This action is funded by the European Union

ANNEX 1


Action Document for Institutional Capacity Building of the Indian Ocean Commission

| INFORMATION FOR POTENTIAL GRANT APPLICANTS |
| WORK PROGRAMME FOR GRANTS |
| This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) applicable to the EDF in accordance with Article 37 of the Regulation (EU) 2015/323 in the following section concerning grants awarded directly without a call for proposals: 5.4.1. |

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>Institutional Capacity Building of the Indian Ocean Commission (INCA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRIS number: RSO/FED/038-552</td>
<td>Financed under 11th European Development Fund (EDF) for the Eastern Africa – Southern Africa – Indian Ocean region (EA SA IO)</td>
</tr>
</tbody>
</table>

| 2. Zone benefiting from the action/location | Indian Ocean Commission (IOC) Secretariat and ACP Member States of the IOC: Comoros, Madagascar, Mauritius, Seychelles. The action shall be carried out at the following location: IOC region. The project will be undertaken at the IOC Secretariat in Mauritius. |


<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dev. Aid: Yes</td>
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<table>
<thead>
<tr>
<th>5. Amounts concerned</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Total amount of EDF contribution: EUR 5 000 000</td>
</tr>
</tbody>
</table>

| 6. Aid modality and implementation modalities | Project Modality. Direct management for grant element for operating cost and technical assistance Indirect management with the Indian Ocean Commission |

<table>
<thead>
<tr>
<th>7. a) DAC code</th>
<th>15110 Public Sector Policy and Administrative Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Main delivery channel</td>
<td>47000 Multilateral Institution IOC</td>
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### 8. Markers (from CRIS DAC form)

<table>
<thead>
<tr>
<th>General policy objective</th>
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<th>Significant objective</th>
<th>Main objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation development/good governance</td>
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<td></td>
<td>☑</td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender equality (including Women In Development)</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Trade Development</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reproductive, Maternal, Newborn and child health</td>
<td></td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>RIO Convention markers</th>
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<th>Main objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological diversity</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☑</td>
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<td></td>
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### 9. Global Public Goods and Challenges (GPGC) thematic flagships

| N/A                                                             |

### SUMMARY

The IOC (Indian Ocean Commission) is an inter-governmental organisation that groups together five island states. The overall mandate of the IOC is to enhance regional cooperation and integration and to promote the interests of the region for sustainable development. Addressing current and future challenges in priority areas of cooperation calls for a stronger Secretariat, more involvement of the Member States, and more resource mobilisation from domestic and external sources along with internationally compliant financial administration.

The IOC has consequently identified a EUR 5 000 000 project, under the 11th EDF, for support to an IOC institutional capacity building project. The overall objective of the institutional capacity building project (INCA) is to contribute to the economic development of Small Island Developing States and promote their regional integration in a sustainable manner.

The specific objective of the project is to build the institutional capacity of the IOC Secretariat and its Member states to implement the IOC's Strategic Development Plan (SDP) 2013-2016 and design the successor SDP. The aim is to be able to plan, identify, formulate, manage and evaluate projects and programmes and to comply with the EU 7-pillar assessment in a sustainable manner.

The main expected results to be achieved by the INCA project are, in line with the 11th EDF RIP namely : 1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool. 2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations.
1.1 Sector/Country/Regional context/Thematic area

The Indian Ocean Commission (IOC) was created following the preparatory Conference in Port Louis (Mauritius) in 1982 and the Regional Cooperation Agreement of Victoria in 1984. The five IOC Member States are: Comoros (least developed country), France (on behalf of Réunion), Madagascar (least developed country), Mauritius (middle income country) and the Seychelles (high income country), all located in the southwest region of the Indian Ocean. Réunion is an EU Outermost Region and participates in IOC programmes with its own funds, notably the European Union Regional Development Fund (ERDF).

