

## 2015 Discharge to the Commission

### WRITTEN QUESTIONS TO COMMISSIONERS

#### MIMICA AND HAHN

Hearing on 8 November 2016

#### Commissioner Hahn

##### *IPA Turkey*

1. Turkey continues to enjoy the status of pre-accession country. How much funding has Turkey received through the pre-accession instrument in 2015? For which projects? What were the results achieved? Are the results obtained conform to the performance indicators? Which controls has the Commission run on the expenditure of these funds? How is the new approach of the Commission from 2015 to pre-accession assistance different from the previous approaches, in terms of more transparency?

#### **Commission's answer:**

A key milestone was achieved in June 2015 with the entry into force of the EU-Turkey Framework Agreement for IPA II, setting out the rules for implementation of pre-accession assistance. It allowed for ratification of the first IPA II Financing Agreement on the 2014 Annual Action Programme (EUR 366 million) and the adoption of the 2015 Annual Action Programme (EUR 255 million), both in December 2015.

That year the commitment appropriations for Turkey under the pre-accession instrument (IPA II) amounted to EUR **626.2** million, which included support under the annual action programme (EUR 255.1 million) adopted in December 2015 in the following areas: democracy and governance, rule of law and fundamental rights, and capacity building for agriculture and rural development, and energy.

In 2015 Turkey received EUR 117,135,172.94 in payments from the Commission for different programmes under decentralised management and EUR 29,950,635.45 for programmes managed centrally (thereof EUR 17,568,000 for a contribution to the Madad fund). In addition, EUR 83,271,124 were transferred to the National Fund to cover Union programmes' contributions from the annual action programme 2014 under IPA II.

Most EU funds are implemented under decentralised management by the Turkish authorities, and are subject to regular monitoring and on-the-spot verifications by the EU Delegation. Furthermore, in line with the applicable rules, the Turkish authorities established dedicated structures, such as the National IPA Coordinator, the National Authorising Officer (NAO), the Operating Structures, the National Fund, the Audit Authority, which received the entrustment of budget implementation tasks for IPA II in December 2015. Each of them has specific responsibilities for management, implementation, control, supervision,

monitoring, evaluation, reporting or audit of programmes.

The EU Delegation in Turkey continued carrying out ex ante controls on procurement, grant award and contracting for programmes managed by the national authorities in Turkey. Since April 2015, DG NEAR is moving in Turkey from a reliance on 100% ex ante controls on procurement under indirect management (IM/DIS), to a risk assessment-based control system, in line with the thresholds of maximum 70% in amount and at least 60% in value indicated in the guidelines provided by DG NEAR Note of 07/11/2014 – Ares (2014) 3711159. In addition, in 2014 and 2015 the EU Delegation signed 6 audit contracts, one of which was completed, the rest are ongoing.

All funds under centralised implementation on the other hand were subject to usual controls by the Commission services, mostly carried out by the EU Delegation to Turkey.

In addition, the Commission and OLAF have the right to carry out any necessary technical and financial verification, to follow the implementation of a programme, or conduct documentary and on-the-spot checks. The identification of any irregularity leads to the recovery of the funds by the Commission.

Results achieved are presented every year in the Annual report on financial assistance for enlargement. As a summary, for 2015, implementation of ongoing IPA I projects continued contributing to improvements on migration issues, including fighting illegal migration and organised crime. Shared economic interests and IPA assistance played a key role in sustaining the interest of the Turkish authorities in pursuing the alignment in 2015, particularly in the energy sector and the integration of the Turkish electricity market to the EU internal electricity market.

DG NEAR pays careful attention to the transparency of the pre-accession funding. As of 2013 comprehensive data is published on all pre-accession assistance on a monthly basis through the International Aid Transparency Initiative (IATI) Registry, a public domain, where the information can be freely accessed. Such data is further linked to DG NEAR's website. According to the 2016 Index, DG NEAR registered important achievements and progress and ranks 13 (out of 46 in the donor ranking of the index). Another example is the interactive map for the Facility for Refugees in Turkey developed during summer 2016 in close collaboration with ECHO, pinning all the ongoing projects in Turkey.

See [http://ec.europa.eu/enlargement/news\\_corner/migration/index\\_en.htm](http://ec.europa.eu/enlargement/news_corner/migration/index_en.htm)

2. IPA: Could the Commission please provide Parliament with an overview on the total amount Turkey has received for the period 2007-2014 and from 2014 ongoing? Is the rule N+2 applicable to IPA?

**Commission's answer:**

Financial allocations to Turkey for the period 2007-2013 (IPA I) in million EUR

2007	2008	2009	2010	2011	2012	2013
497.2	538.7	566.4	653.7	779.9	860.2	902.9

Budget allocations per sector in Turkey based on the adopted IPA II programmes

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>a. Reforms in Preparation for EU Membership</u></b>	<b><u>354.7</u></b>	<b><u>196.6</u></b>	<b><u>243.8</u></b>
<u>Democracy and governance</u>		<u>397.1</u>	
<u>Rule of law and fundamental rights</u>		<u>398.1</u>	
<b><u>b. Socio economic and Regional development</u></b>	<b><u>155.8</u></b>	<b><u>265.8</u></b>	<b><u>247.0</u></b>
<u>Environmental and climate action</u>		<u>183.9</u>	
<u>Transport</u>		<u>315.2</u>	
<u>Energy</u>		<u>39.7</u>	
<u>Competitiveness and Innovation</u>		<u>129.8</u>	
<b><u>c. Employment, social policies, education, promotion of gender equality, and human resources development</u></b>	<b><u>37.4</u></b>	<b><u>62.9</u></b>	<b><u>65.9</u></b>
<u>Education, employment and social policies</u>		<u>166.2</u>	
<b><u>d. Agriculture and rural development *</u></b>	<b><u>72.0</u></b>	<b><u>100.9</u></b>	<b><u>73.4</u></b>
<u>Agriculture and rural development *</u>		<u>246.3</u>	
<b><u>Total</u></b>	<b><u>619.9</u></b>	<b><u>626.2</u></b>	<b><u>630.1</u></b>

\* These figures take into account IPARD allocation

For the IPA annual programming the N+1 rule applies as deadline for ratification of the Financing Agreements, N being the year of the financial commitment. Then, the N+3 rule applies as deadline for contracting, N being the year of entry into force of the Financing Agreement.

For the IPA II multi-annual programmes with split commitments these deadlines do not apply, but the N+5 rule for automatic de-commitment, meaning that the Commission shall automatically de-commit any portion of a budgetary commitment for a programme that, by 31 December of the fifth year following that of the budgetary commitment, has not been used for the purpose of pre-financing or making interim payments, or for which the NAO has not presented

any certified statement of expenditure or any payment application.

3. In 2014 there were reservations in the Annual activity reports of DG AGRI, DG REGIO and DG ENLARG as regards Turkey. The DG AGRI issued a reservation concerning the instrument for Pre accession assistance in rural development in Turkey. DG REGIO put a reservation concerning the IPA management and control systems 2007\_2013: Programme transport in Turkey. DG ENLARG issued a reservation for the residual error rate for indirect management: weakness identified in the procurement process carried in Ankara

Furthermore the annual activity report of DG REGIO stated that the absorption of available funds under IPA 2007-2013 was only 33% for Turkey.

To which extent has the situation improved in 2015 and 2016? How DG ENLARG coordinates all the aspects of the European policy related to Turkey. Which are the internal mechanisms in place in the Commission to do so?

**Commission's answer:**

**RESERVATIONS IN THE AAR**

**DG REGIO**

The reservation expressed in early 2015 during the Annual Activity Report exercise for 2014 relating to the Operational Programme Transport in Turkey (2007TR161PO002) was based on an audit assessment by DG Regional and Urban Policy (REGIO) that "the management and control systems established for this programme functioned effectively except in the areas which were reflected in findings of the national Audit Authority underlined in its Annual Audit Opinion:

- a) the expenditure for the additional works realized in the major project Köseköy - Gebze section of Ankara-Istanbul High-speed railway could not be clearly separated from the expenditure of the original scope of the contract;
- b) material inconsistencies in the NAO's statement of assurance gave the national Audit Authority reason to doubt that the said statement was drawn up correctly."

The above conclusion of the audit assessment was based on the following rationale: The error rate reported by the national Audit Authority (0%) did not reflect the fact that the latter could not audit the aforementioned Köseköy – Gebze railway project representing approximately 67% of the financial volume of the audit sample. This raised the issue of insufficient audit trail that would allow the national Audit Authority to identify separately the expenditure on those parts of the project being co-financed by IPA and those parts being funded by national funds only. This was due to a decision to add additional parallel rail lines and to award that contract directly to the incumbent contractor. Although that "additional" element was financed with national funds, it appeared that the underlying audit trail had not been adequately ensured. Therefore the risk was

considered high for OP Transport.

In parallel with this reservation, DG REGIO decided consequently in February 2015 not to further process two payment claims submitted by the Turkish authorities to them on 19 and 30 December 2014 for the programme "Transport" and to interrupt the payment deadlines. Consequently, the Turkish authorities were requested to take two corrective measures:

1. The operating structure should ensure a sufficient audit trail for the project 'Rehabilitation and re-construction of the Köseköy – Gebze section of Ankara-Istanbul High-speed railway line' project;
2. On the basis of the audit trail provided under point 1, the national audit authority should carry out its audit of this operation and provide the results to the Commission including any impact on the annual audit opinion.

During the course of 2015, the national authorities of Turkey took both corrective measures and deducted in this context irregular expenditure already declared to the Commission in the amount of EUR 23.352.623. As a consequence, DG REGIO informed the Turkish authorities in October 2015 that "all conditions for lifting the procedures to suspend and interrupt interim payments in relation to the afore-mentioned programme were fulfilled" and that "interim payments for the concerned programme "Transport" could now be processed again".

In early 2016, during the Annual Activity Report exercise for 2015 no reservation was expressed for the programme in subject, thus the situation can be considered as improved.

With regard to the absorption of available funds under IPA Component III since the end of 2014, the situation in Turkey has improved significantly. The average absorption rate (total payments/commitments) across all of Turkey's programmes stands currently at 77.12% (incl. pre-financing payments by the Commission), when excluding pre-financing payments the absorption rate stands at acceptable 58.02%.

Important to note is that as a result with NEAR taking over the management of this component under IPA II, both the timing and substance of DG NEAR entrustment audit and process were managed in a manner that drew on the REGIO findings and integrated them. In addition, DG NEAR did not start its assessment of the Operating Structure until DG REGIO had resumed payments.

## **DG AGRI**

Following the initial slow start and a decommitment of EUR 64.9 million from 2009 allocation at the end of 2012, the IPARD Programme has gained the cruising speed and no further decommitments have taken place. The full EU amount of EUR 789.6 million has been contracted by the Turkish authorities and is expected to be disbursed to final recipients by end of 2016 (end of the programming period). So far the Commission has paid an amount EUR 750.1 million to Turkey (including EUR 157 million of the pre-financing).

The management and control system is also getting mature. In 2013 and 2014 the shortcomings with regard to the evaluation of the reasonableness of costs

regarding IPARD supported projects in Turkey were corrected by imposing two financial corrections on Turkey excluding ineligible expenditure from EU financing. The Turkish authorities and DG AGRI worked together on the necessary improvements of the management & control system. An audit carried out in March 2015 found that the situation had improved so the reservation was lifted for the AAR 2015.

### **DG NEAR**

A reservation was introduced in DG NEAR 2014 AAR because the RER for IMBC under IPA was at 2.67 %, hence above the materiality threshold. However, subsequently DG NEAR when re-examine the matter identified that the calculation was erroneous and that the correct error was in fact (0.49%). In reality there was no weakness in the procurement procedure and consequently the reservation in the 2015 AAR was no longer justified.

### **How does DG NEAR coordinate all the aspects of the European policy related to Turkey?**

In terms of coordination for financial assistance, under IPA I, all DGs consult each other prior to the adoption of any financing decision (e.g. formally during inter-service consultations, and informally through technical meetings) and during programme implementation (e.g. IPA sectoral monitoring committees organised bi-annually with the national authorities) and reporting (e.g. preparation of the Annual Activity Report on Financial Assistance for Enlargement).

Under IPA II, DG NEAR, created in January 2015, is on the lead for all policy areas related to enlargement countries, except for Agriculture and Rural development which remain under DG AGRI responsibility. The relevant DGs are consulted by DG NEAR throughout the project cycle: in programming and design of annual and multi-annual programmes (coordination meetings and inter-service consultations), in implementation (e.g. IPA sectoral monitoring committees) and evaluation (relevant line DGs are systematically involved in the Inter-Service Steering Groups according to sectors). Final evaluation reports are shared and published on the DG NEAR website. Whenever necessary DGs also contribute to the drafting of the annual report on financial assistance.

### ***CONT Study on how the pre-accession funds have been spent, managed, controlled and the monitoring system?***

4. The report states that, especially regarding Turkey, but also in general, there is a lack of transparency in the European Commission's management of EU pre-accession funding. What is the Commission planning to improve transparency and how will it prevent possible costs for different EU institutions resulting from that lack of transparency?

### **Commission's answer:**

As mentioned in Q1, DG NEAR pays careful attention to the transparency of the pre-accession funding. As of 2013 comprehensive data is published on all pre-accession assistance on a monthly basis through the International Aid

Transparency Initiative (IATI) Registry, a public domain, where the information can be freely accessed. Such data is further linked to DG NEAR's website, where an effort has been made for a more user friendly presentation of funding data, including the aid to refugees.

