

This document is meant purely as a documentation tool and the institutions do not assume any liability for its contents

► **B** 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)

(OJ L 143, 30.4.2004, p. 9)

Amended by:

		Official Journal		
		No	page	date
► <b><u>M1</u></b>	Decision No 878/2007/EC of the European Parliament and of the Council of 23 July 2007	L 193	18	25.7.2007



**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)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE  
EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and  
in particular Article 280(4) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the Court of Auditors <sup>(1)</sup>,

Acting in accordance with the procedure laid down in Article 251 of the  
Treaty <sup>(2)</sup>,

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. All available means must be deployed to attain that objective, whilst maintaining the current distribution and balance of responsibilities between the national and Community levels.
- (2) Activities with the purpose of providing better information, carrying out studies and providing training or technical and scientific assistance in the fight against fraud help significantly to protect the Community's financial interests.
- (3) Activities in this field should therefore be promoted and bodies engaged in this field should be supported by awarding operating grants. Experience has shown the value of providing support at Community level as compared with national promotional activities.
- (4) Support for bodies and activities was provided until 2003 by credits entered in lines A03600 and A03010 (Conferences, congresses and meetings in connection with the activities of the associations of European lawyers for the protection of the financial interests of the Community) and in line B5-910 (General measures to combat fraud) of the general budget of the European Union.
- (5) Article 112 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 <sup>(3)</sup> lays down strict conditions for financial assistance for measures specified in a basic instrument which have already begun.
- (6) It is therefore necessary to adopt that basic instrument so that, by adopting this Decision establishing a structured, specific and multidisciplinary Community action programme for a substantial period, all existing support measures are rationalised and supplemented.

<sup>(1)</sup> OJ C 318, 30.12.2003, p. 5.

<sup>(2)</sup> Opinion of the European Parliament of 9 March 2004 (not yet published in the Official Journal) and Council Decision of 5 April 2004.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1. Corrigendum in OJ L 25, 30.1.2003, p. 43.

**▼B**

- (7) The programme should be opened up to all Member States and neighbouring countries in view of the importance of providing effective and equivalent protection for the Community's financial interests beyond the Member States alone.
- (8) The European Parliament, the Council and the Commission, when adopting Regulation (EC, Euratom) No 1605/2002, undertook to achieve the objective of ensuring that this basic act comes into force as from the financial year 2004.
- (9) The support measures should also take account of the particular characteristics of bodies involved in protecting the Community's financial interests.
- (10) This Decision lays down for the entire duration of the programme a financial framework constituting the prime reference, within the meaning of point 33 of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>(1)</sup>, for the budgetary authority during the annual budgetary procedure.
- (11) The Commission should present to the European Parliament and the Council an interim report by the European Anti-Fraud Office (OLAF) on the implementation of this programme and a final report on the attainment of the said programme's objectives.
- (12) This Decision complies with the principles of subsidiarity and proportionality.
- (13) This Decision is without prejudice to the grants awarded in the field of protection of the Community's financial interests on the basis of programmes concerning the law-enforcement aspect,

HAVE DECIDED AS FOLLOWS:

**▼M1***Article 1***Objectives of the programme**

1. This Decision establishes a Community action programme to promote activities in the field of the protection of the financial interests of the Community. The programme shall be known as the Hercule II programme (hereinafter referred to as the programme).
2. The programme shall promote activities according to the general criteria set out in this Decision. It shall focus on the following objectives in particular:
  - (a) enhancing transnational and multidisciplinary cooperation between Member States' authorities, the Commission and OLAF;
  - (b) building networks throughout the Member States, acceding countries and candidate countries — in accordance with a memorandum of understanding — facilitating the exchange of information, experience and best practices, while also respecting the distinct traditions of each Member State;
  - (c) providing technical and operational support for the law enforcement authorities of the Member States in their fight against illegal cross border activities, emphasising support for customs authorities;
  - (d) without undermining operational effectiveness, striking a geographical balance by including, if possible, all Member States, acceding countries and candidate countries — in accordance with

<sup>(1)</sup> OJ C 172, 18.6.1999, p. 1. Agreement as amended by Decision 2003/429/EC of the European Parliament and of the Council (OJ L 147, 14.6.2003, p. 25).

