paragraph 1 is replaced by the following:

“The current programme is extended from 1 January 2007 to 31 December 2013.”

(b) Paragraph 2 is replaced by the following:

“The financial framework for the implementation of the programme for the period 2007 to 2013 shall be EUR 98 525 000.”

(8) Article 7 is amended as follows:

(a) Indent (a) is replaced by the following:

“by 31 December 2010 at the latest, a report by OLAF on the implementation of the programme and the appropriateness of continuing it;”

(b) Indent (b) is replaced by the following:

“by 31 December 2014 at the latest, a report by OLAF on the achievement of the objectives of the programme. The report, based on the results obtained by the beneficiaries, shall assess, in particular, their effectiveness in achieving the objectives defined in Article 1 and in the Annex.”

(9) Point 1 of the Annex “Activities supported” is replaced by the following:

“The general objective laid down in Article 1, and the sectoral objectives laid down in Article 1a, are to reinforce Community action to prevent fraud affecting the Community's financial interests and to combat such fraud, including the fight against cigarette smuggling and counterfeiting, by promoting the actions in this field of the bodies engaged in it.

Activities of bodies which may help to reinforce and increase the effectiveness of Community action, in accordance with Article 2, include the following:

- (a) organisation of seminars and conferences;
- (b) promotion of scientific studies and discussions in the field of the protection of the Community's financial interests;
- (c) coordination of activities relating to the protection of the Community's financial interests (meetings);
- (d) training and awareness, including in connection with joint surveillance operations;
- (e) promoting exchanges of specialised staff;

- (f) development and supply of specific IT tools; data-processing;
  - (g) technical assistance, including the purchase of equipment;
  - (h) promoting and expanding the exchange of data;
  - (i) provision of information and support for activities relating to access to information, data and data sources;
  - (j) purchase of specialised technical hardware and technical support for the monitoring of illegal activities in the field of the fight against fraud.”
- (10) Point 2 of the Annex is amended as follows:
- (a) The expression “a Community grant” in the first paragraph is replaced by the following:  
“Community funding (public procurement contract or grant)”
  - (b) The third paragraph is deleted.
- (11) Point 3 of the Annex is amended as follows:
- The paragraph is replaced by the following:
- “Bodies entitled to receive a grant for an activity under point 2 will be selected on the basis of calls for proposals.”
- (12) Point 4 of the Annex is amended as follows:
- The opening phrase is replaced by the following:
- “Applications for grants for activities are assessed in the light of: ”.
- (13) Point 5 of the Annex is amended as follows:
- (a) The second paragraph is replaced by the following:  
“Also eligible is expenditure in connection with the participation of representatives of the Balkan countries forming part of the stabilisation and accession process for countries of south eastern Europe (1), the Russian Federation, the countries covered by the European Neighbourhood Policy (2), and certain countries with which the Community has concluded an agreement for mutual assistance in customs matters”.
  - (b) The second footnote is replaced by the following:  
“Algeria, Armenia, Azerbaijan, Belarus, Georgia, Israel, Jordan, Lebanon, Libya, Morocco, Moldova, the Palestinian Authority, Syria, Tunisia, Ukraine.”
- (14) Point 6 of the annex is amended as follows:
- (a) The first phrase of paragraph 6.1 is deleted.

(b) Paragraph 6.2 is replaced by the following:

“The Commission may have an audit of the use made of the Community funding carried out either by its own staff or by another qualified outside body of its choice. Such audits may be carried out throughout the lifetime of the contract or the agreement and for a period of five years following the last payment. Where appropriate, the audit findings may lead to recovery decisions by the Commission.”

*Article 2 Entry into force*

This Decision shall enter into force on the day following its publication in the *Official Journal of the European Union*.