According to the 2016 Index, DG NEAR registered important achievements and progress and ranks 13 (out of 46 in the donor ranking of the index). DG NEAR has made significant progress since 2013 and is one of the biggest improvers increasing its score by 26%. DG NEAR has published four new indicators in the IATI Standard since the 2015 EU Aid Transparency Review, including budget documents, conditions and impact appraisals.

5. The Commission's Indicative Country Strategy Paper for Turkey (2014-2020) introduced sector-level indicators to monitor developments in important areas. The indicators however lack complete development and updates. Is the commission going to address these shortcomings, and if so, how?

**Commission's answer:**

Under IPA II approach the Commission attaches great importance to performance, results and indicators. We are also looking into ways of reflecting the most important indicators in the annual progress report, which remains more political in nature. Commission has also newly published Guidelines on "Linking planning/programming, monitoring and evaluation" which highlight the intervention logic, the role of indicators and the interaction with monitoring and evaluation. Trainings are scheduled for the national authorities in the enlargement countries.

Turkey however refused to include certain type of sector indicators with full milestones and targets into the Indicative Country Strategy Paper 2014-2020. The Turkish authorities were generally reluctant on indicators, questioning the basis and methodology of some and considering others as tools for "interference in domestic politics". For example: Freedom of Press score (Freedom House) and Global Press Freedom index (Reporters without Borders) proposed under the Fundamental Rights sub-field were rejected because there were not relevant to the sector priorities for Turkey and, in their opinion they were not fit to provide a basis to track sector performance throughout time in order to establish a solid monitoring and evaluation system. Moreover, Turkey stated that that Freedom House's method was an example of expert-based evaluations which were prone to bias. Therefore, the data published could not in their view be assumed to be collected through an independent mechanism. They also considered that year to year ranking fluctuations in the Global Freedom Index showed that metric used by the Reporters without Borders for measuring changes in press freedom within individual countries was unrealistic.

For those reasons, no milestones and targets could be provided for the indicators in most of the sectors. Baselines were provided in some: governance, statistics, judicial reform, fight against corruption, fundamental rights, transport, energy, competitiveness and innovation and education and employment.

The Commission will take this situation into consideration in the assessment for the IPA II performance reward 2017, which will be based on those indicators as well as the overall progress made towards meeting the membership criteria. DG NEAR will also raise the need to update indicators and targets during the mid-term revision of the Indicative Strategy Papers in 2017.

6. The Commission states that pre-accession funding allocations for Turkey are based on political considerations. Which decisions or resolutions of the political institutions build the base for those political considerations and how to they translate into a specific funding sum?

**Commission's answer:**

The indicative allocations as discussed with the European Parliament (EP) in the Strategic Dialogue at the beginning of the multi-annual period are set out in the Indicative Strategy Papers. They are defined through an assessment of a combination of the needs, the accession priorities, level of allocations in the past as well as the absorption capacity.

In addition, in line with the approach for other instruments, preparatory meetings at technical level allow clarifying any more technical/factual questions there may be on the EP side. Attendance from the EP generally is at staff level, both from AFET secretariat and political groups.

7. The study indicates that the Commission has difficulties to maintain the quality of support and advice regarding the management of EU pre-accession funds in certain sectors. How can the Commission prevent a deterioration in quality?

**Commission's answer:**

If the question refers to the concerns about the capacity limitations within the Turkish authorities for programming and absorption of IPA funds managed under indirect management, these are being addressed in various ways: IPA monitoring committees with the National IPA Coordinator and the Operating Structures (last one on 11 October 2016), DG NEAR system audit missions, regular implementation reviews meetings (IRMs) at sector-level for IPA II, where the progress is regularly assessed with sector lead institutions and the respective Operating Structures and recommendations and mitigation measures agreed. Key criteria of "relevance" and "maturity" of projects are used in the programming process.

The issue of quality and impact of support was also taken into consideration in the drafting of the Indicative Strategy Paper for Turkey 2014-2020, with budget allocations progressively phased-in in most sectors, with no heavy cost investments financed in the first years, and increasing allocations in subsequent years. This measure was particularly relevant for the IPA assistance in the Environment and Climate action and Competitiveness and Innovation sectors.

When it comes to the management from DG NEAR side, the same operational and financial staff that was managing the multi-annual programmes under DG EMPL and DG REGIO remit continue supervising the programmes which are now under DG NEAR lead, thus know how was retained in terms of operational support from the Commission's side.

8. What has the EU been doing in order to assess the effectiveness of EU-funded projects in Turkey?

Could the Commission clarify the objectives and the monitoring and control mechanisms of the recently announced Special Measure of EUR 60m to Turkey?

**Commission's answer:**

The Commission has at its disposal a set of monitoring and control tools to assess the effectiveness of EU-funded projects in general, including in Turkey. First of all, progress towards achievement of the specific objectives set out in each programme/action is assessed on the basis of pre-defined, clear and measurable indicators. Work is currently ongoing to improve the quality of actions, indicators and targets under IPA II. Under the new approach to programming under IPA II, the new Guidelines on Programming, Monitoring and Evaluation were issued in 2016, and trainings are organised at country level. Evaluations have also brought useful insight, and inspired subsequent programming exercises.

Secondly, for IPA funds, detailed procedures to be followed by DG NEAR and the contracting authorities are set out in the Procurement and Grants for European Union external actions – A Practical Guide (PRAG).

Thirdly, monitoring activities under IPA are comprehensive and can be described as follows:

1. Operational monitoring, which can be internal or external. Internal monitoring is carried out both by implementing partners (such as beneficiary institution's staff, contracting authorities, private sector companies, NGOs, etc.) and by EUD staff. External monitoring is implemented by means of Results Oriented Monitoring (ROM), which allows the Commission to get an independent view on action's performance. External monitors assess performance based on some of the OECD DAC evaluation criteria.

2. Sector strategic monitoring, at more strategic level in line with the requirements set under the IPA I and II implementing regulations and Framework Agreements. This is the case of Sector Monitoring Committees under IPA I and II, Sector level Implementation Review Meetings and donor coordination groups.

3. System monitoring in the context of decentralised /indirect management to assess the way in which the whole management and control system is functioning (by means of supervision missions, system and performance audits and reports, ex-ante control of procurements, etc.)

The establishment of the Facility for Refugees in Turkey at the end of 2015 aimed

to provide the European Union with a coordination mechanism that should allow for the swift, effective and efficient mobilisation of all EU assistance to refugees in Turkey. The Facility ensures that all relevant EU instruments are mobilised in a coherent and coordinated manner, either as EU humanitarian assistance or as non-humanitarian assistance.

Facility funds are managed in accordance with the rules for external action contained in Title IV of part two of the Financial Regulation and its rules of Application. Given that the Facility acts as a coordination mechanism, implementation of the Facility funding takes place through several established financing instruments – in majority ECHO humanitarian assistance, the EU Regional Trust Fund in response to the Syrian Crisis (EUTF), and the Instrument for Pre-Accession (IPA), with limited actions under EIDHR, IcSP, and DCI. Depending on the instrument used to finance a specific action, its specific rules and regulations apply. For IPA funds, detailed rules to be followed by DG NEAR are set out in the PRAG.

The overall objective of the Special Measure adopted in Spring 2016 (financed via IPA under the Facility) – and worth EUR 60 million – is to provide assistance to migrants in Turkey. The specific objective is to support the reception and hosting of the migrants returned from Greece to Turkey.

The IPA monitoring rules and regulations apply to this Special Measure. The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the activities.

### *Facility for refugees*

9. Can the Commission indicate to which extent the EU-Turkey statement of 18 March 2016 has been implemented? Are there delays in any points? If so, what are the reasons and how will the Commission move forward?

#### **Commission's answer:**

The Commission refers to the 3<sup>rd</sup> Report on the implementation of the EU-Turkey Statement, dated 28 September 2016, which provides the latest state of progress on all elements from the 18 March EU-Turkey statement.

As far as financial assistance is concerned, under the Facility for refugees in Turkey, the total amount allocated to date (October 2016) under the Facility for both humanitarian and non-humanitarian assistance has reached EUR 2.2 billion for 2016-2017. This represents a large share of the EUR 3 billion total. Of the allocated money, the amounts contracted have increased to EUR 1.2 billion. Of the money contracted, EUR 677 million has been disbursed. The Commission is making all efforts to ensure a swift implementation of the Facility. No specific delays are experienced so far.

Under the humanitarian assistance envelope of the Facility, EUR 595 million has been allocated so far, of which EUR 512 million has been contracted. Out of this,

EUR 407 million has been disbursed. In June, the Commission published a Humanitarian Implementation Plan. Under this Plan, in addition to the EUR 74 million contracted by the end of July to scale up activities in the field of protection, winterisation, health and education, a EUR 348 million contract has been signed with the World Food Programme, which will work in partnership with Turkish organisations to implement an "Emergency Social Safety Net" – the EU's largest-ever humanitarian programme. This will provide electronic cards to allow as many as one million of the most vulnerable refugees to cover their basic needs in terms of food, shelter and education through predictable, monthly top-ups, a system which is cost-effective and efficient as well as more dignified for the individuals concerned. The implementation of this programme is the key priority for the coming months in this area, alongside winterisation, protection, and non-formal education and health.

Under the non-humanitarian assistance envelope, around EUR 1.6 billion has been allocated for non-humanitarian assistance, of which EUR 740 million has now been contracted. EUR 60 million of this has already been disbursed. The Commission adopted in July 2016 a Special Measure on Education, Health, Municipal Infrastructure and Socio-Economic Support to refugees in Turkey, allocating a total amount of EUR 1.415 billion. Two major contracts have been signed with the Turkish Ministry for Health and the Turkish Ministry of National Education on 27 September for a total of EUR 600 million to provide sustainable access to education and health for refugees. They come on top of two contracts signed in August: a direct agreement with the Turkish Directorate General for Migration Management – worth EUR 60 million – to support migrants upon their return from Greece to Turkey; and a contract with the International Organisation for Migration – worth EUR 20 million – to develop the capacities of the Turkish Coast Guard for search and rescue operations.

The next steps will include preparations for contracting a number of delegation agreements with International Financial Institutions to support municipal and social infrastructure, as well as bottom-up projects under the EU Regional Trust Fund in Response to the Syrian Crisis in new areas such as increased access for refugees to higher education, vocational training and the labour market.

10. Can we already assess the effectiveness of the management of the EU funding aid to refugees in Turkey and how it is controlled and monitored?

**Commission's answer:**

Of the overall EUR 3 billion, EUR 2.2 billion has been allocated – which represents almost 75% of the budget – for both humanitarian and non-humanitarian assistance. Of this, EUR 1.2 billion has already been contracted and EUR 677 million has been disbursed.

The implementation has just started. The signature of the two direct grants with the Ministries of Health and National Education – for a total of EUR 600 million – at the end of September and the launch of the first activities of the Emergency Social Safety Net (ESSN) in October illustrate well the early stage of

implementation.

It is therefore too soon to confirm the effectiveness of the management. In parallel, the Commission is setting up a results framework and aims to establish an online monitoring platform for Spring 2017. The framework should provide for comprehensive monitoring and evaluation of Facility-funded interventions, and provide reliable information on a continuous basis.

11. The total funding for the Facility for Refugees in Turkey is EUR 3 billion of which 2,239 billion are already allocated. The Commission has provided a list of projects for the Facility which can be found on the homepage of DG NEAR. Could the Commission please break down this list in the sense of

- a) How many persons are benefitting from each of the projects?

**Commission's answer:**

An online interactive map has been developed to see both the areas where the projects are implemented and the number of persons benefitting from each project. Available on DG NEAR website:

[http://ec.europa.eu/enlargement/news\\_corner/migration/index\\_en.htm](http://ec.europa.eu/enlargement/news_corner/migration/index_en.htm)

Aggregating the number of beneficiaries of all projects is a complex exercise since some refugees might benefit from different projects (*eg* access to both education and health services).

- b) What is the average amount of money spent per refugee?

**Commission's answer:**

It is to be noted that conditions and needs vary widely within the refugee population in Turkey: registered vs unregistered refugees; camps vs urban settings; access to legal employment or not; between women, students, *etc.* It is therefore not possible for the Commission to scientifically calculate either an average amount spent per refugee or a standard cost per refugee in Turkey.

- c) In which place are the projects implemented, respectively?

**Commission's answer:**

The majority of the projects are implemented out-of-camp, mainly in the ten most affected provinces, *ie* Sanliurfa, Hatay, Gaziantep, Adana, Mersin, Kilis, Mardin, Kahramanmaras, Osmaniye and Istanbul.

An online interactive map has been developed to see the areas where the projects are implemented. Available on DG NEAR website:

d) Which kind of controls are in place, respectively?

**Commission's answer:**

The establishment of the Facility aimed to provide the European Union with a coordination mechanism that should allow for the swift, effective and efficient mobilisation of EU assistance. The Facility ensures that all relevant EU instruments are mobilised in a coherent and coordinated manner.

Facility funds are managed in accordance with the rules for external action contained in Title IV of part two of the Financial Regulation and its rules of Application. For IPA funds, detailed rules to be followed by DG NEAR are set out in the Procurement and Grants for European Union external actions – A Practical Guide (PRAG). Given that the Facility acts as a coordination mechanism, implementation of the Facility funding takes place through several established financing instruments – in majority ECHO humanitarian assistance, the EU Regional Trust Fund in response to the Syrian Crisis (EUTF), and the Instrument for Pre-Accession (IPA), with limited actions under EIDHR, IcSP, and DCI. Depending on the instrument used to finance a specific action, its specific rules and regulations apply.