Since its foundation, the missions of the IOC were political and regional cooperation, gradually developing actions in many areas, ranging from the political and diplomatic action to the insertion of the region in the world economy, through the conservation of the environment (including marine and coastal), animal and plant resources, the protection of populations (civil security, rights of the child, public health) and cultural, academic and research cooperation. The IOC is the only African regional organisation to defend the interests of exclusively island and ocean states and territories and it represents those states (the SIDS: Small Island Development States) in wider regional forums and continental or multilateral institutions. Related to this, IOC countries share many common challenges and possess important assets - the exclusive economic zone of the five Member States extends over more than 5 million km², nearly ten times their land area, and nearly twice the area of the Mediterranean Sea. There is a strong need for the implementation of collective initiatives for the benefit of all Member countries and their populations and for which the IOC Policy Organs have endorsed a 2013-2016 Strategic Development Plan (SDP). This Plan recognises the needs to improve institutional capacity both internally to the IOC and amongst Member States, so as to better manage cooperation and regional integration processes. The SDP identifies the following key areas for institutional capacity building: performance budgeting, results-based management, resource mobilisation, project cycle management, transposition, and visibility.

1.1.1 Public Policy Assessment and EU Policy Framework

The 4th Summit of IOC Heads of States and Governments, held on 23 August 2014 in Moroni, Comoros, recognised the limited resources of the IOC Secretariat General, and urged it to actively seek innovative and feasible financing solutions for the continued fulfilment of its mandate. The Summit also took note, in particular, of applications for accession of other States to the IOC; the assessment of this enlargement process will call upon more qualified support from the IOC’s Secretariat. This will also eventually increase the financing of the IOC by the Member States; however this will not be forthcoming before a number of years. The Summit also decided for the IOC to join fully the global mobilisation for SIDS and endorsed the leading role of the IOC in the advocacy in favour of more inclusive environmentally sound sustainable development in the "Indianocéanie".

IOC Member States call upon the IOC Secretariat to mobilise, in an accountable and transparent way, domestic and external resources to respond to existing and emerging challenges faced by the region. To do this, the IOC Secretariat must have the appropriate administrative and technical capacity so as to meet and comply with international public financial management standards and cater for the current needs for the well-functioning of the IOC Secretariat. The IOC Council met in May 2015 in Madagascar and invited the General Secretary to submit to the European Union a request for exceptional support for the operating budget of the General Secretariat within the context of a restructuring process.
1.1.2 Stakeholder analysis

The IOC

The institutional organisation of the IOC is as follows:

- The Summit of Heads of State or Government; the last Summit was held in August 2014 in Comoros.
- The Council, which meets every year, is composed of the Ministers for Foreign Affairs of the five Member States and constitutes the highest decision making body of the IOC. The last meeting was on 26 February 2016.
- The Presidency of the IOC, which is annual and rotating, on the Council (in alphabetical order of the Member States), convenes and chairs the meetings of bodies, prioritizes actions and ensures their implementation. It represents the IOC with partners and regional and international organisations, and plays a role of facilitator in conflicts.
- The Committee of Permanent Liaison Officers composed of representatives of the five Member State administrations (IOC Focal Points), generally the Ministry of Foreign Affairs. From 2012 to date, the IOC has funded four Regional Technical Officers (under the Regional Integration Support Programme) to assist the Permanent Liaison officers in Comoros, Madagascar, Seychelles and Mauritius. The General Secretariat, located in Mauritius, ensures the permanence and continuity of the organisation and has 47 permanent staff. Of these, only 29 are funded by the IOC Member States. If the project staff is included, the total number of staff working at the IOC stands at 106. The IOC Secretariat is the main body responsible for the preparation and follow-up of the implementation of programmes and projects, acting as the interface with the donors. The Secretary General is appointed for a non-renewable four-year term by the Council; he is assisted in his duties by five Heads of Mission, administrative and accounting services and teams involved in on-going projects. The IOC has a Department for Procurement (created in 2013) and an Internal Audit Department (created in 2012).

These different levels constitute the first direct line of stakeholders for the institutional capacity building programme.

The outer circle:

An outer circle of stakeholders constitute the main interest groups which have progressively forged strong linkages with the IOC as core partners of the programmes which IOC implements or as part of the advocacy groups where IOC is involved. Examples are the regional private sector facilitation bodies such as the "Union des Chambres de Commerce des îles de l'Océan Indien", the "Association des Femmes Entrepreneures de l'Océan Indien", the "Association des Jeunes Entrepreneurs de l'Océan Indien", regional fisheries bodies, regional maritime security instances, and of course the organisations related to SIDS advocacy.