Done at Brussels

*For the European Parliament  
The President*

*For the Council  
The President*

## LEGISLATIVE FINANCIAL STATEMENT

### 1. NAME OF THE PROPOSAL:

Proposal for a Decision of the European Parliament and of the Council amending and extending Decision No 804/2004/EC of the European Parliament and of the Council of 21 April 2004 establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule programme)

### 2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

24.02 Fight against Fraud

### 3. BUDGET LINES

#### 3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B..A lines)) including headings:

24.0201 General measures to combat fraud – Hercule II

#### 3.2. Duration of the action and of the financial impact:

7 years (2007 – 2013)

#### 3.3. Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
24.0201	Non-comp	Diff	NO	YES	YES	No 1a)

## 4. SUMMARY OF RESOURCES

### 4.1. Financial Resources

#### 4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
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#### Operational expenditure<sup>4</sup>

Commitment Appropriations (CA)	8.1.	a	13.725	13.8	14	14.1	14.2	28.7	98.525
Payment Appropriations (PA)		b	11	11	11.5	11.5	11.6	41.925	98.525

#### Administrative expenditure within reference amount<sup>5</sup>

Technical & administrative assistance (NDA)	8.2.4.	c							
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#### TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	13.725	13.8	14	14.1	14.2	28.7	98.525
Payment Appropriations		b+c	11	11	11.5	11.5	11.6	41.925	98.525

#### Administrative expenditure not included in reference amount<sup>6</sup>

Human resources and associated expenditure (NDA)	8.2.5.	d	0.864	0.864	0.864	0.864	0.864	1.728	6.0480
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<sup>4</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

<sup>5</sup> Expenditure within article xx 01 04 of Title xx.

<sup>6</sup> Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6.	e	0.035	0.035	0.035	0.035	0.035	0.070	0.245
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#### Total indicative financial cost of intervention

<b>TOTAL CA including cost of Human Resources</b>		a+c+d +e	14.624	14.699	14.899	14.999	15.099	30.498	104.818
<b>TOTAL PA including cost of Human Resources</b>		b+c+d +e	11.899	11.899	12.399	12.399	12.499	43.723	104.818

#### Co-financing details

If the proposal involves co-financing by Member States, or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

EUR million (to 3 decimal places)

Co-financing body		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
.....	f							
TOTAL CA including co-financing	a+c+d +e +f							

#### 4.1.2. Compatibility with Financial Programming

- ☒ 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<sup>7</sup> (i.e. flexibility instrument or revision of the financial perspective).

<sup>7</sup> See points 19 and 24 of the Interinstitutional agreement.

#### 4.1.3. Financial impact on Revenue

- ☒ Proposal has no financial implications on revenue
- ☐ Proposal has financial impact – the effect on revenue is as follows:

EUR million (to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action					
			[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5]
	a) Revenue in absolute terms							
	b) Change in revenue	$\Delta$						

#### 4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later
Total number of human resources	8	8	8	8	8	8

### 5. CHARACTERISTICS AND OBJECTIVES

#### 5.1. Need to be met in the short or long term

The Commission (OLAF) supplies Member States with the necessary support and multidisciplinary technical know-how to help them in their fight against fraud, including the fight against cigarette smuggling. It strives to contribute to the design of the European strategy in the fight against fraud and illegal activities and takes the necessary initiatives to strengthen the relevant legislation.

In this context the main objectives are:

1. to improve co-operation through a better understanding of the national, international and community mechanisms within the area of the fight against fraud, the Commission considers it essential to support anti-fraud measures of the Member States, including the fight against cigarette smuggling, in particular by co-financing training actions in the form of workshops, seminars, conferences and exchange of personnel..
2. to improve co-operation between the competent national authorities in the area of the fight against fraud. In this context, the Commission (OLAF) considers it is essential to support national anti-fraud services, in particular by co-financing the acquisition of advanced technical equipment to be used in the fight against fraud.

**5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy**

Training, conferences and seminars in the area of the fight against fraud: The activity plays an important role in informing officials in the Member State's Services about OLAF's mission and the need to actively protect the Community's financial interests. Complementary actions are founded by the AGIS and the FISCALIS programmes.

Technical Assistance in the area of the fight against fraud: The activity plays an important role in supporting the national Law enforcement agencies (LEA) by offering the possibility to employ new means and methods in the fight against fraud and assist them throughout this fight. The activity reinforces also the cooperation amongst them by offering advanced technical means to combat fraud. Furthermore, it provides a forum for discussion on technical ways to fight fraud, including cigarette smuggling and corruption issues for which no other fore exist. Complementarity with the objectives and tasks of Europol will be kept under review to avoid any overlap between proposals under this programme and Europol's role.