In parallel, the Commission is setting up a results framework and aims to establish an online monitoring platform for Spring 2017. The framework should provide for comprehensive monitoring and evaluation of Facility-funded interventions, and provide reliable information on a continuous basis.

e) Regarding educational projects:

1) How many teachers have been employed so far and how many are planned to be employed?

**Commission's answer:**

Through its cooperation with UNICEF under the EU Regional Trust Fund in response to the Syrian Crisis (EUTF), the Commission provided more than 5,000 Syrian volunteer teachers with monthly remuneration.<sup>1</sup>

15,000 teachers will be trained under the EUR 300 million direct grant on education signed in September 2016 with the Turkish authorities.

In addition, teachers will also receive teaching kits and language training.

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<sup>1</sup> The project – worth EUR 36 million – builds on the first EUTF-UNICEF Turkey partnership contract signed in September 2015 (worth EUR 12.5 million) which aims to support the Government of Turkey through providing sustained and expanded inclusive access to quality education, a protective environment and youth engagement opportunities.

2) How many children and teenagers are able to attend classes supported by the facility?

**Commission's answer:**

The EUR300 million direct grant on education signed in September 2016 with the Turkish authorities provides access to formal education for some 500.000 students.

3) How many schools have been built and where?

**Commission's answer:**

The needs assessment issued in June 2016 confirms that Turkey plans to build some 26,000 class rooms in 2016-2017, of which some 6,000 have been prioritised. The aim for the Facility is to contribute to the latter as much as possible. The Facility has been operational since early 2016. The construction and/or rehabilitation of a number of schools is taking place through EUTF projects implemented by UNICEF (8 schools) and GIZ (15 temporary education centres). Additional schools should be constructed and equipped under the EUR 200 million allocated to education infrastructure under the Special Measure adopted at the end of July 2016. The aim is to have the first contracts signed with International Financial Institutions before the end of this year and early 2017.

12. The current situation in Turkey is worrying, notably in the area of education: could the Commission provide an overview on the educational and research programmes co-financed by the EU in Turkey? What is the current state? What is the situation of the Jean Monnet Scholarship Programme (JMSP), that Turkey Government decided to unilateral resign?

**Commission's answer:**

The post-coup measures in Turkey, while legitimate in principle, raise concerns in terms of respect for the rule of law and human rights. The large dismissals in the administration are a source of concern as regards sustainability of the administrative performance in certain sectors, which may also impact implementation of EU financial assistance.

The Commission has an open dialogue with the Turkish authorities in this respect. Two official letters addressed to the relevant Ministries (Ministry of EU Affairs and Ministry of Finance) were sent early October. The Commission is monitoring closely the whole range of issues such as: dismissals or suspensions of scientists and academics, closing of universities and higher education institutions or restrictions to travel, having some impact on the implementation of EU programmes such as Erasmus+, H2020, among others. DG NEAR has already issued guidance in this sense to the DGs managing EU programmes in which Turkey participates. Relevant notes have been shared with EP.

Current state:

Implications under Erasmus+: 23 higher education institutions (HEIs), 8 schools (3 have been reopened recently) and 2 youth organisations involved in Erasmus+ projects were closed. The VET (Vocational and Educational training) and adult sectors are likely to be impacted as well, but the Turkish National Agency, which is in charge of implementing the Erasmus+ programme, does not yet have full information. All grants already paid by the Turkish National Agency to the closed HEIs were transferred to the Treasury.

Implications under Horizon2020: no grants signed involved any of the closed HEIs. No immediate financial impact could be identified by the Commission. However, many Turkish researchers and academics were called back to Turkey, and the travel ban could turn into a big obstacle for the implementation of the programme. 279 Turkish researchers are involved in 214 projects of Horizon 2020. The total EU contribution amount for those projects is EUR68.5 million. There are Turkish leading partners /coordinators in about some 58 projects. So far two cases with Marie Curie fellows being suspended by their HEI have been brought up, asking to be transferred to a new host institution.

Concerning the Jean-Monnet Scholarship programme, the Commission regrets the decision of the Turkish authorities to cancel, on 5 August, the programme for the academic year 2016-17 (EUR 7.2 million). In light of the usefulness of the programme, the Commission has accepted that the funds of the cancelled call be transferred to the next call for the academic year 2017-18. Furthermore, some exceptions may need to be introduced in the next call with a view that the successful candidates of the 2016-2017 JMSP examinations will have their legitimate expectations met and have the possibility to participate.

In addition in October, the contracting authority CFCU terminated three ongoing grant contracts under the Jean Monnet Scholarship Programme 2015-16 academic year. The total amount of these contracts is EUR 90,000.

***NEAR (in)direct management***

13. Could the Commission please list the 10 International Organisations which have received the highest amounts of financial support from the EU in 2015? In which countries were they operating?

**Commission's answer:**

1) European Bank for Reconstruction and Development (EBRD): EUR 152 million

(Armenia: EUR 34 million; Bosnia & Herzegovina: EUR 4 million; Egypt: EUR 24 million; Georgia: EUR 14 million; Moldova: EUR 34 million; Ukraine: EUR 4 million; Regional Neighbourhood south: EUR 21 million; Regional Western Balkans: EUR 9 million Cross border co-operation: EUR 8 million)

2) United Nations Children's Fund (EUR 73.1 million)

(Egypt: EUR 29.4 million; Lebanon: EUR 37.9 million; Morocco: EUR 2.8 million; Libya: EUR 3 million)

3) International Bank for Reconstruction and Development (EUR 25 million)  
(Bosnia & Herzegovina: EUR 2 million; Montenegro: EUR 5 million; the former Yugoslav Republic of Macedonia EUR 18 million)

4) United Nations Development Programme (EUR 23.6 million)  
(Albania: EUR 4 million; Azerbaijan: EUR 2,1 million; Bosnia & Herzegovina: EUR 6 million; Georgia: EUR 4 million; Lebanon: EUR 0.2 million; Moldova: EUR 6.5 million; Tunisia: EUR 0.8 million)

5) United Nations Office for Project Services (EUR 20.1 million)  
(Kosovo: (under UNSCR 1244/99): EUR 10.9 million; Tunisia: EUR 9.2 million).

6) International Centre for migration policy development (EUR 17.8 million)  
(Lebanon: EUR 9 million; Tunisia: EUR 2 million; Thematic, migration: EUR 6.8 million).

7) United Nations High Commissioner for Refugees (EUR 16.8 million)  
(Lebanon: EUR 15.9 million; Tunisia: EUR 0.9 million).

8) Council of Europe (EUR 14.9 million)  
(Regional Western Balkans: EUR 11.3 million; Kosovo: (under UNSCR 1244/99): EUR 2 million; Morocco: EUR 1.6 million)

9) International Organisation for Migration (EUR 10 million)  
(Moldova: EUR 8 million; Kosovo: (under UNSCR 1244/99): EUR 2 million)

10) United Nations Relief and Works Agency for Palestinian Refugees in Near East (EUR 10 million) (Syria: EUR 10 million)

### *Palestine*

14. What amount of money has the Commission provided in 2015 in the context of PEGASE to the Palestinian Authority (PA)? Could the Commission please update the European Parliament on the findings of the European Court of Auditors Special Report 14/2013 where the Court found that the EU paid Gaza civil servants who didn't go to work and the measures implemented? Can the Commission confirm that the problem has been solved? Can the Commission exclude that there are civil servants who receive money but don't go to work? We have heard that the PA established a "martyr fund". Could the Commission please provide us with further info and if EU amounts are concerned?

**Commission's answer:**

The Commission provided EUR 178 million in 2015 to the PA via the PEGASE mechanism for contributions to salaries and pensions, contributions to social allowances to the poorest families and for East Jerusalem Hospitals.

The European Court of Auditors is currently conducting a follow-up audit on the 2013 report to assess the implementation of the recommendations put in place by the Commission and EEAS. One such recommendation related to EU contributions to civil servants in Gaza and stemmed from the fact that the Commission was unable to verify who from the list of recipients of salaries was in fact at work and who not. Despite requests, the PA was unable to furnish such a list, seemingly in the absence of progress on the intra-Palestinian reconciliation file. The Prime Minister himself initiated a registration process in May 2015 yet the process has never been completed. As a result, payments for the benefit of Gaza civil servants are to be discontinued at the end of 2016. The ECA report will be finalised during 2017.

The Commission does not contribute to a 'martyr fund'.

15. Regarding hotel rooms in Turkey for Palestinian people being paid by the EU: Could the Commission please provide further info on this case?

**Commission's answer:**

The EU has ongoing contracts in Turkey with UNHCR and UNICEF, including for humanitarian assistance and through entrustment of budget implementing tasks under the Instrument for Pre-Accession Assistance. Under these contracts, UN agencies cooperate with several local NGO partners, such as Association for Solidarity with Asylum Seekers and Migrants (ASAM) which sometimes also provides accommodation to non-Syrians (which can include Palestinian people).

***Residual error rate***

16. DG NEAR relied for its residual error rate methodology for "IPA under indirect management with beneficiary countries" on the audit authorities of the beneficiary countries. However, due to insufficient size of the populations, DG NEAR complemented the results with historical residual error rates for this management mode. Do you consider this calculation method sufficiently robust and reliable?

**Commission's answer:**

DG NEAR considers that the calculation was sufficiently robust and reliable.

Indeed in order to calculate the RER under IMBC the following has been taken into consideration:

- Determination of a central value of the RER based on the historical data of the last 10 years which has always been below 2% in order to cater for the

risk of non representativeness;

- The audits carried out by the National audit authorities of the Beneficiary countries which have been adequately assessed by the Commission and ;
- Commission own controls (100% ex ante controls on procurement), in order to have a sufficiently reliable figure.

For the future, the Commission has updated its procedures and developed an action plan to further strengthen the capacity of the Audit authorities in the Beneficiary countries. The RER methodology for IMBC in 2016 will take into account the small size of the IPA IMBC populations and will be determined by external audit firm in accordance with Court's recommendation.

17. No residual error rate has been calculated for the management mode "indirect management by entrusted entities" for IPA covering 15 % of the payments under the instrument in 2015. Are you going to calculate a separate error rate for this expenditure area next year, or do you envisage to cover this management mode by other means of assurance? Do you intend to revise the methodology for the calculation of the residual error rate in order to provide statistically accurate information on the amounts at risk?

**Commission's answer:**

The payments made in 2015 under the management mode IPA-IMEE represents only 5.4% of the overall spending of DG NEAR (IPA+ENI).

Although the RER rate for IPA for 2015 did not cover the IMEE management mode, it was covered by the following sources of assurance.

- Pillar assessments;
- Regular reporting from the entities
- On the spot checks;
- Verification missions.

For 2016, DG NEAR will continue to rely on the above mentioned sources of assurances.

As an additional source of assurance, this management mode has been included in the RER study provided by external contractors.

**Commissioners Mimica and Hahn**

***Migration flows- Refugees***

18. As regards the general objectives of the policy areas covered by the Chapter Global Europe one important issue is that the fight against poverty should

have as indirect impact to create the conditions of preventing the uncontrolled arrival of refugees in Europe.

To which extent the development cooperation and neighbourhood policies have reached this objective last year? How can the Commission measure the achievements of this objective?

**Commission's answer:**

With the inclusion of migration targets in the 2030 Agenda for Sustainable Development Goals, migration is now firmly embedded in this global development framework. Development cooperation thus plays a key role to support partner countries achieving these targets, both in terms of providing short- to medium term responses on better managing migration and refugee flows, and the more long-term objectives of addressing its root causes. This will also be reflected in the Commission's proposal for a new EU Consensus for Development.

While the EU has addressed migration and forced displacement concerns under its development and neighbourhood policy for years, efforts were significantly stepped up in 2015. In line with the European Agenda on Migration, we have engaged in close policy dialogue with priority partner countries to agree on joint objectives on addressing migration challenges. Funding support for the implementation of these objectives have been made available notably through the EU Emergency Trust Fund for Africa and the EU Trust Fund for the Syria crisis.

Projects launched to address the root causes of irregular migration and forced displacement are rather medium- to long-term actions, and it is therefore too early to assess results of Trust Fund projects at this stage. The Commission is currently developing a robust monitoring and tracking system for measuring results from these projects.

More globally, the EU enshrines all its current action on migration in the framework of the follow up given to the Communication adopted in June on "establishing a new partnership framework with third countries under the European Agenda on migration" (COM(2016)385). Comprehensive partnerships with partner countries ("compacts") need to be set up, enabling the EU to increase its efforts to address the root causes of irregular migration and forced displacement.

19. What measures were taken, in the context of budget support, to fight migration flows to Europe?

**Commission's answer:**

Budget support has contributed to address the root causes of irregular migration and forced displacement by promoting sustainable and inclusive growth, better economic governance and therefore consolidation of democracies. Budget support has been effective, especially in relation to public service delivery and public finance management. In the Neighbourhood and Enlargement regions, budget support has been mainly used so as to enhance long-term objectives in the implementation of migration policies such as the adoption of legislation and

regulation in line with the *acquis* as well as integration measures of refugees and migrants based on strategies in place in the partner countries.

