



**2017**

**FIRST ANNUAL/AOSD REPORT TO THE**  
**MANAGEMENT BOARD**

# **Table of Contents**

## **1. Policy and/or operational highlights of the year**

### **1.1 Policy aspects**

### **1.2 Operational highlights**

### **1.3 Summary of programmes adopted and current pipeline**

### **1.4 Obstacles encountered for EUTF implementation**

### **1.5 Particular risks associated to the management of EUTF programmes**

## **2. Programming, implementation and results (including evaluations)**

### **2.1 Brief description of programmes adopted**

### **2.2 Monitoring and lessons learnt**

### **2.3 Visibility of the EUTF and the programmes financed within**

## **3. Financial report**

### **3.1 Amounts pledged and received**

### **3.2 Beneficiaries and amounts contracted and paid**

## **4. Management and internal control**

### **4.1 Control results**

#### **4.1.1 General**

#### **4.1.2 Results of ex-ante controls**

#### **4.1.3 Results of external audits**

#### **4.1.4 Fraud prevention and detection**

### **4.2 Observations and recommendations made by IAS/ECA**

### **4.3 Assessment of the effectiveness of the internal control systems**

### **4.4 Conclusions as regards assurance**

## **5. Declaration of assurance (and reservations)**

## **6. Annex: Annual Accounts**

## **7 Lists of derogations exceptions, non-conformity events, prior approvals and events to be reported (necessary in the EUTF?)**

## **1. Policy and/or operational highlights of the year**

### **1.1 Policy aspects**

The first months of the Trust Fund were also the first months of the peace agreement between the Government and FARC. There were several notable achievements in early implementation, including the disarmament and demobilisation of FARC as a guerrilla group and its transition to a political party. The disarmament of FARC was overseen by an innovative tripartite Mechanism for Monitoring and Verification (MMV), which was made up of the UN, Colombian military and FARC members, and concluded in August 2017. The UN Security Council approved the mandate for a 2<sup>nd</sup> UN Mission which commenced on 26 September 2017. This second Mission is mandated to verify commitments on FARC's reincorporation, security of the demobilised guerrilla and the security and protection of local communities. While its mandate is for 12 months, it is expected that the UN Mission will have a three year duration.

FARC launched its political party on 1 September, thereby confirming its commitment to politics by peaceful means. The party is called Fuerza Alternativa Revolucionaria del Comun (still FARC). The Colombian National Electoral Council ruled that FARC had full authorisation to participate in the 2018 elections. FARC announced that their leader, Timochenko, will be their candidate for the presidential elections. For the legislative elections, the peace agreement gave 10 guaranteed seats to FARC (5 in Senate and 5 in the House of Representatives). These seats will be taken by the FARC leadership, with or without meeting the threshold, and FARC also hoped to gain a few more in their traditional strongholds. In recognition of its political transition, FARC was permanently delisted from the EU terrorist list in November 2017.

Some territories in Colombia have suffered a context of increasing violence against and killings of social leaders and human rights defenders, particularly in rural areas. Weak state presence, power struggles between armed groups in a post FARC scenario and booming illegal economies are the main factors behind these killings. In addition to violence against social leaders, human rights defenders and FARC politicians, the mammoth task of tackling Colombia's coca crop through eradication and voluntary substitution programmes has led to increased social protest and tension. This has in some cases placed the army and police in confrontational positions with farmers and local communities, who are in turn coming under pressure from illegal armed groups. At the heart of the peace agreement was the desire to

transform rural Colombia through state presence, local economic opportunities and development. This involves a long term transformation process of the country. New structures and institutions were set up under the agreement to advance this process and are only now really starting to be embedded and established on the ground.

The demobilisation zones were converted into areas for the training and reincorporation of ex-FARC members. The development of a strategy and of concrete plans for reincorporation advanced very slowly;. EU leadership on this point has been most useful to respond to security and stability concerns. The swift decision to adjust the Trust Fund strategic orientations to reinforce the reincorporation aspects was a welcome and concrete step

## 1.2 Operational highlights

In its first year of operations, the Colombia Trust Fund approved 7 projects for a total amount of € 30.3 million<sup>1</sup>. € 20 million were contracted by 31/12/2017.