**▼ M1**

a memorandum of understanding — in the activities financed under the programme;

- (e) multiplying and intensifying the measures in the areas identified as the most sensitive, particularly in the field of cigarette smuggling and counterfeiting.

*Article 1a***Activities**

The programme shall be implemented through the following activities in the field of the protection of the Community's financial interests, including in the field of the prevention of, and the fight against, cigarette smuggling and counterfeiting:

- (a) technical assistance for national authorities through:
  - (i) providing specific knowledge, equipment and information technology (IT) tools facilitating transnational cooperation and cooperation with OLAF;
  - (ii) support for joint operations;
  - (iii) enhancing staff exchanges;
- (b) training, seminars and conferences aimed at:
  - (i) fostering better understanding of Community and national mechanisms;
  - (ii) exchanging experience between the relevant authorities in the Member States, acceding countries and candidate countries;
  - (iii) coordinating the activities of Member States, acceding countries, candidate countries and third countries;
  - (iv) disseminating knowledge, particularly of an operational nature;
  - (v) supporting high-profile research activities, including studies;
  - (vi) improving cooperation between practitioners and academics;
  - (vii) raising the awareness of the judiciary and other branches of the legal profession for the protection of the financial interests of the Community;
- (c) support through:
  - (i) developing and providing specific databases and IT tools facilitating data access and analysis;
  - (ii) increasing data exchange;
  - (iii) developing and providing IT tools for investigations, monitoring and intelligence work.

*Article 2***Community funding**

1. Community funding may take the following legal forms pursuant to Regulation (EC, Euratom) No 1605/2002:

- (a) grants;
- (b) public procurement contracts.

2. To qualify for a Community grant for an activity aimed at protecting the Community's financial interests, grant beneficiaries must comply with the provisions set out in this Decision. The activity must conform to the principles underlying Community activity in the field of the protection of the Community's financial interests and take account of the specific criteria laid down in the related calls for proposals, in

**▼M1**

accordance with the priorities set out in the annual grants programme which details the general criteria set out in this Decision.

3. 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. The activities carried out by bodies which may receive Community funding (public procurement contract or grant) under the programme shall come under the heading of actions aimed at strengthening Community measures to protect financial interests and shall pursue objectives of general European interest in this field or an objective which is part of the European Union's policy in this area.

*Article 2a***Bodies eligible for Community funding**

The following bodies shall be eligible for Community funding under the programme:

- (a) all national or regional administrations of a Member State or a country outside the Community, as defined in Article 3, which promote the strengthening of Community action to protect the Community's financial interests;
- (b) all research and educational institutes that have had legal personality for at least one year, are established and operating in a Member State or in a country outside the Community, as defined in Article 3, and promote the strengthening of Community action to protect the Community's financial interests;
- (c) all non-profit-making bodies that have had legal personality for at least one year, are established and operating in a Member State or in a country outside the Community, as defined in Article 3, and promote the strengthening of Community action to protect the Community's financial interests.

*Article 2b***Selection of beneficiaries**

Bodies entitled under Article 2a to receive a grant for an activity shall be selected following a call for proposals, in accordance with the priorities set out in the annual grants programme which details the general criteria set out in this Decision. Grants awarded for an activity covered by the programme shall meet the general criteria set out in this Decision.

*Article 2c***Criteria for the assessment of applications for grants**

Applications for grants for activities shall be assessed in the light of:

- (a) the consistency of the proposed activity in relation to the objectives of the programme;
- (b) the complementarity of the proposed activity with other assisted activities;
- (c) the feasibility of the proposed activity, i.e. the real possibility that it can be carried out using the proposed means;
- (d) the cost-benefit ratio of the proposed activity;
- (e) the added utility of the proposed activity;

**▼ M1**

- (f) the size of the public targeted by the proposed activity;
- (g) the transnational and multidisciplinary aspects of the proposed activity;
- (h) the geographic scope of the proposed activity.