State building contracts (SBC) have proven to be flexible instruments, enabling the EU to develop rapid support mechanisms to fragile states. SBCs are supporting a number of countries affected by conflict and countries in fragile political transition. In the latter, state building contracts aim at facilitating democratic transitions, mitigate transition costs and supporting basic social services, such as health, education and food security. SBCs are ongoing or under preparation in: Afghanistan, Burkina Faso, Central African Republic, Chad, Cote d'Ivoire, Dominica, Fiji, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Mali, Mauritania, Nepal, Niger, Sierra Leone, Togo, Tunisia and Ukraine.

Concerning Sector Reform Contracts, where budget support represented a high percentage of public expenditure (i.e. in LICs), the additional funds provided by budget support were used predominantly to raise spending within the priority sectors supported (mainly education, health and the road sector).

In Enlargement countries, planned sector budget support for Montenegro and Serbia, aims to further align the countries' integrated border management systems with an efficient implementation of EU *acquis* in this regard.

The Commission provided sector budget support to Moldova with a view to help implement the Visa Liberalisation Action Plan, in particular by enhancing border management and migration management. However, the budget support payments to the Republic of Moldova were suspended during 2015 and the European Commission will consider their resumption if an IMF agreement is in place and if, among others, satisfactory progress by the Government of Moldova on public finance management and on transparency and oversight of the budget is made. The Commission also implements tops-up to sector budget support programmes in Morocco which aim at facilitating the access of migrants' children to education and of regularised migrants to social protection.

In 2015, the Madad Fund prepared a EUR 20 million programme which was approved in April 2016 to provide budget support to the Jordanian Ministry of Education in view of paying additional teacher salaries and school fees so as to increase the intake of Syrian and other refugee children with an additional 50,000 for the school year 2016-2017.

The EU has also adopted a budget support operation on justice, internal security and border management in Niger, in the framework of the Valletta Summit Declaration and Action Plan and in line with the objectives of the European Union Emergency Trust Fund for Africa. This intervention will support the government to consolidate the democratic process, fight against criminality and trafficking in human beings and to improve migration management. In parallel the EU approved a second State building contract for Niger that includes a module on migration and fight against trafficking in human beings.

20. How many funds had been implemented for the refugees in the Third Countries? How many funds had been used in the Third Countries in 2016? How many refugees and which Countries had benefited of those funds?

**Commission's answer:**

As far as the Humanitarian Aid is concerned, to date in 2016 the Commission contracted EUR 844,892,752 for operations related to refugees in Third Countries. In the same period, the Commission contracted globally for humanitarian actions in Third Countries EUR 1,559,068,221. It is estimated that the results related to refugees should have attained a total of 48 million beneficiaries (although it should be noted that the same individual might be counted various times as being beneficiary of different actions – e.g. food aid, WASH, etc. – in multiple granted actions).

The charts below show the world distribution of aid for refugees by descending order of total contract amount (first 15 highest values).



21. How did the Commission support the refugees on Turkish territory: which projects were initiated in this regard and what was the EU amount for these projects in 2015 and 2016, respectively?

**Commission's answer:**

In the first half of 2015, the first actions in Turkey under the newly established EU Regional Trust Fund in Response to the Syrian Refugee Crisis were prepared and implementation swiftly started in September 2015 for two contracts, namely 1) one action in cooperation with UNICEF worth over EUR 12 million to improve the access to inclusive and quality education and provide psycho-sociological

support to Syrian children living in Turkey and b) a second contract with World Food Programme (WFP) for EUR 5 million will allow 17,000 Syrians residing in two camps and around 14,400 Syrians residing in off-camp settings to get food with an e-voucher card system, complementing in this way on-going ECHO assistance.

Furthermore, Turkey requested to DG NEAR the transfer to the EUTF of funds at risk of decommitment under IPA I components III and IV. The Commission steered a set of time-sensitive legal actions and operational actions which were successfully completed before 31 December 2015, allowing for a transfer of EUR 139.6 million in total from IPA funds.

As far as humanitarian assistance is concerned, prior to the creation of the Facility (2012-2015), the Commission already implemented EUR 71 million in humanitarian aid projects and EUR 105 million in longer-term assistance on Turkish territory. Of these EUR 71 million in humanitarian aid, EUR 36 million was contracted in 2015. The funding covered operations in the food and non-food sector, education, health and protection.

The annual Action Programme for 2015 under IPA II adopted in December 2015 also reflects the considerable efforts and increased funding dedicated to Home Affairs for the implementation of the Visa Liberalisation Roadmap, whilst taking into account developments as a consequence of the Syrian conflict. It includes notably further support to strengthen Turkish capacities for hosting irregular migrants and readmitted third country nationals, as well as a contribution to the EUTF for EUR 6.9 million.

Following the Joint Action Plan on migration agreed on 15 October 2015 and the EU-Turkey Summit held on 29 November, agreeing on a renewed cooperation and an increased financial support, the Facility for Refugees in Turkey was established by Commission Decision of 24 November 2015, as a coordination mechanism of the actions of the Union and of the Member States supporting the efforts of Turkey in hosting over 2 million of Syrian refugees. The Commission and the Member States committed to provide an initial EUR 3 billion over the years 2016 and 2017. The facility is now delivering at cruise speed.

The total currently contracted amount for humanitarian aid actions under the Facility for Refugees in Turkey is EUR 512 million. The existing EU humanitarian assistance in Turkey, namely operations in the food and non-food sector, education, health and protection, has first been scaled up with EUR 90 million signed by 15 April. Beginning of June, the Humanitarian Implementation Plan (HIP) for Turkey has been published for EUR 505.65 million - the largest ever HIP. It is a shift from a project-based approach to a more integrated, strategic approach corresponding to the unprecedented needs and increase in funding.

The HIP includes a monthly cash-transfer system via an electronic card which covers the basic needs (food, shelter etc.) of up to one million refugees. The Emergency Social Safety Net (ESSN) constitutes the main vehicle for humanitarian assistance under the Facility. It will ensure delivery of assistance in a predictable, dignified, cost-effective and efficient manner and create incentives for the stabilisation of the most vulnerable refugees. The resource-transfer system will be rolled out as of October 2016 with the contract holder WFP, and its local

implementing partner, the Turkish Red Crescent/Kizilay. This contract of EUR 348 million comes on top of EUR 74 million contracted under the HIP.

The HIP also includes a strong protection strategy and actions in the health and education sectors, in complementarity with the actions implemented by other EU instruments (IPA, EU Syria Trust Fund, Instrument contributing to Stability and Peace). The HIP also foresees to dedicate funding to information management and coordination, which will be crucial to the success of the implementation of the Facility. Finally, the HIP foresees a buffer of funding in order to swiftly respond to urgent humanitarian needs.

Under the non-humanitarian assistance envelope, the Commission also adopted in July 2016 a Special Measure on Education, Health, Municipal Infrastructure and Socio-Economic Support to refugees in Turkey, for a total amount of EUR 1.415 billion.

Finally, related to the migration challenge, under the Foreign Policy Instrument's Instrument contributing to Stability and Peace (IcSP) another measure was designed in 2015 and launched in 2016 for rapid intervention in light of the EU-Turkey Joint Action Plan of 15 October 2015. In concrete terms, EUR20 million has been allocated to Turkey for the project "Enhancing the capacity of the Turkish Coast Guard (TCG) to carry out search and rescue operations", with the objective of saving lives and strengthen the protection of refugees and migrants at sea. The measure includes three inter-linked components: under a first activity, urgently needed technical equipment to strengthen TCG operational search and rescue capacities; a second component for capacity building of TCG and other relevant agencies; finally, a third component to provide TCG operational staff with psycho-social assistance through mobile expert teams.

22. Can we already assess the effectiveness of the management of the EU funding aid to refugees in Turkey and how it is controlled and monitored?

**Commission's answer:**

Regarding the Facility for Refugees in Turkey, EUR 2.2 billion has been allocated of the overall EUR 3 billion – which represents almost 75% of the budget – for both humanitarian and non-humanitarian assistance. Of this, EUR 1.2 billion has been contracted and EUR 677 million has been disbursed.

The implementation has just started. It is therefore too soon to confirm the effectiveness of the management. In parallel, the Commission is setting up a results framework and aims to establish an online monitoring platform for Spring 2017. The framework should provide for comprehensive monitoring and evaluation of Facility-funded interventions, and provide reliable information on a continuous basis.

23. Could the Commission provide the Parliament with a repository tool for EU migration related spending, including all completed, ongoing and planned projects? This database should provide us with the results visualized on the world map, and enabling a search filtered by countries, type of projects and the corresponding amounts.

**Commission's answer:**

Since the creation of the EU Emergency Trust Fund (EUTF) in November 2015, the European Commission has published on the dedicated EUTF website an interactive map where the main information – including financial - is available for all approved initiatives funded under this Trust Fund. This interactive map, together with other information on this EUTF is available at this address: [http://ec.europa.eu/europeaid/regions/africa/eu-emergency-trust-fund-africa\\_en](http://ec.europa.eu/europeaid/regions/africa/eu-emergency-trust-fund-africa_en).

On this website, an updated overview of contractual status is available for all three geographic windows of the Trust Fund for Africa, including the list of approved initiatives, implementing partners, individual amounts, and information about duration etc. As this EUTF started operating at the end of last year only, extensive details on results are not yet available on the Commission's website.

As part of a broader initiative, The Commission (DG DEVCO) is currently developing its future operational information system, OPSYS, which is intended to replace the current CRIS system. This future system is intended to focus on operational needs and to serve the entire EU external relations family, including initiatives of DG DEVCO, DG NEAR and the FPI. In addition to ODA codes, which do not currently include migration as a thematic sector, the future OPSYS system will enable the extraction of consolidated data – including financial - using specific thematic markers. The future system is being designed with a strengthened focus on results, in line with the priority the Commission gives to this.

Following the report of the Court of Auditors (ECA Special Report 9/2016: "EU external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014"), the Commission (DG NEAR) has developed a comprehensive database on ongoing migration related projects in the Neighbourhood and candidate countries. The database provides information on the funding instrument (for the moment except information on humanitarian aid extends to and within the EU and AMIF), total budget, payments, duration and beneficiary. The database is at the disposal of the European Parliament upon demand, with normal safe guards to maintain the confidentiality of sensitive actors. The Commission also proceeds to the quality review of all the migration projects which are in the pipeline.

24. Looking at the ECA Special Report 9/2016 (2015 Discharge): "EU external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014", we believe that, in addition to the funding gap, the existing fragmentation of instruments with their own specific objectives without being interlinked, hinders parliamentary oversight on the way funds are implemented, the identification of responsibilities and therefore making it

difficult to clearly assess the financial amounts actually spent to support external action on migration; regrets that it leads to a lack of effectiveness, transparency and accountability; considers it necessary to refocus ways of using existing policy instruments with a clear and renewed architecture of objectives to increase their overall effectiveness and visibility;

How does the EC consider clarifying objectives, developing, expanding and improving the performance measurement framework and focusing on available financial resources on clearly defined and quantified target priorities, while developing an appropriate coding in the Commission's information systems?

**Commission's answer:**

The Commission has a clear strategy in the Neighbourhood and beyond. Last year it adopted two guiding policy frameworks: the **European Agenda on Migration** and the **reviewed European Neighbourhood Policy**. In line with those and as a follow-up of the Communication on establishing a new Partnership Framework with third countries (COM2016 385 final), the focus on clear and measurable objectives and coherent, concrete deliverables will be at the core of new co-operation frameworks with partner countries.

However, in light of the protracted crises occurring in the Neighbourhood, **differentiation and flexibility mechanisms** need to be ensured.

At the **Migration Summit in Valletta** on 11 and 12 November 2015, African and European leaders agreed on a common Action Plan (**Valletta Action Plan - VAP**) and officially adopted the EU Emergency Trust Fund for stability and addressing the root causes of irregular migration and displaced persons in Africa (EU TF).

In parallel with the adoption of the EU TF, at Valletta Summit, leaders endorsed a **strategic orientation document for the three windows of the EU TF** (Sahel and Lake Chad, Horn of Africa and North of Africa). Those strategic orientations clearly reflect priorities established by guiding policy frameworks, such as the European Agenda on Migration and the **reviewed European Neighbourhood Policy**.

At the **expert level stocktaking review meeting on the state of play of the implementation of the VAP**, held in Brussels on 21 and 22 June 2016, the representatives of the members of the steering committees of the Khartoum and Rabat Processes decided to adopt a common methodology for the **mapping, monitoring and reporting of the actions of the VAP**. To this end, since the EU TF is a significant financial instrument providing funding to the VAP, the Commission has already taken actions. A **results' matrix for the EU TF** was already drafted and constitutes a living document to be further elaborated and refined as the EU Trust Fund progresses in the establishment of its performance monitoring system.

Additionally, to contribute to this exercise of setting up of a coherent, measurable and impact-oriented cooperation framework for the EU TF, the European Commission has initiated several *ad hoc* initiatives, as follows: the North of Africa window of the EU TF is developing a tailor-made **monitoring and**

**evaluation framework for the North of Africa window's strategy**, in order to steer coherently the formulation of programmes and projects financed by this window and to allow the measurement of achievements and impact, as well as its harmonized reporting. Other relevant exercises have been launched or are being developed by the other two windows of the ET TF, such as the **Research and Evidence Facility**, adopted by the Horn of Africa window, the **Research and Evidence Facility for the Sahel and Lake Chad Region and the North of Africa**, and the **IT system** that the three windows are setting up with the aim to coherently and timely report on the actions adopted under the two windows of the EU TF.