Activity in the Operational Committee was intense throughout the year, with 5 formal meetings held and numerous informal meeting at Heads of Cooperation level. Initial committees laid the basic pillars for the functioning of the Trust Fund, agreed on the criteria to prioritise projects, the geographical zones of action and ensured alignment with the Colombian Government's Framework Plan for Implementation of the Peace Agreements. Project identification and formulation actually started as of May 2017 and resulted in the pipelined outlined in chapter 2, absorbing roughly 65% of the available funds.

The Trust Fund Strategic Board also held an ad-hoc meeting in Bogotá in October in order to adjust the strategic orientations of the Fund (see below)

Even if it is too early to show tangible results under the different projects, the Trust Fund has already shown its advantages as cooperation modality in terms of :

Donor coordination; the Operational Committee established in Bogotá has de facto become the coordination forum among Member States for cooperation matters relating to the peace process and the vehicle to coordinate with other international Trust Funds (managers of the other international Trust Funds are invited to our Operational Committee on a reciprocal basis).

---

<sup>1</sup>For the sake of comprehensiveness, on 18 January 2018 the Operational Committee approved by written procedure further 6 projects for an additional amount of € 24.8 million.

Flexibility; at the request of the Colombian government and in view of the difficulties the reintegration process was experiencing, we were able to adjust in a matter of weeks the strategy of the Trust Fund in order to include the reincorporation of former FARC Members as a priority area. First projects in this area were adopted by the Operational Committee two months later. This ability to react to changing circumstances would have been significantly more difficult with other instruments.

Visibility; The Trust Fund has become a very visible instrument, ideal to highlight the joint efforts undertaken by the Colombian Government and the EU, showing the European institutions and the Member States acting as one. President Santos came to Brussels for the launching of the Trust Fund in December 2016. All contract signing ceremonies have counted with the participation of the High Counsellor for post-conflict Rafael Pardo, the EU Head of Delegation and Member States Ambassadors and have received ample media coverage in Colombia

With regards to the projects that started operations during 2017, after only a few months functioning we can already see some quick wins:

6.000 families in 13 municipalities are engaged with the project and co-operating on the re-activation of the local economies

Through fair trade agreements under the project, 260 coffee growers in Cauca have obtained a 15% increase on their income for bio certified coffee, production commercialized through the scheme this year reached 56 Tn.

800 farms in Choco with diversified complementary production through poultry and pork farming in addition to their usual crops

Laboratory equipment for milk testing and quality assurance provided in Meta benefitting 850 milk producers.

Launch of a pilot land formalisation process in Vista Hermosa (Meta) with the support of the Dutch Cadaster, whose methodology should offer a faster and cheaper land titling process to be replicated elsewhere.



These results, as scattered as they may be for the time being, are perceived by local populations as tangible peace dividends which would have unlikely happened without the peace agreement.

The technical assistance facility was also put in motion at the beginning of the 4th quarter. It has already been used to support identification and formulation of programmes with some Member States, government and FARC and to provide support to the integral rural reform process set out in point 1 of the peace agreement, in line with the role given to the EU as international accompanying partner on this point.

One of the aims of the Technical Assistance is to enable us to provide specific European expertise on matters that Colombia may find of use for the implementation of the agreements. In connection therewith, at the proposal of Ireland, we co-financed a visit to Ireland by a group representative of organisations in Colombia who have been opposed to the peace agreement. The objective of the visit was to create a space for dialogue between different groups opposed to the agreement and provide an opportunity for the consideration of relevant lessons from the Irish peace building process through the encounters with a wide variety of actors involved in the Irish conflict and peace process. As a result of the visit, the group have formed themselves into the 'Foro de Irlanda' to facilitate continued engagement and dialogue among themselves and with representatives of the Institute for Integrated Transitions IFIT (co-organizer of the visit together with the Irish Embassy) and Ireland on issues raised during the visit.