Development Partners: The development partners of the IOC are a distinct group of stakeholders with a high interest in this programme. The EU, comprising both the EU (on account of the European Development Fund) and the EU Member States (principally France), is the largest cooperating partner (since the 5th EDF) while new partnerships are now emerging with, for example, the African Development Bank, the World Bank, Australia, China. They all have a strong interest in an administratively and technically strong IOC, in particular its Secretariat, given its evolving portfolio and variety of projects.
1.1.3 Priority areas for support/problem analysis

Since 1993, a number of decisions have been taken by the authorities to improve the effectiveness and efficiency of the Secretariat and to strengthen its management capabilities, including transparency and standardisation, as expected by Member States and major technical and financial partners. However, in more recent times, the expansion of programmes and projects managed by the IOC, in the context of diversification of its donors, has significantly increased the workload of the Secretariat and Member States, leading to an urgent need of modernisation and strengthening of the IOC. Currently the IOC has a portfolio of more than a dozen projects for a total amount estimated at EUR 130 million. In 2012 a new accounting system and an internal control system as well as an internal audit department were established. A new Financial Regulation and procurement procedure is under implementation since 2013. Similarly, in 2013 the IOC initiated a pre-assessment study to determine its eligibility to Contribution Agreements with the EU as per the 4-pillar assessment.

Similarly, despite the limitations of the IOC’s own budget, the staff of the General Secretariat has expanded with the support of development partners, with the creation of several positions between 2007 and 2011 and again in 2012 connection with the project of modernisation: it concerns new posts with financial and administrative functions, but also to give technical support to different areas of intervention (with Mission leaders of the General Secretariat). With EU support, key posts in divisions responsible for procurement, internal audit, human resources were funded. Nonetheless, the challenge remains to sustain the reinforcement of these departments with assistance from Member States and development partners. The IOC has also introduced a more active communication policy which has in the recent years completely transformed the perception of the organisation, and of its supporting partners, by the general public and its stakeholders.

The priority areas for support, in line with the SDP 2013-2016 and as per the EDF 11 RIP are then as follows:

- Training on result-based planning, programme implementation and monitoring;
- Reporting on the implementation and adaptation of the Strategic Development Plan and relating budgeting;
- Designing and develop a planning, budgeting and monitoring system;
- Improving IOC effectiveness and efficiency in the coordination and implementation of programmes, including those related to regional connectivity measures and infrastructure;
- Prepare and supervise programmes. For this result, it should be noted that the IOC Secretariat will also be supported with three staff recruited to assist the “Chargés de Mission” at operational level. Strengthening the IOC Secretariat, in particular in internal audit and procurement;
- Upgrade IOC management procedures to international standards, namely the EU seven pillars for pillar assessed grant for under direct management.
- Support IOC Member States to implement the mechanism for reporting on the transposition of regional policies at national level;
- Coordinate with Member States;
- Undertake visibility actions on EU-IOC cooperation.

There is a consensus on the need to provide the IOC Secretariat with the necessary tools to achieve the above mentioned results. It has therefore been agreed that an external long term technical assistance will be recruited to assist the IOC in the above-mentioned areas. The IOC will have the prerogative on issues related to its core mandate, with the assistance of the technical assistance where and when required.
2  **RISKS AND ASSUMPTIONS**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOC Member States may be unable to maintain or increase as needed the current levels of financial contribution</td>
<td>M</td>
<td>Regular sensitisation during policy organs meeting on financial and political implications</td>
</tr>
<tr>
<td>Level of specialisation and staffing at the Secretariat is not sufficient</td>
<td>M</td>
<td>Training and capacity building. Recruitment of temporary staff</td>
</tr>
<tr>
<td>Delays in the decision making process at policy organs level</td>
<td>M</td>
<td>Policy dialogue with decision makers</td>
</tr>
<tr>
<td>Non predictable nature of the timing for seconded nationals from Member States</td>
<td>M</td>
<td>Member States to plan the secondment of their officials to the IOC well in advance</td>
</tr>
<tr>
<td>Donor coordination on institutional support is not sufficient</td>
<td>M</td>
<td>Structured donor coordination and regular exchanges between IOC’s development partners to be organised</td>
</tr>
</tbody>
</table>

**Assumptions**

The major policy measures expected to be taken by the IOC and IOC Member States to accompany the implementation of this programme are:

- IOC decision on medium term development plans and the timely design and approval of the successor to the 2013-2016 SDP;
- Member States’ financial commitments, included in the budget endorsed by the Council, to ensure reinforcement and sustainability of the Secretariat, including staffing will be forthcoming in the final years of the programmes. This will represent the exit strategy of the development partners;
- Regional policies mainstreamed at national level.