An overall results framework was shared with the Board of the EU Regional Trust Fund in response to the Syrian crisis, and will serve as a living document. Individual projects' log-frames will be trimmed to feed into the overarching results framework, in line with the strategic priorities and objectives of the Madad Fund.

With regard to the **Facility for Refugees in Turkey (FRIT)**, an overarching monitoring and evaluation system and results framework is being developed in consultation with all stakeholders. This will be an active management tool providing strategic guidance, serving accountability purposes, as well as information needs. The management of monitoring data will be facilitated by means of an online platform – a data-management tool organised by the architecture of the results framework.

Finally, the Commission's information system uses OECD codes to characterise contracts by sector of activities. There is no current unique code for migration sector, which comprises a wide range of diversified activities. The Commission is about to initiate a discussion with the OECD (and other relevant stakeholders) to rapidly identify best possible ways to capture migration expenditure by various development agencies and discuss the creation of a specific code.

Did the Commission face any cases of misappropriation of funds and/or double financing?

**Commission's answer:**

The Commission has not faced any cases of misappropriation of funds. The risk of double financing is closely assessed and monitored. Each Action Document to be approved by the EU needs to explain how complementarity will be ensured with other related actions. In addition, the EU Delegations have set up coordination mechanisms with Member States on all the different aspects of their cooperation policy and participate to donors' coordination meetings.

*Trust funds*

25. The phenomenon of trust funds (including that for Africa) has advantages, but also undoubted criticality, such as the lack of a direct monitoring by the

Commission. What control systems the Commission has put in place to assess the fairness and effectiveness of the European funds committed to these tools?

**Commission's answer:**

Before the 2012 Financial Regulation, the Commission could only participate in Trust Funds by delegating the management of EU/EDF funds to third entities, like the WB or the UN. The European Parliament expressed its concerns about the loss of EU influence, control and accountability in Trust Funds managed by third entities and proposed the creation of EU Trust Funds.

As cooperation with the international organisations has grown, the Commission has developed systems for monitoring and checking the management of EU funds. There are four main areas of control: compliance analysis of rules and procedures, internal reporting, verification and reporting by the organisations.

The 2012 Financial Regulation introduced a legal basis for establishing EU Trust Funds (EUTFs). The tools to establish and manage EUTFs are in place. EUTFs could offer a real European alternative to organisations like the UN or the World Bank. EUTFs should be flexible, responsive and swiftly deliver concrete results.

The Union has a lot to gain by establishing and managing EUTFs:

- visibility and leadership by coordinating donors' activities;
- higher efficiency and impact of European assistance: pooling contributions, more flexible decision making and implementation procedures
- managing additional financial resources from other donors reinforces the perception of the Union as a global player.

Management of the EUTF is done directly by the Commission. The Commission nominates the EUTF manager who is an agent (official or temporary agent) of the Commission. The Staff working in the EUTF are recruited by the Commission following normal procedures. The decisional / financial / contractual procedures are defined by the Commission. Within an EUTF, decisions on the use of funds are taken by the Operational Committee representing all donors and are chaired by the Commission following a proposal by the Commission. Narrative reports are presented to the donors of the EUTF and include the results/achievements of the Trust Fund based on a specific monitoring framework approved by the Operational Committee. External audit reports, prepared by external audit companies, will be shared with all donors thorough the Operational Committee and the Board on an annual basis.

DEVCO's AAR and the DG's declaration of assurance will cover the EUTFs managed by DEVCO and this will be clearly mentioned. The annual reports of the EU TF will be annexed to DEVCO's AAR as foreseen in RAP 259.

All standard controls, as for any other implementing actions of the Commission, are applicable. As established in the constitutive agreement as approved by the College, the EU institutions, including the European Parliament and the Court of Auditors, maintain their rights and prerogatives over the EUTFs.

26. The European Commission has launched Emergency Trust Funds from the EU budget and European Development Fund, combined with contributions from EU Member States and other donors. Did the Member States already brought their contribution? Is there a list available in this sense?

**Commission's answer:**

Concerning the EU emergency Trust Fund for Africa, a total amount of EUR 81,491,921 was pledged by EU Member States, Norway and Switzerland. To date, a total of EUR 47,141,921 has been paid. For further details on the contributing Member States and donors, please see Annex enclosed.



Emergency Trust  
Fund for Africa.docx

It is worth bearing in mind that according to the Constitutive Agreement of the Trust Fund, donors can pay their contribution to the Trust Fund in up to 5 annual instalments. Therefore the capacity of donors to honour their commitments should not be called into question because they have not paid in full what they pledged. For example, one donor may contribute EUR 15 million over five years while another donor may contribute EUR 10 million in one single instalment.

27. How many trust funds have been set up in the area of the External relations of the Union and in particular in Development cooperation and in Neighbourhood policies?

Who are the contributors (Member State, International Organisation....) for which amount? Which kind of projects have been supported by those funds and what is the added value by comparison with the traditional ways of spending the money.

**Commission's answer:**

Since 2014, the Commission has created three EU external action Trust Funds:

- EU regional Trust Fund for the Central African Republic (Bêkou), July 2014;
- EU regional Trust Fund in response to the Syrian crisis (Madad), December 2014;
- EU emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (EU Emergency Trust Fund for Africa), November 2015.

A fourth Trust Fund is expected to be established before the end of 2016: the EU Trust Fund to support the peace process in Colombia.

Those contributing to the Trust Funds include: EU Member States, other donors

(such as Norway (for EU Emergency Trust Fund for Africa), Turkey (for Madad) and Switzerland (for EU Emergency Trust Fund for Africa and Bêkou)) and the EU itself. For a break-down of who has contributed to each Trust Fund, please see Annex enclosed



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Trust Funds.docx

In comparison to traditional aid delivery methods, the Trust Funds provide the EU with an opportunity to react in challenging, fragile environments in a short timeframe. They allow the EU to deliver more flexible and more coordinated EU support therefore avoiding fragmentation. For example, they provide the possibility to merge contributions from several EU financing instruments along with contributions from Member States into one mechanism. Experience has shown that via EUTFs, it is also possible to move ahead more quickly: the Fund Strategy can be adopted and implementation initiated within a year. Funds also have the added advantage of increasing EU visibility and political leverage.

In terms of projects supported:

**The EU Trust Fund for Africa** supports: creating employment opportunities in local communities of origin and return, with a focus on vocational training and creation of micro and small enterprises; strengthening access to basic services across a variety of resilience programmes targeting young people, women, and other vulnerable groups such as refugees; better migration management, including affording international protection, offering long-term solutions to displaced people and facilitating safe, dignified and sustainable return of migrants in the countries of origin.

**The EU Bêkou Trust Fund** supports resilience projects in Central African Republic in three main areas: i) essential services (rehabilitation of basic health services/food security and livelihood); ii) reconciliation (labour intensive public works and revenue generating activities); and iii) economic recovery (support to micro entrepreneurs).

**The EU Madad Trust Fund** primarily supports resilience projects concerning Syrian refugees and Internally Displaced Persons (IDPs) in neighbouring countries, as well as supporting host communities and their administrations. The focus is on non-humanitarian priorities and may also be adapted to finance transition and reconstruction needs in a post-conflict Syria. The Fund's scope now also covers projects supporting: IDP's in Iraq fleeing from the interlinked Syria/Iraq/Da'esh crisis; affected countries hosting non-Syrian refugees; and non-EU countries affected by the refugee crisis.

28. With the proposal for a new financial regulation, the Commission suggests possibility to transfer management of funds and instruments to EU bodies and Agencies, as well as to external partners. How could the Commission justify and ensure that such a transfer will not have negative impact on the management and implementation of the EU budget?

**Commission's answer:**

Currently, EU Trust Funds may be implemented by EU bodies and agencies as well as external partners if they relate to emergency or post-emergency actions. All the existing EUTF are emergency or post-emergency TF and they use this possibility.

This possibility is not foreseen for thematic TF. Under the proposal for a new Financial Regulation, indirect implementation would become possible for thematic trust funds as well. So far no thematic EU trust Funds have been established.

As cooperation with EU bodies and Agencies and international organisations is growing (within and outside EUTF), the Commission has developed systems for monitoring and checking the management of EU funds. There are four main areas of control: ex-ante compliance analysis of rules and procedures, internal reporting, verification and reporting by the organisations.

All standard controls, as for any other implementing actions of the Commission, are applicable.

As established in the constitutive agreement as approved by the College, the EU institutions, including the European Parliament and the Court of Auditors, maintain their rights and prerogatives over the EUTFs.

The European Parliament and the Council are also involved in the follow-up of the activities of the EUTF, through the comprehensive annual report following its adoption by the Operational Committee. This report covers the activities supported by the EUTF, both in terms of implementation as well as performance.

***NGOs***

29. How much funds are allocated to the NGOs (among others to religious NGOs and aid NGOs)? How is transparency ensured as to the financing of the NGOs?

**Commission's answer:**

The European Commission allocated EUR 1.996 million to Civil Society Organisations (CSOs) in 2014. The European Union as a whole allocated EUR 7.536 million to Civil Society Organisations. These figures represent respectively around 10% (Commission) and 38% (EU) of the OECD/DAC total of ODA allocated to CSOs.

In 2015, EU funding (Commission) to Non-Governmental Organisations (NGOs - which are only a specific part of CSOs) amounted to EUR 569 million (only EU budget<sup>2</sup>). Faith Based organisations can benefit from EU funding. Dedicated funding to Faith Based organisation under the EU Civil Society Organisations Thematic budget line (CSO-LA/DCI) increased from 4% in 2009-2013 to 4.6% in

<sup>2</sup> In 2015, EU funding (EC) to NGOs amounted EUR 798 million including the EDF. EU funding (EC) to NGOs under heading 4 – Global Europe amounted EUR 1.228 million in 2015.

2014-2015.

In the absence of a universally applied definition of NGO, the Commission considers as NGO any non-profit, non-public law body independent of public authorities, political parties and commercial organisations. The NGO information that the Commission has available is based on self-declarations by entities receiving funding from EU funds through grant agreements or contracts directly managed by the Commission. These self-declarations are mainly requested for statistical purposes and are not subject to a general validation by Commission services. However, the non-profit status of an entity, that is practically an essential element of an NGO, is subject to validation as this criterion can be objectively assessed through the non-profit making legal form of the entity

Two governing principles in the award of grants by the European Commission are equal treatment and transparency. The management of Call for Proposals is entirely transparent, as information on each step is made publicly available on the European Commission and EU delegations' websites, in order to ensure broad dissemination to all CSOs.

Firstly, each Call for Proposal is published online. Same applies to the clarifications requested by applicants and/or to any possible addenda to the Call. The selection criteria and procedure are known in advance by all applicants. All applicants have access to the same information and they are all treated equally. Successful CSOs are selected not on their nature but on the quality of their proposals. In order to identify a good project, the EU assesses the relevance, effectiveness, efficiency, sustainability and impact of the proposal. Once the selection procedure is finalised, the results and selected beneficiaries are also published online (exception made of secret contracts as foreseen by the financial regulation).

Finally, each CSO benefitting from an EU grant is under strict reporting and transparency requirements. Each year, an interim narrative and financial report, presenting and analysing the actions undertaken and the use of funds, must be submitted by the CSO. Depending on the amount of the grant, each beneficiary must undertake an external financial audit to certify expenditures related to the project or provide a detailed breakdown of expenditure. The Commission proceeds with the next payment to the beneficiary only after the approval of these reports. Similarly, at the end of the project, each CSO must provide a final report gathering all narrative and financial information regarding the project. Once this report is approved, the final payment can be made. If required, the Commission can conduct its own audit of the beneficiary's accounts.

Furthermore, beneficiaries of funds managed directly by the Commission are published on a yearly basis on the Financial Transparency System: [http://ec.europa.eu/budget/fts/index\\_en.htm](http://ec.europa.eu/budget/fts/index_en.htm)

30. What does the EC do to ensure that its funds are not used in activities and publications that go against EU fundamental principles?

**Commission's answer:**

The EU development cooperation programmes and projects have to be in line with the objectives and rules set by their respective Regulation in which the fundamental principles of the EU as well as its commitments and obligations on human rights and development are enshrined. For example, in the DCI Regulation, this can be found in the article 11 of its preamble:

*The Union's policy and international action are also guided by its commitments and obligations concerning human rights and development, including the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the UN Convention on the Rights of the Child, and the UN Declaration on the Right to Development.*

In Article 3 'General Principles' of the DCI Regulation, references to the principles of democracy, human rights, rule of law, but also non-discrimination or rights of persons with disabilities are also made.

NGOs need to provide a transparent picture of their activities. Where relevant, the eligibility conditions of calls for proposals launched by the EU may require NGOs and other applying organisations to be independent from commercial or other conflicting interests or exclude lobbying from the activities eligible for financing.

Any funding proposal that go against EU fundamental principles will be rejected. Same applies to organisations included in the Early Detection and Exclusion System, EDES. The administrative and qualitative checks during the selection procedures certainly allow for this kind of verification.

Moreover, projects are followed and regularly checked during their implementation by the European Commission itself, external consultants and audit firms. Should contradictions or clashes with the above mentioned fundamental principles be detected or reported, the EU would stop funding the project and the organisation. If applicable, administrative sanctions and/or legal procedures could be launched and recovery of funds be issued.