### 1.3 Summary of programmes adopted and current pipeline

By the end of 2017, seven programmes had been approved and 6 more were in the pipeline for adoption (subsequently approved on 18/1/2017). Details are outlined as follows:

No.	País miembro	Organización	Proyecto	Presupuesto			Departamento	Municipios
				TF	otros recursos	total		
 <div style="text-align: center; border: 1px solid black; padding: 5px; background-color: #e0f0ff;">Project approved by Operational Committee in 2017</div> 								
1	EU	Instituto SINCHI, IIAP, Cabildo Nasa-Chacha, Inívalle	Strengthening comprehensive intervention mechanisms in marginalised rural areas of Colombia	11.000.000 €	2.750.000 €	13.750.000 €		
2	EU	AECOM	Technical Assistance Facility	3.500.000 €	-	3.500.000 €	National	
3	Holanda	ICCO	<b>Organizaciones indígenas, afrodescendientes y campesina, se fortalecen como agentes centrales en la construcción de la paz y la transformación territorial</b> - DRIET: fortalecimiento capacidades económicas, productivas, comerciales (énfasis en jóvenes y mujeres y ex-combatientes) y cultura de paz: reconciliación y reintegración				Putumayo	Villa Garzón, Puerto Asís, Valle del Guámez, Orito (PDET) y Colón, Sibundoy, San Francisco, Santiago (ZOMAC)
				3.660.000 €	915.000 €	4.575.000	Nariño	Los Andes, Barbacoas, Tumaco, Ricaurte, Cumbitara, Policarpa (PDET) y Linares, Samaniego (ZOMAC)
4	Italia	CISP	<b>Proyecto la Paz Única Esperanza para el Desarrollo Económico y Social - PUEDES:</b> Acción de desarrollo rural integral con 3 componentes: planificación rural participativa, producción y cooperativismo y vinculación con oferta nacional de servicios públicos	2.700.000 €	675.000,00 €	3.375.000,00	Putumayo	Puerto Asís, Puerto Caicedo, Orito, Valle del Guámez y Puerto Leguizamo
5	UE	ECHO	<b>Implementación de Acciones para la Estabilización Económica y Social del Municipio de Puerto Guzmán:</b> DRIET, Género, Protección y Resiliencia	2.000.000 €	273.247 €	2.273.247 €	Putumayo	Puerto Guzmán
6	Gobierno	Caquetá: Solicitante: Corpomanigua; Cosolicitante: Vicariato de San Vicente del Caguán Guaviare: Solicitante: FAO; Cosolicitantes: NRC, Deispaz	<b>AMAZONIA JOVEN: "Corredores amazónicos sostenibles para la paz liderados por jóvenes"</b> - DRIET, Construcción de Paz, Desarrollo Sostenible				Guaviare	Cuencas altas del Río Guaviare y cuenca baja del Río Guayabero (municipios de San José, El Retorno y Calamar)
				4.300.000 €	1.075.000	5.375.000 €	Caquetá	Cuenca media del Río Caguán (municipios de San Vicente del Caguán, Puerto Rico y Cartagena del Chairá)
7	Portugal	Instituto Marqués de Valle Flór (IMVF), Cosolicitante: Red Nacional de Agencias de Desarrollo Local de Colombia (Red Adelco)	<b>TERRITORIOS CAQUETEÑOS SOSTENIBLES PARA LA PAZ: Una apuesta de construcción de desarrollo, paz y cultura de la legalidad en municipios postconflicto del Caquetá en Colombia</b> - DRIET: apoyo producción, comercialización, refuerzo capacidades institucionales locales, fortalecimiento organizacional, desarrollo local	3.150.000 €	787.150 €	3.937.150	Caquetá	El Paujil y La Montañita
<b>TOTAL</b>				<b>30.310.000 €</b>	<b>6.475.397 €</b>	<b>36.785.397 €</b>		

Pour memoire:

		Projects in the pipeline on 31/12/2017*						
No.	Pais miembro	Organización	Proyecto	Presupuesto			Departamento	Municipios
				TF	otros recursos	total		
8	España	AECID	Desarrollo Territorial en Nariño - Construcción de paz a través el fortalecimiento de la implementación de los planes de desarrollo territoriales.	6.500.000 €	3.021.042 €	9.765.087 €	Nariño	Pastó, Tumaco e Ipiales
9	Francia	AFD	Desarrollo Rural Integral del Guaviare para la Paz -	5.396.036 €	1.348.009 €	6.744.045 €	Guaviare	San José del Guaviare y El Retorno
10	Alemania	Caritas Internacional	"Tejedoras de Vida" del Putumayo) - Empoderamiento de Mujeres, Desarrollo Económico e Institucional Local	5.500.000 €	1.375.000 €	6.875.000 €	Putumayo	Puerto Asís, Valle del Guamuez, San Miguel, Puerto Guzmán, Puerto Caicedo, Orib y Mocoa
11	UE	El Espectador	PROYECTO COLOMBIA 2020, Construyendo país desde las regiones - Pedagogía para la construcción de paz	1.400.000 €	7.850.000 €	9.250.000 €	Nacional	
12	UE*	FAO	Food security Project for reincorporated FARC members	2.000.000 €	400.000 €	2.400.000 €	Territorios de concentración	
13	Gobierno	Gobierno (DAICMA)	Humanicemos. Fortalecimiento de la Acción contra Minas para la Implementación del Acuerdo de Paz	4.000.000 €	300.600 €	4.300.600 €	Nacional	
<b>Total</b>				<b>24.796.036 €</b>	<b>14.294.651 €</b>	<b>39.334.732 €</b>		

\* All projects were subsequently approved on 18 January 2018

## 1.4 Obstacles encountered for EUTF implementation

Necessarily, the Trust Fund started its operations without having a full operational team in place while the different recruitment processes were being completed. That made its start more complicated than anyone was expecting.

Furthermore, the initial months had to be devoted to agree on basic aspects of the Trust Fund functioning, such as the geographical area of action, the criteria to prioritise some projects over others, the way to ensure alignment with government post-conflict policy, the circuits of approval to appropriately take into account Government, Members of the Committee and management of the Trust Fund views into account. Seen in perspective, many of these topics could have been settled before the adoption of the Trust Fund so that projects would have been launched earlier

Due to legal proceedings on the procurement process for the technical assistance contract by firms that had been discarded (the claims later proved unfounded), the contracting process took longer than expected. As a result, the Technical Assistance was only available as of November 2017, i.e. almost 6 months later than expected.

## 1.5 Particular risks associated to the management of EUTF programmes

While the peace agreement and the demobilisation of FARC has clearly improved the situation of local populations in our area of intervention, there still remain security threats linked especially to the ELN and to drug production and trafficking. Projects working in remote areas report this as a factor of risk to attain the objectives of the programme and



something that in any case is complicating and slowing down the rolling out of some of the activities.

## **2. Programming, implementation and results (including evaluations)**

### **2.1 Brief description of programmes adopted**

#### **- Strengthening comprehensive intervention mechanisms in marginalised rural areas of Colombia.**

Project adopted in the first meeting of the Operational Committee in January 2017. It proposes comprehensive local development interventions in four distinct territories of Colombia in the Departments of Cauca, Meta, Chocó and Valle del Cauca. These territories are representative of the different agricultural types (tropic, Andean, etc) and rural populations in Colombia (afro-Colombians, indigenous populations, etc). The programme was designed and is implemented in close coordination with the ministries of agriculture, environment and trade & industry, whose policies are also supported by the EU through budget support, helping to reinforce institutional presence in conflict affected territories beyond security forces.