3. **LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

3.1 **Lessons learnt**

The EU-funded study leading to the design of the IOC Strategic Development Plan 2013-2016 summarised the institutional capacity building needs of the IOC in respect of its evolving mission and mandates. These are listed in the priority areas above (see Section 1.1.3). Under the 10th EDF the IOC benefited of an institutional support project (“Support to the IRCC II”) to support the regional authorising officer’s function and under which institutional and organisational reviews were conducted. Recommendations have been progressively implemented, namely on Monitoring and Evaluation (M & E) for better management of the implementation of the SDP. A plan for M&E has been developed, discussed internally and implementation has started under the newly created post of Director at the Secretariat. Similarly, there has been the creation of departments for audit, human resources, procurement, internal control and communication, to ensure smooth operation of the Secretariat and visibility of its operations.

As mentioned earlier (at Section 1.1), the IOC Secretariat General has limited resources which limit the participation at international events (such as meetings or conferences), where advocacy of the IOC is important (e.g. on climate change, SIDS issues, or security issues).
The presence of the IOC at international gatherings is important to defend the cause of the Member States which are exclusively island states. This issue was again raised at the 30th Council Meeting of the IOC on 20 May 2015 and subsequently at a Technical Meeting with the Delegation on 8 June 2015.

3.2 Complementarity, synergy and donor coordination

Complementarity is currently ensured through supportive actions in the IOC components of: 1) the 10th EDF support programme to the Inter-regional Coordinating Committee (IRCC), and 2) the 10th EDF Regional Integration Support Programme (RISP), all ending in 2016. The IOC Member States, in particular France/Réunion and Mauritius, have also assisted the IOC Secretariat in delivering on its work plans through seconded officials. There is however no predictability of such seconded officials given the constraints at national levels and the non-formal nature of their mandate.

Since the First Donor Coordination meeting in October 2008, there has been no formal and structured donor coordination in terms of institutional support to the IOC, this is expected to be better organised as a result of the implementation of this programme.

3.3 Cross-cutting issues

The project will ascertain that there is gender parity in the recruitment of staff, and that there is gender balance at managerial level within the IOC Secretariat. As far as possible, data for project beneficiaries will be disaggregated by sex and age, namely for those IOC Secretariat staff benefitting from training in this capacity building programme. The project will ascertain that there are equal opportunities in terms of recruitment of staff. In terms of governance, the project aims at strengthening the public finance management principles in the IOC Secretariat and will make the accountability mechanisms stronger within the IOC. All the stakeholders will be sensitised on the need to respect and protect workers' rights during the implementation of the programme.

4. Description of the action

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of the SDG target ensuring significant mobilisation of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions. This does not imply a commitment by the IOC benefiting from this project.

The overall objective of the institutional capacity building project (INCA) is to contribute to the economic development of Small Island Developing States (SIDS) and promote their regional integration in a sustainable manner.

The specific objective of the project is to build the institutional capacity of the IOC Secretariat and its Member states to implement the IOC's Strategic Development Plan (SDP) 2013-2016 and design the successor SDP. The aim is to be able to plan, identify, formulate, manage and evaluate projects and programmes and to comply with the EU 7-pillar assessment in a sustainable manner.

The main expected results to be achieved by the INCA project are, in line with the 11th EDF RIP namely: 1) Improved Performance of the IOC Secretariat and its Member States in the
implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool; and 2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations.

4.2 Main activities

Under Result 1, the main activities for the IOC Secretariat are as follows and are devoted to activities that relate mostly to the core mandate of the IOC, namely:

- Training on result-based planning, programme implementation and monitoring;
- Reporting on the implementation and adaptation of the Strategic Development Plan 2013-2016 and related budgeting as well as design of a successor SDP;
- Designing and developing a planning, budgeting and monitoring system;
- Improving IOC effectiveness and efficiency in the coordination and implementation of programmes, including those related to regional connectivity measures and infrastructure;
- Preparation and supervision of programmes;
- Support IOC Member States to implement the mechanism for reporting on the transposition of regional policies at national level;
- Coordinate with Member States;
- Undertake visibility actions on EU-IOC cooperation.