***Public procurements***

31. In its chapter "Global Europe" the Court found that, as happened in previous years, generally there is still some weakness in the management of procurement: could the Commission provide data Country by Country of signed contracts by procurement?

**Commission's answer:**

Within the chapter 'Global Europe' of its annual report 2015, only section 8.19 covers procurement in external actions: in that section, the findings do not relate to procurement conducted by the Commission itself. The ECA's findings relate to procurement conducted by grant beneficiaries when implementing grant agreements or procurement conducted by partner countries in indirect

management when implementing financing agreements. The ECA furthermore acknowledges that the cases where the beneficiary did not comply with the rules on procurement only represent a limited portion of the total 'external actions' error rate (i.e. 7% of the total).

With regard to grant agreements, if the implementation of an action requires the procurement of services, supplies or works by the grant beneficiary, such procurement may only cover a limited portion of the action. In addition, the grant beneficiary's procurement must comply with the basic principles specified in the grant contract, imposing avoidance of conflict of interests, tender evaluation against objective criteria (enabling measuring the quality of offers while taking into account their price) and the keeping of documentation on each tender decision. In addition to the expenditure verification which must accompany the grant beneficiary's payment request, the Commission may carry out ex post checks on the grant beneficiary's compliance with the procurement-principles. Failure to comply with these principles renders the related expenditure ineligible for EU funding. As grant contracts are committed solely with the grant beneficiaries, the procurement conducted inside grant contracts is not reflected in the Commission's accountancy.

With regard to partner countries, the controls and measures which the Commission imposes upon a partner country entrusted with the tasks of doing procurement aim at mitigating possible weaknesses in the country's management of procurement: as a rule, it is the Commission, and not the partner country, which makes all payments directly to the country's contractors and grant beneficiaries. All partner country's contracts must be awarded and implemented in accordance with the procedures and standard documents laid down by the Commission for its external operations (in DEVCO's Practical Guide for contract procedures, the so-called PRAG). During the procurement procedure, the Commission exercises ex-ante control upon the partner country: ex-ante control means that the Commission has to give its prior approval at all important stages in a contract award procedure. The Commission's endorsement of a contract prior to its conclusion by the partner country signals the Commission's agreement to the later financing of the contract, provided that no errors in the procurement and grant award procedures are discovered later. In the event of a failure to comply with the procedures, the Commission may at any time refuse its approval for a given operation and thereby refuse EU funding for the operation in question. In addition, the Commission exercises control through audits or verifications of on-going and closed projects contracted by the partner country. The list of procurement contracts signed in 2015 by the partner countries in the framework of indirect management is presented in the Annex.



Q31.xlsx

### *Fraud cases*

32. Fraud and corruption in some areas still represent a real risk to EU funds in External relations. Could the Commission provide data on the cases found in 2015?

**Commission's answer:**

In 2015 OLAF had 66 ongoing investigations in external aid. This compares to 79 ongoing external aid investigations in 2014. The Commission services have the obligation to notify OLAF of all suspected fraud cases. OLAF assesses every case of alleged fraud individually to decide whether an investigation is warranted. In case OLAF investigations do reveal the existence of fraud/irregularity, OLAF makes the relevant recommendations to the European Commission (financial, administrative, disciplinary) or it can liaise with the relevant judicial authorities in third countries. In general, the OLAF intervention helps to swiftly identify and address any allegations of fraud and irregularity and also acts as a deterrent.

33. Have you prepared an update to the Twinning Manual or a new Commission decision in order to avoid a risk that the implementing Member State partner yields a profit?

**Commission's answer:**

DG NEAR is in the process of finalizing a revision of the existing Twinning Manual and defining the details of a Commission Decision taking into account the fact that Twinning is an instrument whereby bodies from EU Member States public administrations are compensated for their cooperation with Partner Country administrations.

***EIB guarantee***

34. The European budget provides a guarantee to the EIB relating to the external actions. The Commission can provide data on its use in 2015? What funding has required the use of this guarantee? To which third countries, and for what amounts?

**Commission's answer:**

Decision 466/2014/EU of the European Parliament and of the Council of 16 April 2014 grants an EU guarantee to the European Investment Bank (EIB) against losses under EIB financing operations for projects outside the Union over the period 2014-2020.

In 2015, the EIB signed a total of EUR 6.7 billion in the regions covered by the External Lending Mandate (ELM) which is almost equal to the signatures of the previous year (EUR 6.8 billion). Of this, almost three quarters (72%, EUR 4.8 billion) was carried out under the ELM with an EU guarantee, an increase of 16% compared to 2014. The Commission provided a detailed list of projects by country and by sector with the amounts of loans signed by the EIB in its report on 2015 EIB external activity with EU budgetary guarantee (COM(2016)585 and its

SWD(2016)296 adopted on 14.09.2016).

Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 (codified version) ('the Regulation') established a Guarantee Fund for external actions ('the Fund') in order to repay the Union's creditors in the event of default by beneficiaries of loans granted or guaranteed by the European Union.

At 31.12.2015, the Fund totalled approximately EUR 2.4 billion - provisioned from the budget against a 9% target rate of the total outstanding guaranteed operations (EUR 26.4 billion). In 2015, the Fund intervened to cover defaulted payments by Syria for a total amount of EUR 60 million. For more information see Commission report COM(2016)439 adopted on 5.7.2016 on the Guarantee Fund for external actions and its management in 2015.

## BACKGROUND

The following table provides an overview of the volume of EIB financing in 2015 in the regions covered by Decision 466/2014/EU.

**Table 1: EIB Financing Operations signed in 2015**

Countries of operation (EUR million)	Operations under EU guarantee			EIB own risk operations	Total
	Comprehensive guarantee	Political risk cover	Total		
Pre-Accession Countries	957	0	957	1565	2522
Mediterranean countries	1211	65	1276	141	1417
Eastern Neighb., Russia	1426	55	1481	0	1481
Asia and Latin America	821	150	971	150	1121
South Africa	50	100	150	0	150
<b>Total</b>	<b>4465</b>	<b>370</b>	<b>4835</b>	<b>1856</b>	<b>6691</b>

Notes: In addition to the above volumes on EIB own resources, one investment into microfinance fund amounting to EUR 2 million were signed on third party resources in the Mediterranean.

## *Blending*

35. Blending facilities: Could the Commission please provide the Parliament with an overview of administrative costs for the EU blending facilities

### **Commission's answer:**

Since the beginning of the blending facilities in 2007 until 2015, the Commission has done operations for an amount of EUR 2644 million with an administrative cost or fees of EUR 59 million, this represent 2.25%.

## Commissioner Mimica

### *Residual error rate- Reservations in AAR*

36. DG DEVCO's assessment of indirect management with beneficiary countries does not distinguish between the two main areas with distinct spending and control mechanisms and thus different risk profiles: grants and public contracts subject to procurement. Since DG DEVCO considers grants implemented directly to be high-risk, this would imply that grants implemented indirectly by beneficiary countries require a similar level of risk analysis. Why did not DG DEVCO deem it necessary to distinguish between grants and public contracts under indirect management too?

#### **Commission's answer:**

The current risk assessment was carried out at the level of the five existing Internal Control Templates (ICTs) or implementation modalities that are used for the Annual Activity Reporting: 1. Direct Management – Grants, 2. Direct Management - Budget support, 3. Direct Management - Procurement, 4. Indirect management with Beneficiary Countries and 5. Indirect management with International Organisations and Member States' Agencies. For this analysis to be relevant, this level is generally quite appropriate, since the populations of transactions concerned are relatively high. Smaller numbers of transactions deliver less significant conclusions in terms of risk.

In the 2016 AAR exercise a renewed risk assessment will be undertaken. On the basis of the assessment done, it will be decided whether distinguishing between different risk profiles within indirect management with beneficiary is feasible or relevant. It has to be kept in mind that the management modality "IV Indirect management with Beneficiary Countries" includes various spending categories, out of which indirect grants only represent 29% of 2015 spending (EU Budget) under this management mode, the others being procurement and programme estimates.

37. In its 2015 annual activity report the DG of DG DEVCO points out that there are two high-risk pending areas: Direct Management - Grants and Indirect Management - International Organisations and Member State Agencies. What steps did the EC undertake in order to solve the matter?

#### **Commission's answer:**

A new action plan was adopted in July 2016 with actions specifically targeted at these two higher risk areas. For International Organisations (IO) actions included are, inter alia:

- Suspension of indirect management in case of repeated errors;
- Adaptation of the Terms of Reference for Verification Missions to International Organisations;
- Raising awareness and monitoring action for the clearing of pre-financing paid

to IO;

- Regular meetings with International Organisations to ensure continued cooperation;
- Creation of a focal point unit to coordinate relations with International Organisations at all levels.

For grants in direct management, the actions included are, inter alia:

- Revision of the Terms of Reference for expenditure verifications implemented by beneficiaries and service contractors;
- Audits to complete insufficient expenditure verifications carried out by beneficiaries;
- Requesting supporting documents of randomly selected transactions related to requests for payment;
- Simplification of procedures and contractual conditions for grants.

#### ***Budget support***

38. The Court stated, that the funds transferred to the partner country are then merged with the recipient country's budget resources. Any weaknesses in its financial management leading to misuse at national level will not generate errors in ECA's audit of regularity. What are the preventing mechanism of the Commission to ensure sound financial management? Especially when notional approach is used.

#### **Commission's answer:**

The main tool to support sound financial management of EU budget support funds is the rigorous assessment of the budget support eligibility criteria before the start of the programme and before each payment. The four eligibility criteria are: a well-defined national policy or sector strategy, a stability-oriented macroeconomic policy, a credible and relevant programme to improve public financial management and sufficient transparency and oversight of the budget. The assessment of these eligibility criteria and the requirements for implementing reforms, especially in public financial management and budget transparency, is the basis to support countries in the sound financial management of their budgetary resources. Disbursements take place only when satisfactory progress in each criterion, including public finance management reform, has been achieved.

The vast majority of a country's resources are allocated through its budget using its own systems and procedures. Ensuring their effectiveness is essential for sustainable development. Budget support targets the improvement of these systems through policy dialogue, capacity building and performance assessment and monitoring. Through continuous monitoring of budget preparation, implementation and oversight, the Commission helps to ensure that funds are properly managed and weaknesses are addressed in a strategic manner improving country systems. A very strong focus of budget support capacity development

programmes is support given to oversight institutions and strengthening internal control systems to ensure accountability and sound use of resources.

In addition, the Commission uses a Risk Management Framework to assess risks related to budget support, notably to public finance management, transparency and corruption. It is a tool that gives a comprehensive picture of the risks that we face in different countries and provides a framework for mitigating them. In case of significant risks, mitigating measures are implemented to ensure that budget support has the best possibility to achieve its potential benefits.

The notional approach is used in the context of multi-donor trust fund to ensure that EU funds are used according to the mandate of the funding source. It is not used in the context of budget support.

39. As the ECA points out the budget support is less prone to error. When we look at the Budget support report published in 2015 it seems that it is the right way to spend EU money in external aid as it combines low error rates with high performance.

This feeling is contradicted by the reports issued by the Heads of Delegations in the External Assistance and management Report. In 2014 Budget Support Actions accounted for almost one fifth (18,5 %) of the projects with the worst problems i.e. that are both delayed and will not reach their objectives (red in both KPI 5 and 6). How can the Commission explain this situation? What is the state of play in 2015?

**Commission's answer:**

The 2015 External Assistance and Management Report of Delegations for DEVCO shows only 6 budget support operations (3.3% of 180 budget support operations and for a total of 3783 projects) where both KPI 5 and 6 are flagged red ('will likely not use all resources' and 'risks not to achieve objectives'). In 2014 there were 10 operations with these risks but 4 of those were in countries not falling anymore in DEVCO's remit for 2015.

Budget support supports a national policy and the Commission's influence on the implementation is more indirect compared to projects as well as more influenced by external factors leading to delays and compromises in policy. Therefore conclusions of Commission's performance are more difficult to draw. Another explanation for flagging may be that nearly all budget support operations include variable or performance tranches which are formulated in a manner to compensate ambitious but feasible targets agreed jointly with the partner government. In this context it is normal that not all targets are always reached. This would then count as 'objective not reached' (KPI 6) as well as 'resources not fully used' (KPI5) and induce flags for both KPIs in the same time. Concerning delays, internal analysis shows that payment delays for budget support have decreased substantially in the last years. It may also be underlined that budget support operations count for 20-25 % of all operations in terms of budget. Even if 18.5% of the projects in the 'problem zone', as highlighted in the question, would be budget support

operations, performance would still be above average.

Budget support is a results-oriented aid modality, disbursing only when results have been achieved, fully using country systems and reinforcing domestic accountability. In conclusion, the Commission considers that both reports are compatible in the messages they convey; Budget support has low error rates (0 error in 2015) and combines this with efficient and effective performance.

### *Staff in delegations*

40. Which costs occurred in 2014 for DG DEVCO staff in Delegations concerning:
- a. Annual leave entitlement
  - b. the installation allowance
  - c. taking up duty ticket
  - d. moving, housing
  - e. annual travel
  - f. local conditions allowances
  - g. weightings coefficients
  - h. school allowances
  - i. medical cover
  - j. accident insurance to family
  - k. rest leave?