Under the programme, 6.000 families will benefit from local economic development initiatives (coffee, fish, tourism), small infrastructure restoration, social and cultural development as well as strengthening of local governance

#### **- Technical Assistance Facility.**

This project allows grouping operational expenses necessary for a smooth management of the Trust Fund under one single structure, maximising the efficiency of its operation. The facility has 4 main components:

- Technical support for identification, formulation and implementation of projects, including the deployment of expertise from EU Member States through an expert facility.
- Follow-up, monitoring and evaluation of projects.
- Communications and visibility.
- Annual audit of the Trust Fund.

#### **- La Paz Única Esperanza para el Desarrollo Económico y Social.**

The project pursues empowering local communities and strengthening local governance capacity for sustainable local development of 5 targeted municipalities of the Putumayo Department, specially affected by the internal armed conflict in Colombia. The project addresses precarious living conditions of the population, weak territorial economic development in the rural communities and fragile local and governmental institutional presence. Expected outcomes are: a) the improvement of the participation and public

incidence of local communities in social public policies; b) the improvement of the territorial planning at a municipality and departmental level through the adoption of Rural Development with a Territorial Focus Approach (DRET); c) the development of at least one chain of strategic value in these municipalities with the contribution of private sector actors, national and international, that will facilitate access to markets of the local “veredal” products; d) the establishment of a Cultural-Artistic District for Peace in each Municipality. The project is especially sensitive to women and youth needs and participation.

**- Una apuesta de construcción de desarrollo, paz y cultura de la legalidad en municipios postconflicto del Caquetá en Colombia .**

Project focussed on the municipalities of La Montañita and El Paujil, in Caquetá, reinforcing the existing cocoa value chain and setting out commercial links, national and international. European and Colombian companies in the cocoa sector are partners in the project to ensure commercialization, and it is foreseen that other products complementary to cocoa can be associated too. The project envisages small investments on community infrastructure and tertiary roads rehabilitation

**- Ethnic-territorial and small-scale farmer organizations are strengthened as central agents in peacebuilding and territorial transformation.**

This project focuses on the strengthening of small and medium enterprises tied to specific agri-food chains (coffee, cacao, panela, chontaduro, plantain, banana, avocado, other fruit trees and minor species), in order to gain access to local and national markets, and increase their income and food security. It ensures the participation of indigenous and small-scale farmers' communities in the local territorial planning process, in line with the PDET's approach (Development Plans with a Territorial Approach) and it promotes the entrepreneurship of rural youth, offering opportunities in their territories, promoting income generating activities such as, gastronomy and tourism. The action will strengthen the reincorporation of former FARC combatants, promoting a peace culture, reconciliation and conflict resolution. A consortium of national and international NGOs and CSO's led by ICCO, will be in charge of the implementation. The benefited area covers 16 prioritized municipalities in the departments of Nariño and Putumayo, involving around 2,500 people, 12 producer organizations and 12 agri-food companies, reaching almost 397,000 final beneficiaries. Implementación de Acciones para la Estabilización Económica y Social del Municipio de Puerto Guzman

**- Implementación de Acciones para la Estabilización Económica y Social del Municipio de Puerto Guzman.**

The project seeks to address serious protection problems faced by civilian population in the municipality of Puerto Guzmán, in the Department of Putumayo, due to the prolonged internal armed conflict and the continued absence of national government institutions in the area, historically occupied by the FARC.

Through an Integral Rural Development response with a resilience approach, it pretends to provide solutions to main deficiencies in health and education infrastructure, as well as in the delivery of services, low diversity in food production, deficient alternative income sources and decent employment, increased levels of deforestation, and planting of illicit

crops. Main outcomes are: communities with water, basic sanitation and health services improved; a functional justice system in the target communities; community groups technically strengthened in different topics and with social recognition; families with access to diversified food and communities to functional income-generation strategies. The implementation will benefit 13,125 persons approximately. Overall, it will focus both at community and institutional level, and aims at improving of the communities' perception of the presence of the National Government in their territories.

### **Amazonia Joven.**

Project covering six Amazonian municipalities in the Departments of Guaviare and Caquetá, it seek to foster local development through the generation of green businesses, contributing to reduce deforestation and providing sustainable alternatives for income generation.