Under Result 2, actions will aim at achieving the 7-pillar readiness with a view to qualify for Pillar Assessed Grant or Delegation Agreements (PAGoDA) modality with the European Union. These activities will be in the areas of:

- An effective and efficient internal control system respecting international standards;
- An accounting system that provides in all material respects accurate, complete and reliable information in a timely manner and in accordance with the criteria set by the European Commission; and,
- independent external audit process is well established in accordance with internationally accepted auditing standards;
- appropriate rules and procedures for grants are applied and in accordance with the criteria set by the European Commission;
- appropriate rules and procedures for procurement are applied and in accordance with the criteria set by the European Commission;
- appropriate rules and procedures for financial instruments are applied and in accordance with the criteria set by the European Commission;
- measures are in place in all material respects which ensure that Sub-Delegates and Financial Intermediaries to which the entity sub-delegates budget-implementation tasks, will implement EU-funded actions with systems and procedures that comply with international standards and with the criteria set by the European Commission.

4.3 Intervention logic

In order to achieve the afore-mentioned results and implement the activities above, the IOC will be provided with external technical assistance. The technical assistance team will assist the IOC in all the activities and tasks listed above in Section 4.2 when and where required.

In order to assist the Secretariat in achieving its core objectives and to bridge the gap between the expenditures of the IOC Secretariat and the low financial contribution of the IOC Member States, an operating grant will be provided in the first three years of the operation. The operating grant will be gradually reduced as indicated in Section 5 below.

The project will also provide for the recruitment of three additional staff to provide support to the Operational Section of the IOC. These will be recruited on contract basis throughout the operational phase of the project will be in post for years 1 and 2 of the project under funding
of the project. This support staff will be reduced to 2 in years 3 and 4 under funding of the project, with the third staff being sustained by IOC Member States, and to 1 in the final year, under the assumption that the Member States will take over the rest of the two posts and the three posts as the project ends.

The support of the EU in the form of the operating grant and support personnel will be in a decreasing mode, and will phase out in the course of the implementation of the project as detailed above. Once the EU support has phased out, the IOC Member States will be called upon to increase their financial contribution to the IOC Secretariat in terms of operating cost and support personnel. This comes out clearly in the decisions taken by the technical committee of IOC Ministers meeting held on 23-24 February 2016.

The IOC management is agreeable to the principle of receiving support from an external technical assistance in order to re-inforce the organisational structure of the IOC Secretariat in order to achieve the 7-pillar assessment compliance.

The IOC has requested support from the EU for the operational expenses of the IOC Secretariat. The principle that the operating grant will be regressive in the amount disbursed in the first three years has been accepted by the IOC.

The IOC agrees that it is facing constraints in terms of human capacity. It has therefore agreed to have three staff recruited under the project, with the agreement that the staff funded by the project will be reduced over the course of the project implementation, when the IOC is in a position to recruit its permanent staff.

The IOC Member States were informed of the temporary and decreasing nature of the EU support under this project for the operating cost of the IOC Secretariat and the operational staff recruited. They took note that it will be up to the IOC Member States to sustain the IOC Secretariat and the operational staff recruited at the end of the project.

5. IMPLEMENTATION

5.1 Financing Agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Indian Ocean Commission, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in Section 4.2 will be carried out and the corresponding contracts and agreements implemented is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute a non-substantial amendment in the sense of Article 9(4) of the Annex to Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N/A.

5.4 Implementation modalities

5.4.1 Grant: direct award Operating Grant (direct management)

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

Three operating grants totalling EUR 700 000 will be provided to the IOC Secretariat General to meet expenses of the Secretariat General and the funding gap that exists due to the low
level of contribution from IOC Member States. The IOC Council meeting of 20 May 2015 confirmed the commitment of the IOC MS to increase their contribution over the medium term. These operating grants funds will be phased over the first three project years so as to be in a decreasing trend as the project implementation progresses, and contribution from IOC MS increases. The first year the grant will be EUR 300,000, the second year EUR 250,000 and the third year EUR 150,000.