### **Commission's answer:**

The following costs occurred in 2015 for staff in Delegations:

Expenditure:	Paid by EEAS concerning all Commission staff on Heading V* + DEVCO contract agents financed with ex-BA lines
Rest Leave	2,112,623
Taking up duty	2,146,671

\*no possibility to differentiate the expenses between different Commission DGs

Expenditure:	Paid by PMO concerning DEVCO contract agents financed with ex-BA lines	Paid by PMO concerning Commission staff on Heading V*
Annual leave entitlement	33,806	139,309
Installation allowance	1,200,467	2,608,290
Moving, housing	157,273	84,936
Annual travel	4,692,305	5,525,417
Local conditions allowances	8,753,366	13,016,576
Weightings coefficients	463,679	944,580
School allowances	2,974,499	4,497,783
Medical cover	1,180,595	2,528,213
Accident insurance to family	4,135	9,837

\*no possibility to differentiate the expenses between different Commission DGs

41. In response to the Fraud case concerning the "access to drinking water" in Benin a Government action plan to fight corruption, fraud and impunity was established. Could the Commission please inform the Parliament about the implementation of this action plan?

**Commission's answer:**

The action plan to fight corruption, fraud and impunity was established in October 2015 by Benin's outgoing President Boni Yayi's administration.

Since the new President Talon took up duty in April 2016, immediate actions were taken to re-establish the minimum functions of internal control. The new Government's commitment to improve governance is positive. A number of audits were already launched in some sectors, notably concerning numerous road rehabilitation works contracts awarded by the previous administration in its final weeks in power. A modification of the Constitution is also foreseen, that would include the creation of a Court of Auditors, which was long requested by the EU.

*Seminars*

42. DG DEVCO and the EEAS have organized three internal regional seminars for both institutions in Latin America and the Caribbean. The first one took place in Nicaragua from 11 to 15 November 2015 for Latin America, the second in Jamaica from 16 to 18 November 2015 for the Caribbean and the third was a joint regional seminar for Latin America and the Caribbean in Cuba from 17 to 20 May 2016.

DG DEVCO and DG NEAR jointly organized the fourth edition of the Cooperation Days 2016 (formerly known as DEVCO Days) reuniting again Heads of Delegation, Heads of Cooperation, Heads of Section and Heads of Finance, Contracts and Audit posted in the EU delegations worldwide. This last event was held in Brussels from 29 February to 4 March 2016, and brought together 280 participants, mostly Heads of Cooperation and Heads of Finance and Contracts and around 60 Heads of Delegation.

**Commission's answer:**

- Organising Annual Regional Seminars is a standard practice; events with similar/comparable formats are organised on a yearly basis for all regions covered by DG DEVCO. As regards Latin America/Caribbean, different approaches have been followed over the years:
  - In 2011 (San Salvador), 2012 (Santo Domingo) and 2013 (Panama), Annual Regional Seminars were organised for the whole region covering both Latin America and the Caribbean. Locations were alternating between Latin America and Caribbean.
  - In 2014, no Annual Regional Seminar was organised. 2014 was the year of entry into force of the new MFF and priorities were still in the process of being discussed for many countries in the region.
  - In 2015, it was decided to opt for an innovative approach, organising more small-scale Roundtables per sub-region towards the end of the year (November), allowing focusing on region-specific challenges, such as regionalisation and monitoring of KPI's. This approach resulted in two Roundtables in Nicaragua and Jamaica, organised back-to back to optimise costs.
  - In 2016, on the basis of the feedback received from colleagues in the region, it was decided to opt again for an overall seminar covering both Latin America and Caribbean.
- The decision was taken to organise the Regional seminar 2016 in Havana in order to underscore the EU's engagement with the country. The HR/VP just concluded the negotiations for an EU-Cuba Political Dialogue and Cooperation Agreement, marking the opening of a new chapter in EU-Cuba relations. Due to its special position having one foot in the Caribbean and the other in Latin America, Cuba is ideally placed for acting as bridge between the two regions, promoting wider regional and hemispheric cooperation. The seminar also provided the opportunity for high-level

bilateral engagement (Deputy Director General DEVCO and with the EIB with Cuban authorities).

- The Cooperation Days (DEVCO Days) organised in Brussels on an annual basis, covers the whole world and has a different scope than Regional Seminars, focussing more on general development policy, DEVCO wide strategic issues and working methods. The Cooperation Days have a clear added-value and its complementary to the Regional Seminars.

42.1. Could the Commission please detail the exact total costs for each regional seminar (Nicaragua, Jamaica, Cuba) and the total costs (for each regional seminar) which incurred for the following sectors:

- a) organization
- b) logistics
- c) travel expenses of all Commission participants
- d) accommodation of all Commission participants
- e) subsistence allowances of all Commission participants?

**Commission's answer:**

**a) + b) - Total cost for organisation/logistics:**

*Nicaragua (Central America – 2015): EUR 24,989 (final)*

*Jamaica (Caribbean – 2015): EUR 20,087.55 (final)*

*Cuba (South America + Central America + Caribbean – 2016): EUR 54,515.37 estimated, final payment pending receipt of final report due in November 2016.*

**c) Travel expenses of all Commission participants**

*Nicaragua: EUR 27,971.75*

*Jamaica: EUR 27,109.79*

*Cuba: EUR 100,645.10*

**d) Accommodation of all Commission participants**

*Nicaragua: EUR 7,321.97*

*Jamaica: EUR 11,718.41*

*Cuba: EUR 57,364.05*

**e) Subsistence allowances of all Commission participants**

*Nicaragua: EUR 3,140.15*

*Jamaica: EUR 4,968.35*

*Cuba: EUR 23,584.74*

*To be noted that many of the missions of DEVCO HQ were combined with other operational missions in the region in order to optimize costs*

- 42.2. Could the Commission please provide us with the number of participants and their respective functions (Heads of Delegation Heads of Cooperation, Section Chiefs, Heads of Finances and Contracts, geographic desks, etc.) for the three regional seminars (Nicaragua, Jamaica, Cuba), respectively? How many of these officials took part in a) two b) three c) all four events?

**Commission's answer:**

**NUMBERS OF PARTICIPANTS FROM EEAS AND COMMISSION AND THEIR RESPECTIVE FUNCTIONS**

**1/ Nicaragua (2015 – Central America)**

*Participants from EU Delegations*

7 Heads of EU Delegations (incl. 1 Chargé d'affaires)

4 Heads of Cooperation

2 Heads of Finance and Contracts

1 Regional Officer DG TRADE

*Participants from DG DEVCO HQ*

1 Director

1 Head of Unit

7 other DEVCO staff (1 Deputy Head of Unit, 4 Heads of sector, 1 Assistant to support organisation/logistics, 1 geographical Desk)

*Participants from EEAS*

1 Head of Division

**2/ Jamaica (2015 – Caribbean)**

*Participants from EU Delegations*

7 Heads of EU Delegations

7 Heads of Cooperation/Heads of Operational Sections

5 Heads of Finance and contract sections

*Participants from DG DEVCO HQ*

1 Director

1 Head of Unit

3 other DEVCO staff (1 Deputy Head of Unit, 1 Head of sector, 1 Assistant to support organisation/logistics)

*Participants from EEAS*

1 Head of Division

**3/ Cuba (2016 – South America, Central America and Caribbean)**

*Participants from EU Delegations*

24 Heads of EU Delegations  
27 Heads of Cooperation/Heads of operational sections  
10 Heads of Finance and Contracts sections  
1 Representative of EU Delegation in Washington  
1 Representative of EU Delegation in New York  
*Participants from DG DEVCO HQ*  
1 Deputy Director-General  
3 Directors  
5 Heads of Unit/Deputy Heads of unit  
15 other DEVCO staff (7 Heads of Sector, 6 DEVCO staff trainers, 1 Assistant to Director to support organisation/logistics, 1 Geographical desk)  
*Participants from EEAS*  
1 General Director  
1 Managing Director  
2 Heads of Division  
*Participants from other Commission services*  
DG TRADE (1 Director + 1 Policy Officer)  
FPI (1 Director + 1 Regional Programme Officer)

#### **HOW MANY PARTICIPANTS PARTICIPATED IN 2, 3, ALL EVENTS**

*From EU Delegations, staff in Central America and Caribbean participated once in the Roundtables for their region organised in 2015 and once in the Seminar organised in 2016.*

*From DG DEVCO HQ, 4 staff participated in all three events: the Director in charge of EU Cooperation with Latin America and the Caribbean; the Head of Unit in charge of coordination for the region; the Deputy Head of Unit in charge of Finance, Contracts and Audit for the region; and the Assistant in charge of supporting organisation and logistics.*

*From DG DEVCO HQ, Heads of Section for Latin America and for Caribbean participated once in the Roundtables for their respective region organised in 2015, and once in the Seminar organised in 2016.*

- 42.3. Is it correct that for the event which took place in May 2016 in Cuba, around 40 vintage cars were chartered to move the participants from the event location to the residence of the EU ambassador of the EU to Cuba? If yes, what were the costs?

#### **Commission's answer:**

A taxi service of vintage cars was used to move participants to and from the hotel hosting the Regional Seminar, to the EU Residence. A contract for the organisation and logistics of the Seminar was awarded to a specialised firm following the framework contract procedure. In this context, the contractor is responsible for organising, amongst others, the transport of participants within the conditions established in the contract. As regards taxi services, the contractor is not contractually required to seek the prior approval of the Commission for selecting the model of the vehicles to be used for this service and the contractor

decided unilaterally, without previously informing the Commission, to use vintage cars for the transfer service to and from the EU Residence. The contractor has informed the Commission that the total cost for this service amounts to EUR 2,242.99 EUR for 40 cars (i.e. EUR 56 per car for a roundtrip).

42.4. What were the respective costs of participation a) travel b) accommodation and c) subsistence allowance for staff of EU Delegations in Latin America and the Caribbean with regard to the **Cooperation Conference in 2016 in Brussels?**

**Commission's answer:**

The Cooperation Days seminar brought together Heads of Cooperation and Heads of Finance, Contracts & Audit sections of the EU Delegations of both geographic zones (i) Neighbourhood and Enlargement Negotiations (DG NEAR) and (ii) International Cooperation and Development (DG DEVCO). The aim was to brief and discuss with Delegations staff key issues and to foster team spirit, notably between headquarters staff and Delegations staff. Heads of Delegation were also invited to join in. The seminar was held in Brussels from 29 February to 4 March 2016.

The seminar enabled to discuss issues related to DG DEVCO and DG NEAR activities, including the operational ways of working, since improvement in these areas have a positive effect on the work in Delegations and Headquarters. Furthermore, it provided a welcome opportunity for colleagues from Delegations and Headquarters to share their knowledge, exchange ideas and experiences, as well as to have direct interaction with Management.

In order to determine the timing, programme and scope of the Cooperation Days, regional seminars organised by the Geographical/Thematic Directorates were looked into to exploit possible synergies and avoid overlaps. In this context, the focus of Regional Seminars is to address region-specific themes and improve management of Delegations portfolio while the Cooperation Days aim mainly at discussing more general and strategic issues.

The costs for the participation of staff from EU Delegations in Latin America and the Caribbean for the 2016 Cooperation Conference financed by the 2015 budget were the following:

a) Travel:	EUR 73,300
b) Accommodation:	EUR 18,900
c) Subsistence allowance:	EUR 21,800
Total	EUR 114,000

43. What were the five most successful projects of DG DEVCO in 2015 and why? What were the five projects which weren't successful enough?

**Commission's answer:**

The following positive case studies can be mentioned.

East Africa: improving lives while conserving nature in Western Uganda

EU contribution 2013- 2017: EUR 1,359,000

The objective of the project is to develop and consolidate sustainable financing mechanisms to ensure the long-term financial viability of the Rwenzori Mountains National Park (RMNP) in Western Uganda, protecting the ecosystem and biodiversity while increasing benefits to local people. The project successfully involved the private sector in supporting sustainable funding for biodiversity conservation and in generating income for both the RMNP and local people, while reducing pressure on natural resources. It is an innovative approach which promotes a "green" private sector focusing on People, Planet and Prosperity. More at: [RMNP](#)

West Africa : strengthening the civil registration system in Niger

EU contribution 2012-2015: EUR 3 million

Because they are not declared and registered at birth, many children in Niger have no formal status and are in effect excluded, having no access to the rights and benefits that citizenship ordinarily confers. Such unregistered children live on the margins of society and are exposed to poverty and all manner of abuse. In four years, this programme succeeded not only in nearly doubling the percentage of births declared - to 65% in 2015 (554,000 births) - but also regularised a further 258,000 previously unregistered births. More at: [Niger civil registration](#)

Latin America: Cooperation on EU and Latin American drugs policies (COPOLAD)

EU contribution 2011-2015: EUR 6.6 million

COPOLAD is a flagship programme in the EU's cooperation with CELAC (Community of Latin American and Caribbean States). It has helped change the way drugs policies are perceived, with efforts to reduce both supply and demand seen as equally important. The programme provided a fulcrum for leveraging policy dialogue between the EU and CELAC on drugs, and constitutes an excellent example of good synergy between technical cooperation and policy dialogue. More at: [COPOLAD](#)

Latin America: regional programme for social cohesion (EUROSociAL II)

EU contribution 2011-2015: EUR 40 million

The second phase of the EUROSociAL programme (which has now been succeeded by a third phase) consolidated and developed cooperation between the EU and Latin America on policy dialogue and action to promote social cohesion through institutional strengthening and the regional harmonisation of inclusive public policies. The programme's approach is flexible, country-specific and demand-driven, based on peer-to-peer learning and experience exchanges and on the promotion and facilitation of policy dialogue within the region and with

Europe. More at: [eurosocial](#)

EU REDD Facility (Reduced Emissions from Deforestation and forest Degradation)

Case of Côte d'Ivoire - EU contribution 2011-2017: EUR 8 million

The EU REDD Facility helps developing countries to slow, halt and reverse deforestation. In Côte d'Ivoire, REDD supported a national, multi stakeholder dialogue that led to a zero-deforestation agricultural policy being endorsed by the Ministry of Agriculture and the private sector. This policy is a central element of the country's intended nationally-determined contribution (INDC) to the UN Framework Convention on Climate Change (UNFCCC). More at: [EU-REDD](#)

The Commission does not rank the projects according to their level of achievements. Ranking these projects would be very subjective and may be different from the point of view of the EU, of the final beneficiaries, the recipient Government of other stakeholders.