**5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework**

Awareness raising, enhanced cooperation, number of participants trained, arising of new cooperation networks, organisation of meetings, dissemination of information, comparative law studies, enlargement of possibilities to approach technical difficulties, information on new approaches.

**5.4. Method of Implementation (indicative)**

☒ ***Centralised Management***

☒ directly by the Commission

☐ indirectly by delegation to:

☐ executive Agencies

☐ bodies set up by the Communities as referred to in art. 185 of the Financial Regulation

☐ national public-sector bodies/bodies with public-service mission

☐ ***Shared or decentralised management***

☐ with Member states

☐ with Third countries

☐ ***Joint management with international organisations (please specify)***

Relevant comments:



## **6. MONITORING AND EVALUATION**

### **6.1. Monitoring system**

Monitoring and evaluation are on-going processes and are constantly reviewed. The monitoring system is fully operational from the outset and goes on right through the process until the final report.

The types of evaluation required are as follows:

- Ex-ante evaluation of each proposal by a Committee of people experienced in the field of that grant programme, and in budgetary matters. Each proposal is marked and weighted and final conclusions drawn at the Evaluation Committee meeting(s).
- Evaluation gathered by the beneficiary based on a standard evaluation form provided by the Commission (OLAF).
- On-the-spot evaluation to ensure the event takes place at all; that it covers the topics specified in the proposal, that it follows the project / programme given in the proposal.
- On-the-spot evaluation to ensure the acquisition has taken place at all; ensuring that the equipment is in an operational state and complies with the provisions. In the framework of the controls also the national share is verified on a random base.
- A final evaluation of the event, action, technical assistance by the Commission (OLAF).

### **6.2. Evaluation**

#### *6.2.1. Ex-ante evaluation*

In 2005, an internal ex-ante evaluation of the Hercule programme was based on the evaluation reports of projects carried out between 2003 and 2005.

#### *6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)*

Lessons learnt form an integral part of every evaluation done.

In order to improve the implementation of the programme regarding its activity areas, the results were used as a reference for future events.

#### *6.2.3. Terms and frequency of future evaluation*

Ongoing (each project, each year)

## **7. ANTI-FRAUD MEASURES**

In order to protect the European Community's financial interests against fraud and other irregularities, the Commission carries out on-the-spot checks and inspections under this programme in accordance with Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities. Where necessary, investigations must be conducted by the European Anti-Fraud Office (OLAF) and governed by Regulation (EC) No 1073/1999 of the European Parliament and of the Council.

## 8. DETAILS OF RESOURCES

### 8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. Cost	Year n		Year n+1		Year n+2		Year n+3		Year n+4		Year n+5 and later		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No 1: Development and improvement of investigative methods and technical resources in the fight against fraud, and improvement in the quality of technical and operational support for investigations				7.470		7.470		7.670		7.770		7.870		16.040		54.290
<b>Action 1: Technical assistance to national authorities involved in the fight against fraud, including the fight against cigarette smuggling</b>				6.970		6.970		7.170		7.270		7.370		15.040		50.790
Output 1: Co-financing of the activity of technical equipment specific to investigations forming part of the fight against cigarette smuggling				3.700		3.700		3.900		4.000		4.100		8.500		27.900
Output 2: Support for joint operations in the fight against cigarette smuggling				0.150		0.150		0.150		0.150		0.150		0.300		1.050
Output 3: Co-financing of the purchase of technical hardware to be used in investigations		0.150	20	3.000	20	3.000	20	3.000	20	3.000	20	3.000	40	6.000	140	21.000
Output 4: Specific assistance in the field of "forensic computing"		0.030	4	0.120	4	0.120	4	0.120	4	0.120	4	0.120	8	0.240	28	0.840
<b>Action 2: Promoting exchanges of staff in the fight against cigarette smuggling</b>				0.500		0.500		0.500		0.500		0.500		1.000		3.500
Output 1				0.500		0.500		0.500		0.500		0.500		1.000		3.500