As indicated in Section 4, the specific objective of the operating grants is to build the capacity of the IOC Secretariat to plan, identify, formulate, manage and evaluate projects and programmes and to comply with the EU 7-pillar assessment in a sustainable manner. The priority areas for support are identified in Section 1.1.3 and the main actions of the programme are concentrated in the following areas of intervention:

- IOC secretariat human resources
- Office equipment
- Operating costs

The eligible actions are identified as follows:

- Support to institutional activities:
  - Institutional operating costs
  - Missions and travel costs of the Secretariat

- Improvement of the qualification of staff through:
  - Training and exposition to best practices
  - Missions and peer to peer learning and related operating costs

- Upgrading of the working environment through:
  - New updated equipment
  - Improvement of IT system and communication tools
  - Enhancement of IOC and EU visibility.

Expected results:

- Improved performance of the IOC and its Member States in the implementation of the IOC Strategic Development Plan and the results-based management tool;
- A planning, budgeting and monitoring system developed, is in place and working;
- The IOC effectiveness and efficiency in the preparation, coordination and implementation of programmes, in co-operation with Member States, including those related to regional connectivity measures and infrastructure, is improved;
- The IOC Secretariat performance, in particular in internal audit and procurement, is enhanced;
- IOC management procedures are upgraded to international standards, namely the EU seven pillars for pillar assessed grant under direct management;
- the IOC Member States are supported in implementing the mechanism for reporting about the transposition of regional policies at national level.

(b) Justification of a direct grant

Under the responsibility of the Commission’s Authorising Officer responsible, the grant may be awarded without a call for proposals to the Indian Ocean Commission.

The recourse to an award of a grant without a call for proposals is justified because the Indian Ocean Commission, as regional organisation, has exclusive competence in the field of activity and geographical area to which the grant relates and is also the only organisation operating in that field.
(c) **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 call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) **Maximum rate of co-financing**

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 37 of (EU) Regulation 2015/323, 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 in the last quarter of 2016.

5.4.2 **Procurement (direct management)**

<table>
<thead>
<tr>
<th>Subject in generic terms, if possible</th>
<th>Type (works, supplies, services)</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating grant</td>
<td>Grant</td>
<td>One contract</td>
<td>Quarter 4 2016</td>
</tr>
<tr>
<td>International technical assistance</td>
<td>Services</td>
<td>One contract</td>
<td>First quarter 2017</td>
</tr>
</tbody>
</table>

5.4.3 **Indirect management with the Indian Ocean Commission**

A part of this action excluding the operating grant and the technical assistance will be implemented in indirect management with the Indian Ocean Commission in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 EDF applicable in accordance with Article 17 of Regulation (EU) 2015/323 according to the following modalities:

The Indian Ocean Commission will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the Indian Ocean Commission for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 100 000 for grants.

The financial contribution does not cover the ordinary operating costs under the programme estimate. The programme estimate will be used for the recruitment of the three additional operational staff for the IOC Secretariat with the selection of the best suited candidates, and for capacity building that the IOC wants to organise in house for its staff and participation to conferences and seminars and technical assistance that might be needed over and above the external assistance contract, for example technical assistance to evaluate 7-pillar readiness.
In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the Indian Ocean Commission shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the Indian Ocean Commission.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

An external technical assistance will be recruited under direct management mode to provide the necessary assistance to the IOC in achieving the results mentioned at Section 4 above. The recruitment of three (3) additional staff members to provide support to the Operational Section of the IOC is foreseen under this programme. These staff will be recruited on contract basis throughout the operational phase of the 11th EDF RIP INCA project. Three additional members of staff will be recruited and in post for years 1 and 2 of the project. This support staff will be reduced to 2 in years 3 and 4 of the programme, and to 1 in the final year of the programme, under the assumption that the Member States will take over.

Three operating grants totalling EUR 700 000 will be provided to the IOC Secretariat General to meet expenses of the Secretariat General. These funds will be phased over the first three project years so as to be in a decreasing trend as the project implementation progresses, and contribution from IOC MS increases.