The action focusses on youth, and beyond the generation of economic alternatives, it seeks to contribute to retaining more of them in rural areas by providing also cultural and educational activities (sports school, digital alphabetization, etc)

## **2.2 Monitoring and lessons learnt**

Experience with the first four contracts shows that projects will need a close monitoring throughout their operational life. As a result of 50 years of armed conflict, the areas where the EUTF acts are normally remote, lack a solid institutional presence and proper infrastructures to facilitate economic development.

The fragile security situation in some areas, no longer linked to FARC but now to organised crime around drug trafficking or other armed groups such as ELN, have slowed down the implementation of activities. Also, the very nature of EUTF projects, which necessarily work with all ethnic groups (afro Colombian, indigenous, etc) causes that sometimes securing agreements between the different groups involved in one project takes longer than expected and delays the development of activities.

When co-financing is required from public funds (municipalities or departments budgets), all projects are experiencing difficulties and delays in securing these funds in time, closer follow up with local authorities becomes necessary

Most projects approved in 2017 are implemented through grants which involve a high number of contracting parties and other stakeholders. Institutional setups and implementing modalities are complex and the coordination and financial management of the actions is challenging. Operational, contractual and financial implementation aspects will therefore need to be closely monitored and supported by the EU delegation.

The monitoring structure envisaged within the Technical Assistance contract is currently being put in place and will no doubt be extremely important once the bulk of projects adopted in 2017 reach cruising speed.

## **2.3 Visibility of the EUTF and the programmes financed within**

The Trust fund has attracted great media attention in Colombia. As of its signature in December 2016 with president Santos in Brussels, coverage has been frequent, programme

launching etc. TF programmes have also generated big interest from local authorities involved, for instance the € 3.5 contract for Meta Department, was signed in a ceremony in the Cathedral with the Governor during the national day. Several EU Ambassadors participated in the launching of projects (e.g. Popayan on 9 May to commemorate Europe's day) contributing to portray an image of Europe acting as one.

We have also had some modest coverage in Europe, with articles having been published in Der Standard, La Stampa, Le Soir, The Telegraph, The Guardian and Svenska Dagbladet,

A communications agency will be hired during the first semester of 2018, apart from implementing our communications strategy in Colombia, we should be able to communicate to audiences in Europe in a more consistent manner.

### 3. Financial report

#### 3.1 Amounts pledged and received

By the end of 2017, the European Union and 19 Member States contributed to the EU Trust Fund for Colombia, reaching a total amount of € 96,48 million pledged and confirmed by contribution certificates. The contributions pledged from the EU Budget amounted to € 73.47 million while the contributions from Member States amounted to € 23,01 million.

A total amount of € 26,48 million was disbursed to the Trust Fund. Article 3.3 of the Constitutive Agreement provides for the possibility of donors to honour their pledged contribution in up to three annual instalments. The financial contribution effectively disbursed by each individual donor should be seen in this context.

All contributions to the EUTF are detailed in the table below:

EUTF Colombia Amounts Pledged an Reveived				
Donor	Contributions pledged (EUR)	Contributions certified (EUR)	Contributions received (EUR)	Balance
<b>BUDGET EU</b>				
DCI *	71.470.000	71.470.000	10.000.000	61.470.000
Humanitarian Aid (ECHO)	2.000.000	2.000.000	2.000.000	0
<b>Sub-Total EU Budget</b>	<b>73.470.000</b>	<b>73.470.000</b>	<b>12.000.000</b>	<b>61.470.000</b>
<b>MEMBER STATES</b>				
Croatia	20.000	20.000	20.000	0
Cyprus	10.000	10.000	10.000	0
Czech Republic	20.319	20.319	20.319	0
France	3.000.000	3.000.000	1.200.000	1.800.000
Germany	3.000.000	3.000.000	3.000.000	0
Hungary	20.000	20.000	20.000	0
Ireland	3.000.000	3.000.000	750.000	2.250.000
Italy	3.000.000	3.000.000	3.000.000	0
Latvia	10.000	10.000	10.000	0
Lithuania	24.000	24.000	24.000	0
Luxembourg	35.000	35.000	35.000	0
Malta	10.000	10.000	10.000	0
Netherlands	3.000.000	3.000.000	3.000.000	0
Portugal	200.000	200.000	200.000	0
Slovakia	20.000	20.000	20.000	0
Slovenia	12.000	12.000	12.000	0
Spain	3.000.000	3.000.000	1.020.000	1.980.000
Sweden	3.117.000	3.117.000	614.200	2.502.800
United Kingdom	1.510.000	1.510.000	1.510.000	0
<b>Sub-Total Member States</b>	<b>23.008.319</b>	<b>23.008.319</b>	<b>14.475.519</b>	<b>8.532.800</b>
<b>TOTAL</b>	<b>96.478.319</b>	<b>96.478.319</b>	<b>26.475.519</b>	<b>70.002.800</b>
*Development Cooperation Instrument				