Even though project management is largely devolved, the Commission has set up systems to increase information flow in order to identify projects requiring closer attention, identify implementation issues and best corrective measures. Key Performance Indicators (KPI) 5 and 6 indicate respectively the proportion of projects with serious risks regarding project implementation and achieving results. Despite the difficult context and the challenges in which development cooperation acts, the number of very problematic projects funded with EU resources remains low (4.43 % in 2015). Often these projects were seriously impacted by external circumstances such as civil unrest, war or natural disaster. As from early 2017, the Commission will report on the typology of risks and the corrective measures taken.

44. ECA Annual Report page 258 – Paragraph 8.14 reads the following: "Figure 8.2. present the extent to which different types of error contributed to our estimated level of error for 2015". Figure 8.2 shows that expenditure not incurred amounts to 33%. Could you please explain what is meant by the conclusion that 33% of expenditure not incurred contributed to the level of error? Could you please list and elaborate further on these cases?

**Commission's answer:**

The European Court of Auditors (ECA) considers as not incurred, expenditure which:

- is not incurred at the time the Commission accepted it (this is typically cases of clearings based upon commitments);
- is not incurred at the moment of the ECA's audit or
- will never be incurred.

These situations constitute errors but, depending on the case, do not necessarily mean that the expenditure is not related to the project, or will not be considered

eligible at the end of the contract. This type of error is usually found in clearing of pre-financing, and the Commission is consistently endeavouring to ensure proper reimbursement of expenditure for this type of transactions.

For the 2015 expenditure in the Global Europe chapter not incurred at the time the Commission accepted it, six transactions audited by the ECA were affected by a quantifiable error of this kind. These represented 33% of the estimated level of error.

Follow-up actions:

It is important to note that for the three first cases, funds were not lost nor unduly paid. These were only encoding errors which led to a temporary overstatement of costs in the accounts of the Commission. These encoding errors have now been corrected. For the fourth and fifth cases, the Commission is in the process of recovering the ineligible funds with a view to effectively protecting the financial interests of the EU. The last case will be corrected in 2016 at time of the final payment.



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45. Bekou Trust Fund: Could the Commission please provide the Parliament with further information on a) the respective parties and how many people are in charge of the management of the Fund and b) the administrative costs of the fund?

**Commission's answer:**

The parties to the EU Bêkou Trust Fund are: DEVCO, EEAS, EU Delegation, Central African Republic government and the contributing members of the TF (France, Germany, The Netherlands, Italy, Switzerland). The Trust Fund is managed by a "Manager" (EU official), supported by a team of programme and financial officers made of 7 contract agents.

The administrative costs of the Fund are 5% of the contributions received so far.

46. EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa: Could the Commission please provide the Parliament with further information on a) the respective parties and how many people are in charge of the management of the Fund and b) the administrative costs of the fund?

**Commission's answer:**

a) The EU Trust Fund for Africa operates through three geographical windows: the Sahel/Lake Chad window, the Horn of Africa window and the North of Africa window. The EUTF for Africa is managed by the European Commission on

behalf of the European Union and the Commission has appointed a Trust Fund Manager for each window to carry out the tasks laid out in the Constitutive Agreement. The Trust Fund Managers are supported by professional staff both in Headquarters and in EU Delegations. In the overall, 64 people work on the management of the EU Trust Fund for Africa including 57 contract agents in Headquarters and EU Delegations hired or to be hired in the course of 2016.

b) As far as the administrative costs of the EU Trust Fund for Africa are concerned, during 2015 no administrative costs have been exposed. However, an amount of EUR 11.5 million has been provisioned for 2016 to cover the recruitment expenses of the contract agents, their salaries and related costs in EU Delegations, as well as their missions and training requirements.

47. DG DEVCO issued a reservation concerning the Management of the African Peace Facility. It was concluded that the control systems put in place by DEVCO are not sufficiently effective to protect the EDF against illegal and irregular expenditure under the APF.
- a. Could the Commission please provide Parliament with the report of the IAS? As explained in the Annual Report of DG DEVCO, the Commission plans to implement a "Task Force in charge of defining remedial actions and ensuring their timely implementation and follow-up". Could the Commission please up-date the Parliament about the measures taken so far and the planned timeline?

**Commission's answer:**

The Commission will provide the European Parliament with the internal audit report on *DG DEVCO – Management of the African Peace Facility* under the provisions of Annex II, 1.2.3., 2.1 and 3.2.2. of the Framework Agreement.

The Commission set up in February 2016 a special Task Force bringing together all relevant services from the Commission and the European External Action Service and developed an action plan with mitigation measures. The Commission has already implemented a substantial part of the foreseen measures, including the following in particular:

- 1) The signing in April 2016 of an Aide Mémoire and related monitoring action plan with the African Union Commission (AUC), including the follow-up of an institutional assessment;
- 2) The inclusion of remedial measures at contract level for ongoing contacts and for each new contract;
- 3) The identification of the AUC's capacity building support needs, specifically in financial management (with contracting of TA's foreseen still in 2016);
- 4) The creation of a steering committee co-chaired by the AU Deputy Chairperson and DG DEVCO's DDG which meets every quarter to monitor progress of the action plan;

- 5) Improved reporting on the situation towards stakeholders;
- 6) Closer coordination between the different EU services;
- 7) Increased human resources at HQ as well as in the EU Delegation to the AU in Addis.

The Commission expects that the action plan will have been fully implemented by March 2017.

- b. Page 88 Annual Activity Report DG DEVCO mentions "that the majority of these funds transit via one organisation and in line with the provisions of the 2012 Financial Regulation, DG DEVCO re-launched in 2015 an Institutional Assessment (pillar assessment) of the Implementing organisation. It concluded that three pillars (accounting, procurement and sub-delegation) out of the six assessed were not compliant." Could the Commission please provide further information on the above mentioned International Organisation?

**Commission's answer:**

The implementing organisation is the African Union Commission (AUC). Following the partially unsuccessful pillar assessment (May 2015), a roadmap was established with recommendations that the AUC needed to put in place to become fully compliant. The AUC has taken the roadmap seriously: out of the 6 action points in the roadmap considered high risk areas, 4 have been implemented as of end of September 2016 and the Commission has introduced ex ante controls over the 5th (strict adherence to the procurement manual). The remaining action point is expected to be implemented before the end of 2016.

The AUC is advancing on its financial management, its internal control standards and institutional reorganisation: there is a new procurement manual which came into force on 1 October 2016; the two last sets of financial statements are compliant with international accountancy standards and have been audited by independent professionals; and the AUC's 2014 audited financial statements have been published on the African Union website to comply with best practice..

In view of the progress achieved so far, the European Commission plans to carry out a new institutional assessment of the AUC in the course of 2017.

***EUTF Africa***

- 48. 2015 was a crucial year for development. New innovative instruments alongside existing mechanisms were put in place to tackle the root causes of irregular migration while ensuring a global response, presence and added-value of the EU. In 2015 DEVCO launched as a major initiative - EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa'(EUTF Africa). Can you, please, explain how the control and accountability will work for these instruments?

**Commission's answer:**

Management of the EUTF for Africa is done directly by the Commission. The Commission nominates the EUTF manager who is an agent (official or temporary agent) of the Commission. The staff working in the EUTFs is recruited by the Commission following normal procedures. The decisional, financial and contractual procedures are defined by the Commission. Decisions on the use of funds are taken by the Operational Committee, representing all donors and chaired by the Commission, following a proposal by the Commission. Annual Reports are presented to the donors of the EUTF and include the results/achievements of the Trust Fund based on a specific monitoring framework approved by the Operational Committee. External audit reports, prepared by external audit companies, will be shared with all donors through the Operational Committee and the Board on an annual basis.

All standard controls, as for any other implementing actions of the Commission, are applicable. As established in the Constitutive Agreement, the EU institutions including the European Parliament and the Court of Auditors, maintain their rights and prerogatives over the EUTFs.

Article 11 of the Constitutive Agreement indicates that the Commission undertakes appropriate measures to ensure, during the implementation of Trust Fund activities, that financial interests of the European Union and of the donors are protected against irregularities, fraud, corruption and any other illegal activities, by effective controls and the recovery of the amounts wrongly paid. The Managers of the EUTF will set up internal controls in place for DG DEVCO and DG NEAR and in particular will initiate Annual Audit Plans. The Commission's internal auditors, as well as the Court of Auditors and OLAF are able to exercise their competence over the EU Trust Funds. In addition, an independent external audit of the annual accounts of the EUTF will be launched on an annual basis.

The European Parliament and the Council are also involved in the follow-up of the activities of the EUTF, through the comprehensive annual report after it is adopted by the Operational Committee.

***Anti-fraud strategy***

49. DG DEVCO has developed and implemented its own anti-fraud strategy (AFS) since 01/01/2014, elaborated based on the methodology provided by OLAF. In the period 2005 – 2015, 169 cases were closed with a follow-up. This represents 25 % of all DEVCO OLAF cases closed in this period (671 cases). Do you think this is a substantial number, increased, compared to the previous years? In addition, what does it mean the follow-up of the 169 cases?

**Commission's answer:**

<b>DEVCO OLAF cases</b>	<b>Closed with FUP</b>	<b>Closed without FUP</b>	<b>Total</b>
<b>2005</b>	20	36	56
<b>2006</b>	24	37	61

<b>2007</b>	14	56	70
<b>2008</b>	11	50	61
<b>2009</b>	18	49	67
<b>2010</b>	20	60	80
<b>2011</b>	13	45	58
<b>2012</b>	6	44	50
<b>2013</b>	16	41	57
<b>2014</b>	12	55	67
<b>2015</b>	15	29	44
<b>Total</b>	<b>169</b>	<b>502</b>	<b>671</b>
	25.20%	74.80%	100%

As the statistics show, the number of cases closed with follow-up in 2015(15) is slightly below the average of the number of cases closed with follow-up during the period 2005-2014 (15.4) and it has slightly increased compared to 2014.

It is worth noticing that the anti-fraud strategy was developed as a Commission-wide exercise in order to identify needs to be tackled in fraud-related policies. There were no particular issues in this field as far as DEVCO is concerned or major gaps to be addressed.

The follow-up to fraud cases is decided on the basis of the recommendation issued in the OLAF reports. This follow-up does not necessarily imply financial measures. It can be either:

**Administrative:** Flagging of the entity/person concerned in Early Detection and Exclusion System (EDES) or amendment of texts in the Practical Guide (PRAG), the Companion and/or contracts used by DEVCO; improvement of internal procedures in accordance with OLAF's recommendation;

**Financial:** Recovery procedure leading to either cashing, off-setting or waving of the amount concerned; or

**Judicial:** Judicial procedure in the country concerned.

### *Emergencies*

50. What lessons did the Commission take from the 2014 period to make savings over the course of 2016 in case of emergencies?

**Commission's answer:**

The years 2013-2014 were difficult on financial terms, for the EU budget as a whole, and particularly for ECHO, which manages the EU Humanitarian Aid for emergency activities, which have by definition short project cycles. The lack of payment appropriations obliged ECHO not only to split up the contracting phase and the pre-financing payments, but also to put in place a follow-up system to ensure that the payment appropriations were as sustainable as possible with regards to the commitment appropriations, in particular when budgetary

reinforcements were requested to cope with the emergencies.

ECHO services, in close cooperation with its Partners, was therefore obliged to look for the most efficient option that could combine the budgetary constraints with the need to deliver life-saving operations. Whenever possible the project proposals were adapted to reflect these constraints.

However, margins for improvements still exist, as underscored by the performance audit of the ECA – whose report was published in June 2016 – on the delivery of Humanitarian Aid to population in need in the African Great Lakes Region. The report concluded that the aid was generally managed effectively by the Commission: however, it raised a number of recommendations that ECHO has committed to address within the appropriate deadlines. In this sense, ECHO will pay in the future particular attention to the follow-up of monitoring missions and interim reports, in order to prevent, detect and correct underperformance. A new report to outline the main outputs and outcomes observed during the implementation of the annual Humanitarian Plans will also put in place. This will be used as one of the main contributions in designing the Humanitarian Implementation Plans of subsequent years.

ECHO is also in the front line of the Grand Bargain initiative to increase the efficiency of humanitarian aid all around the Humanitarian Community of Donors, International Organisations and NGOs. This initiative, which was adopted in the World Humanitarian Summit held in Istanbul in May 2016, put together donors and aid implementers to endorse more than 50 commitments, including gearing up cash programming, improving joint and impartial needs assessments and reducing bureaucracy through harmonised reporting requirements. DG ECHO is currently working to translate these commitments in actions, in close cooperation with the other stakeholders.

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