<table>
<thead>
<tr>
<th>Result 1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan, including the results-based management tool</th>
<th>EU contribution (in EUR)</th>
<th>Indicative third party contribution, in currency identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4.3 Indirect management with the Indian Ocean Commission (Support personnel under Programme Estimate)</td>
<td>300 000</td>
<td></td>
</tr>
<tr>
<td>5.4.1 Direct grant : Support to IOC operating cost</td>
<td>700 000</td>
<td></td>
</tr>
<tr>
<td>5.4.2 Service Contract International technical assistance</td>
<td>1 200 000</td>
<td></td>
</tr>
<tr>
<td>Result 2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations</td>
<td>2 000 000</td>
<td></td>
</tr>
<tr>
<td>Paragraph</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>5.4.2</td>
<td>Service contract - international technical assistance</td>
<td>1 500 000</td>
</tr>
<tr>
<td>5.4.3</td>
<td>Indirect management with the IOC Programme Estimates</td>
<td>500 000</td>
</tr>
<tr>
<td></td>
<td>Contingencies</td>
<td>250 000</td>
</tr>
<tr>
<td>5.9</td>
<td>Evaluation and 5.10 Audit</td>
<td>50 000</td>
</tr>
<tr>
<td>5.11</td>
<td>Communication and Visibility</td>
<td>500 000</td>
</tr>
<tr>
<td><strong>Project Total</strong></td>
<td></td>
<td><strong>5 000 000</strong></td>
</tr>
</tbody>
</table>

### 5.7 Organisational set-up and responsibilities

The programme is implemented in indirect management through the signature of a Financing Agreement with the **Regional Authorising Officer (RAO), Secretary General of the IOC** in accordance with the Financial Regulation of the 11th EDF, and through operating grants awarded to the IOC without call for proposals.

The IOC shall also act as Supervisor of the programme.

- **a) Contracting Authority**
  - The contracting authority for the project shall be the IOC Secretariat the Secretary General of which will act as Regional Authorising Officer (RAO).

- **b) Imprest Administrator and Imprest Accounting Officer**
  - An imprest administrator and an imprest accounting officer shall be assigned to the management and implementation of the project by the contracting authority as detailed in Section 5.4.3.

- **c) Steering Committee**
  - Coordination of activities will be undertaken at the General Secretariat of the IOC and shall also validate the overall direction. Its Committee of High Officials will oversee the implementation of the project. A permanent liaison between the project management Unit and the beneficiary countries will be maintained.

- **d) Management of the Project**
  - The project activities will be implemented by the Economy, Trade and Infrastructure Department of the IOC General Secretariat based at the IOC secretariat. The Management Unit will be composed of:
    - The Officer in Charge of the Programme who will act as Imprest Administrator for the actions to be implemented by the Indian Ocean Commission (Programme estimates) and who is funded by IOC own resources.
    - Ad hoc consultancies, expertise and logistics support will help in the implementation and will be acquired under the Programme estimates as a direct support to the Officer in Charge of the Project.

### 5.8 Performance monitoring and reporting

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 (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as
reference the logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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 (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation
Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it is an innovation to use operating grant for a regional organisation.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the final year of implementation.

5.10 Audit
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 for one or several contracts or agreements. Indicatively, one contract for audit services shall be concluded under a framework contract before the end of the project.

5.11 Communication and visibility
The project’s budget makes due allowance for Information, Communication, and Visibility (ICV) activities. An ICV strategy on IOC-EU cooperation will be developed in line with the requirements for visibility of EU development cooperation while demonstrating the regional ownership as well as all the other initiatives fostered by IOC. Special attention will be given to the actions being suitable for general awareness-raising of civil society, youth and gender. Due provision will also be made for the linguistic necessities (English and French).

In line with the IOC’s review and strengthening of its own communication strategy, due attention will be given to the systematic showcasing of the EU’s value addition and visibility in those actions underpinning the support to the implementation of the IOC’s Regional
Development Plan: in particular within the 11th EDF RIP. In collaboration and with support of the EU funded projects, key activities will focus on results and impacts in order to maximising stakeholders’ awareness (national and regional institutions, development partners, media and the public in general) on the value addition of the IOC/EU Cooperation. These key activities shall use the IOC web-site and other communication/media tools and channels at local and regional level. Specific actions will include:

i) formulation of an IOC ICV Strategy and Plan and an annual review;
ii) one IOC open day each year in each of its Member States;
iii) visibility, publication and road shows on the IOC/EU partnership;
iv) establishment of a data base on all reports and visibility and communication tools under 11th EDF;
v) facilitation of information exchange and links established with key media in the region and EU as well as institutions concerned with the projects of the IOC;
vii) ensuring quality, coherency and coordination of ICV activities amongst EU funded projects.