### 3.2 Beneficiaries and amounts contracted and paid

In 2017 the EU Trust Fund for Colombia signed 7 contracts for a total value of € 19,98 million. A total amount of € 0,66 million was committed for Administrative expenditure, in particular for the recruitment of Trust Fund Staff. The details with a list of beneficiaries and amounts contracted are provided below. All amounts in the table reflect EUTF contributions only; additional co-funding by counterparts is not included.

Ref.	Reference	Contractor	Contracted	Paid	Balance
	<b>Operational Expenditure</b>				
T06.2	RUTAS PARA LA PAZ - NORTE VALLE DEL CAUCA- INFIVALLE	INSTITUTO FINANCIERO PARA EL DESARROLLO DEL VALLE DEL CAUCA (INFVALLE)	1.400.000,00	682.020,54	717.979,46
T06.3	EUTF "FRONTERAS PARA LA PAZ"	INSTITUTO DE INVESTIGACIONES AMBIENTALES DEL PACIFICO JOHN VON NEUMANN	3.200.000,00	1.928.231,27	1.271.768,73
T06.4	EUTF "MASCAPAZ"/INSTITUTO SINCHI	INSTITUTO AMAZONICO DE INVESTIGACIONES CIENTIFICAS SINCHI	3.200.000,00	1.081.553,00	2.118.447,00
T06.5	EUTF "PAZADENTRO" / ASOCIACION DE CABILDOS NASA CHA CHA	ASOCIACION DE CABILDOS NASA CHA CHA	3.200.000,00	1.228.346,02	1.971.653,98
T06.7	PARA COLOMBIA DE LA UNIÓN EUROPEA/AECOM INTERNATIONAL DEVELOPMENT EUROPE S.L.	AECOM INTERNATIONAL DEVELOPMENT	3.132.400,00	-	3.132.400,00
T06.8	IVMF - TERRITORIOS CAQUETEÑOS SOSTENIBLE PARA LA PAZ	INSTITUTO MARQUES DE VALLE FLOR	3.150.000,00	-	3.150.000,00
T06.10	PROYECTO LA PAZ ÚNICA ESPERANZA PARA EL DESARROLLO ECONÓMICO Y SOCIAL - PUEDES	COMITATO INTERNAZIONALE PER LO SVILUPPO DEI POPOLI ASSOCIAZIONE	2.700.000,00	-	2.700.000,00
	<b>Administrative Expenditure</b>				
T06.1	BUDGET LINE 21.010408 (STAFF COSTS)		662.200,89	662.200,89	0,00
	<b>Total</b>		<b>20.644.600,89</b>	<b>5.582.351,72</b>	<b>15.062.249,17</b>

One additional contract for an amount of € 3.63 million was signed during the first days of 2018.

Apart from administrative expenditure, only first pre-financing payments for newly signed contracts were made in 2017. During the first days of 2018, the Trust Fund disbursed additional pre-financings for total of € 3,2 million.