Sub-total Objective 1				7.470		7.470		7.670		7.770		7.870		16.040		54.290
OPERATIONAL OBJECTIVE No 2: Promotion and improvement of cooperation between the Member States and the Community and between practitioners and academics				3.125		3.200		3.200		3.200		3.200		6.400		22.325
<b>Action 1: Training</b>				1.000		1.050		1.050		1.050		1.050		2.100		7.300
Output 1: Training in the field of joint surveillance operations in the fight against cigarette smuggling				0.450		0.450		0.450		0.450		0.450		0.900		3.150
Output 2: Co-financing of training activities in the fight against fraud		0.060	10	0.550	10	0.600	10	0.600	10	0.600	10	0.600	20	1.200		4.150
<b>Action 2: Organisation of seminars and conferences</b>				1.350		1.375		1.375		1.375		1.375		2.750		9.600
Output 1: Conferences in the field of cigarette smuggling		0.150	2	0.300	2	0.300	2	0.300	2	0.300	2	0.300	4	0.600	14	2.100
Output 2: Cigarettes Task Force annual conferences		0.120	1	0.120	1	0.120	1	0.120	1	0.120	1	0.120	2	0.240	7	0.840
Output 3: Conferences and seminars in the field of the protection of financial interests		0.050	4	0.200	4	0.200	4	0.200	4	0.200	4	0.200	8	0.400	28	1.550
Output 4: Organisation of training activities in the fight against fraud		0.100	6	0.600	6	0.600	6	0.600	6	0.600	6	0.600	12	1.200	42	4.200
Output 5: Conference on work carried out in the intelligence field		0.130	1	0.130	1	0.130	1	0.130	1	0.130	1	0.130	2	0.260	7	0.910
<b>Action 3: Scientific studies</b>				0.350		0.350		0.350		0.350		0.350		0.700		2.450
Output 1: Cross-checks on confiscated cigarettes				0.300		0.300		0.300		0.300		0.300		0.600		2.100
Output 2: Comparative law studies		0.050	1	0.050	1	0.050	1	0.050	1	0.050	1	0.050	2	0.100	7	0.350
<b>Action 4: Coordination of activities relating to the protection of the Community's financial</b>				0.350		0.350		0.350		0.350		0.350		0.700		2.450

interests																
Output 1: Meetings between the national authorities of the Member States and third countries				0.300		0.300		0.300		0.300		0.300		0.600		2.100
Output 2: Annual meeting of the chairmen of the Associations of European lawyers		0.050	1	0.050	1	0.050	1	0.050	1	0.050	1	0.050	2	0.100	7	0.350
<b>Action 5: Dissemination of scientific knowledge relating to Community action</b>	0.075				0.075		0.075				0.075		0.075		0.150	0.525
Output:		0.020	2	0.040	2	0.040	2	0.040	2	0.040	2	0.040	4	0.080	14	0.280
Output 2:		0.035	1	0.035	1	0.035	1	0.035	1	0.035	1	0.035	2	0.070	7	0.245
Sub-total Objective 2				3.125		3.200		3.200		3.200		3.200		6.400		22.325
OPERATIONAL OBJECTIVE No.3 Provision of information and support for activities relating to data access	3.130				3.130		3.130				3.130		3.130		6.260	21.910
<b>Action 1:</b>	3.130				3.130		3.130				3.130		3.130		6.260	21.910
Output 1: Cigarette databases and IT developments facilitating data access and analysis relating to cigarettes				0.300		0.300		0.300		0.300		0.300		0.600		2.100
Output 2: Subscription to strategic databases necessary to investigations		0.438	4	1.750	4	1.750	4	1.750	4	1.750	4	1.750	8	3.500	28	12.250
Output 3: Subscription to various small databases according to the needs of the investigations		0.048	10	0.480	10	0.480	10	0.480	10	0.480	10	0.480	20	0.960	70	3.360
Output 4: IT developments in the intelligence field facilitating data access and analysis.		0.600	1	0.600	1	0.600	1	0.600	1	0.600	1	0.600	2	1.200	7	4.200
Sub-total Objective 3				3.130		3.130		3.130		3.130		3.130		6.260		21.910
<b>TOTAL COST</b>				13.725		13.800		14.000		14.100		14.200		28.700		98.525