Collaboration with the EU Delegation, Mauritius will be ensured in the implementation of the above activities.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. The logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators, whenever it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Indicators</th>
<th>Baselines 2014</th>
<th>Targets 2020</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall objective: Impact</td>
<td>To contribute to the economic development of Small Island Developing States and promote their regional integration in a sustainable manner.</td>
<td>Average real GDP growth in IOC Member States **</td>
<td>tbc</td>
<td>At least 0.5% point higher than in 2014</td>
<td>The external factors are conducive to overall growth in the region. Political stability in the IOC countries.</td>
</tr>
<tr>
<td></td>
<td>Percentage of measures of the IOC Strategic Development Plan Implemented*</td>
<td>20% of the IOC Strategic Development Plan measures implemented</td>
<td>80% of the IOC Strategic Development Plan</td>
<td>Report of the IOC Secretariat to the IOC Council of Ministers</td>
<td></td>
</tr>
<tr>
<td>Specific objective: Outcome</td>
<td>The specific objective of the project is to build the institutional capacity of the IOC Secretariat and its Member States to implement the IOC’s Strategic Development Plan (SDP) 2013-2016 and design the successor SDP. The aim is to be able to plan, identify, formulate, manage and evaluate projects and programmes and to comply with the EU 7-pillar assessment in a sustainable manner.</td>
<td>IOC eligibility to the PAGoDA modality</td>
<td>The IOC is not eligible to PAGoDA</td>
<td>Report from technical assistance on the eligibility of the IOC.</td>
<td>The financial means is made available to the IOC over the whole implementation period. Successor SDP approved in 2016 and under implementation in 2017. Technical assistance is provided for the assessment.</td>
</tr>
</tbody>
</table>

¹ Indicators aligned with the relevant programming document are marked with '*' and indicators aligned to the EU Results Framework with '**'.

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### Outputs

1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool.

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool.</td>
<td>All the management tools are under implementation by the IOC Secretariat, including the results based management tool. Number of IOC Secretariat and IOC Member states staff trained by the project on results based planning, programme implementation and monitoring. Status of the annual report on the Strategic Development Plan 2013 - 2016 implementation Status of the successor SDP</td>
</tr>
<tr>
<td>2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations.**</td>
<td>Number of IOC financial and administrative frameworks on the various areas covered by the 7 pillars assessed as PAGoDA ready Number of recommendations of the 2013 4-pillar assessment implemented*</td>
</tr>
</tbody>
</table>

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2 The seven areas are internal control system, accounting system, independent external audit process, rules and procedures for grants, rules and procedures for procurement rules, rules and procedures for financial instruments, and measures ensuring the sub-delegates and financial intermediaries comply with international standards and EC criteria.

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<table>
<thead>
<tr>
<th>Outputs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool.</td>
<td>No management tool No staff trained SDP annual reports not published</td>
</tr>
<tr>
<td>2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations.**</td>
<td>None of the seven relevant IOC financial and administrative management frameworks are assessed as PAGoDA – ready 0 recommendations implemented</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Outputs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool.</td>
<td>5 management tools have been approved and are under implementation 40 staff of the IOC Secretariat trained and 40 from IOC MS trained</td>
</tr>
<tr>
<td>2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations.**</td>
<td>The seven frameworks are assessed as PAGoDA ready All recommendation implemented.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Outputs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool.</td>
<td>IOC reports to the IOC Council of Ministers Technical assistance reports</td>
</tr>
<tr>
<td>2) Enhanced public financial management capacity of the IOC Secretariat to comply with the 7-pillar assessment recommendations.**</td>
<td>IOC reports to the IOC Council of Ministers Technical assistance reports</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Outputs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Improved Performance of the IOC Secretariat and its Member States in the implementation of the IOC Strategic Development Plan 2013-2016 and its successor plan, including the results-based management tool.</td>
<td>Commitment of IOC staff to implement the RBM tool. Management tools are adopted by the IOC policy organs. Management frameworks are adopted by the IOC policy organs. IOC has the capacity to design the successor SDP.</td>
</tr>
</tbody>
</table>