	All payments		Pre-financings		Relevant expenditure	
	(EUR)	%	(EUR)	%	(EUR)	%
Grants in Direct Management	4.920.151	88%	4.920.151	100%	0	0%
Budget Support	0	0%	0	0%	0	0%
Procurement in Direct Management	0	0%	0	0%	0	0%
Indirect Management with International Organizations	0	0%	0	0%	0	0%
Indirect Management with EB and EIF	0	0%	0	0%	0	0%
Indirect Management with Development Agencies	0	0%	0	0%	0	0%
Indirect Management with Beneficiary countries	0	0%	0	0%	0	0%
Administrative expenditure	662.201	12%	0	0%	662.201	100%
Other	0	0%	0	0%	0	0%
<b>Total :</b>	<b>5.582.352</b>	<b>100%</b>	<b>4.920.151</b>	<b>100%</b>	<b>662.201</b>	<b>100%</b>

## **4. Management and internal control**

### **4.1 Control results**

#### **4.1.1 General**

The Commission implementing decision on the establishment of the EU Trust Fund for Colombia defines that, for the purposes of implementing this Trust Fund, Colombia shall be considered a country in crisis situation in the sense of Article 190(2) of Commission Delegated Regulation (EU) No 1268/2012. Consequently, flexible procedures appropriate to the local environment are used to ensure that the Fund is effective and responsive to the needs identified. These procedures are in accordance with the EU Financial Regulation and the rules set up by the Commission to develop and clarify it. Only contracts under direct (Commission) management have been signed during the first year of operations.

The Trust Fund is subject to an annual external audit. For individual implementation contracts, audits and/or expenditure verifications are carried out at the level of each contract beneficiary.

In the framework of a specific audit planning process, a risk assessment is performed yearly for the entire contract portfolio. If necessary, risk audits will be performed for individual contracts signed by the Trust Fund.

#### **4.1.2 Results of ex-ante controls**

Only first pre-financing payments were made during 2017. Consequently, no ineligible amounts have been detected.

#### **4.1.3 Results of external audits**

The EU Trust Fund for Colombia will be subject to a first external audit in 2018. Individual contracts started only in 2017 and have not yet been audited.

#### **4.1.4 Fraud prevention and detection**

No cases forwarded for investigation.

### **4.2 Observations and recommendations made by IAS/ECA**

No observations or recommendation have been received.

### **4.3 Assessment of the effectiveness of the internal control systems**

The EU Trust Fund for Colombia operates within the general system of internal control defined by the Commission.

During its first year of operations the Trust Fund has progressively put in place the required organisational structure and internal control systems in accordance with the standards and

having due regard to the risks associated with the environment in which it operates. Procedures and circuits are still being fine-tuned in order to strike the balance between the achievement of all control objectives and the need for a rapid and flexible implementation of activities.

In December 2017 the TF manager evaluated the effectiveness of control systems in place by means of an ad-hoc assessment, based on the Commission's internal control standards and his own appreciation of risks. No significant control weakness was detected.

Exceptions, derogations, prior approvals and non-compliance events occurred during the reporting period have been registered and documented. All exceptions granted in 2017 are in line with the regulation in place.

The contracts and agreements signed with third parties authorise the Commission to carry out controls on the spot. During the second semester of 2017 the EU Delegation undertook several control missions in order to assess the operational and contractual progress of the first projects signed by the Trust fund in early 2017.

#### **4.4 Conclusions as regards assurance**

During the reporting period internal control systems functioned effectively and provided sufficient assurance concerning the legality and regularity of operations. During 2018, financial circuits and procedures will be further fine-tuned to the specificities of the Trust Fund.

## **5. Declaration of assurance (and reservations)**

I, the undersigned, Francisco Garcia, Manager of the European Union Trust Fund for Colombia,

In my capacity as authorising officer by sub-delegation

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the opinion of the Internal Auditor on the state of control, the observations of the Internal Audit Service for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the European Union Trust Fund for Colombia.

Bogotá, 15 February 2018

(Signature)

## **6. Annex: Annual Accounts**

### **7 Lists of derogations exceptions, non-conformity events, prior approvals and events to be reported**