## 8.2. Administrative Expenditure

### 8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources ( <b>number of posts/FTEs</b> )					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff <sup>8</sup> (XX 01 01)	A*/AD	1.5	1.5	1.5	1.5	1.5	1.5
	B*, C*/AS T	6.5	6.5	6.5	6.5	6.5	6.5
Staff financed <sup>9</sup> by art. XX 01 02							
Other staff <sup>10</sup> financed by art. XX 01 04/05							
<b>TOTAL</b>		8	8	8	8	8	8

The needs for human and administrative resources shall be covered within the allocation granted to the managing service in the framework of the annual allocation procedure.

### 8.2.2. Description of tasks deriving from the action

AD staff:

Authorising officer, drafting of basic act, drafting of financing decisions, supervision of implementation of programme, appointment of evaluation committee, taking decisions on funding.

AST staff:

Implementation of programme /Project management

- Implementation of Financing Decisions (drafting and updating of the documentation for the Call for Proposals, the Guidelines for applicants and the Application forms);
- Publication of the Call for Proposals on the Commission (OLAF) Internet Site;
- Providing advice to applicants;

<sup>8</sup> Cost of which is NOT covered by the reference amount

<sup>9</sup> Cost of which is NOT covered by the reference amount

<sup>10</sup> Cost of which is included within the reference amount

- Provision of Committee Members with all relevant documentation to undertake the evaluation;
- Follow up of recommendation of evaluation committee;
- Preparation and verification of relevant documents for admitted candidates;
- Provision of support and regular contacts with beneficiaries on all questions of project implementation (technical and financial questions);
- Evaluation of projects on basis of evaluation missions, of project reports, views of participants and the Commission (OLAF) staff participating in the training;
- Dissemination of project results within the Commission (OLAF);
- Verifying all financial documents and reports in order to validate financial transactions (commitments, payments and eventually recovery orders)
- Clerical and support activities in all tasks deriving from the action
- Initiate commitments, payments and eventually recovery orders.

#### 8.2.3. *Sources of human resources (statutory)*

- ☒ Posts currently allocated to the management of the programme to be replaced or extended
- ☐ Posts pre-allocated within the APS/PDB exercise for year n
- ☐ Posts to be requested in the next APS/PDB procedure
- ☐ Posts to be redeployed using existing resources within the managing service (internal redeployment)
- ☐ Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

8.2.4. *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

EUR million (to 3 decimal places)

Budget line (number and heading)	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
<b>1 Technical and administrative assistance (including related staff costs)</b>							
Executive agencies							
Other technical and administrative assistance							
- <i>intra muros</i>							
- <i>extra muros</i>							
<b>Total Technical and administrative assistance</b>							

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials and temporary staff (XX 01 01)	0.864	0.864	0.864	0.864	0.864	1.728
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.)  (specify budget line)						
<b>Total cost of Human Resources and associated costs (NOT in reference amount)</b>	0.864	0.864	0.864	0.864	0.864	1.728

Calculation– *Officials and Temporary agents*



8 staff time \* €108 000 = €864 000 \* 7 years = €6 048 000

Calculation– *Staff financed under art. XX 01 02*

8.2.6. Other administrative expenditure not included in reference amount

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions	0.035	0.035	0.035	0.035	0.035	0.070	0.245
XX 01 02 11 02 – Meetings & Conferences							
XX 01 02 11 03 – Committees							
XX 01 02 11 04 – Studies & consultations							
XX 01 02 11 05 - Information systems							
<b>2 Total Other Management Expenditure (XX 01 02 11)</b>							
<b>3 Other expenditure of an administrative nature</b> (specify including reference to budget line)							
<b>Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)</b>	0.035	0.035	0.035	0.035	0.035	0.070	0.245

Calculation - ***Other administrative expenditure not included in reference amount***

Mission costs, based on the budget implementation of 2004, 2005 and the forecast for 2006.