*Article 2d***Eligible expenditure**

Pursuant to Article 2(4), only the expenditure required for the successful implementation of the activity shall be taken into account when calculating the grant.

Expenditure in connection with the participation of representatives of the Balkan countries forming part of the stabilisation and association process for countries of south-eastern Europe <sup>(1)</sup>, the Russian Federation, the countries covered by the European Neighbourhood Policy <sup>(2)</sup>, and certain countries with which the Community has concluded an agreement for mutual assistance in customs matters, shall also be eligible.

**▼ B***Article 3***Participation by countries outside the Community**

In addition to beneficiaries and bodies located in the Member States, participation in the Community action programme shall be open to those located in:

**▼ M1**

- (a) acceding countries;

**▼ B**

- (b) the EFTA/EEA countries, in accordance with the conditions laid down in the EEA Agreement;

**▼ M1**

- (c) candidate countries associated with the European Union 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.

*Article 4***Implementation**

Community funding shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002.

**▼ B***Article 5***Awarding of the grant**

1. Financial assistance granted for activities may not cover all eligible expenditure. The amount of a grant for an activity awarded under the programme may not exceed the following rates:

<sup>(1)</sup> Albania, Bosnia-Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia.

<sup>(2)</sup> Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine.

**▼B**

(a) 50 % of eligible expenditure for technical support;

**▼M1**

(b) 80 % of eligible expenditure for training measures, promoting exchanges of specialised staff and the holding of seminars and conferences, provided that the beneficiaries are those referred to Article 2a(a);

(c) 90 % of eligible expenditure for the holding of seminars and conferences, etc., provided that the beneficiaries are those referred to in Article 2a(b) and (c).

*Article 5a***Checks and audits**

1. The beneficiary of a grant shall ensure that, where applicable, supporting documents in the possession of partners or members are made available to the Commission.

2. The Commission may have an audit of the use made of the Community funding carried out either by its own staff or by a 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.

3. Commission staff and outside personnel authorised by the Commission shall have appropriate rights of access to sites and premises where the action is carried out and to all the information, including information in electronic format, needed in order to conduct the audits referred to in paragraph 2.

4. The Court of Auditors and OLAF shall enjoy the same rights, especially the rights of access, as the persons referred to in paragraph 3.

5. Furthermore, in order to protect the Community's financial interests against fraud and other irregularities, the Commission shall carry out on-the-spot checks and inspections under this programme in accordance with Council Regulation (Euratom, EC) No 2185/96<sup>(1)</sup>. Where necessary, investigations shall be conducted by OLAF and governed by Regulation (EC) No 1073/1999 of the European Parliament and of the Council<sup>(2)</sup>.

**▼B***Article 6***Financial provisions****▼M1**

1. The programme is extended from 1 January 2007 and will end on 31 December 2013.

2. The financial envelope for the implementation of the programme for the period 2007 to 2013 shall be EUR 98 525 000.

**▼B**

3. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspective.

<sup>(1)</sup> OJ L 292, 15.11.1996, p. 2.

<sup>(2)</sup> OJ L 136, 31.5.1999, p. 1.

**▼ M1***Article 7***Monitoring and evaluation**

The Commission (OLAF) shall provide annual information on the results of the programme to the European Parliament and to the Council. Information on consistency and complementarity with other programmes and activities at European Union level shall be included.

An independent assessment of the implementation of the programme, including an examination of performance and the achievement of the objectives of the programme, shall be carried out by 31 December 2010.

By 31 December 2014, the Commission (OLAF) shall present to the European Parliament and to the Council a report on the achievement of the objectives of the programme.

*Article 7a***Management of the programme**

On the basis of a cost-effectiveness analysis, the Commission may employ experts and make use of any other form of technical and administrative assistance which does not involve public authority tasks outsourced under ad hoc service contracts. It may also finance studies and organise meetings of experts to facilitate the implementation of the programme, and take information, publication and dissemination measures directly linked to fulfilling the objectives of the programme.

**▼ B***Article 8***Entry into force**

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

**▼ M1**  

---