

## 2014 Discharge to the Commission

### **ADDITIONAL WRITTEN QUESTIONS TO COMMISSIONERS MIMICA AND HAHN**

Hearing on 1 December 2015

1. Concerning the Syrian crisis and its impact on Turkey, I would like to ask the EC how many refugees benefited from the amount of almost €17 million distributed to 11 partners in 2014. How the effectiveness of spending is secured, e.g. cooperation within 11 partners. What is the added value of such distribution of money?

The humanitarian aid assistance provided by the Commission in Turkey in 2014 supported approximately 160.000 refugees with the provision of different types of aid including food, non-food items, health, water and sanitation, shelter and protection.

The Commission's humanitarian aid is channelled through international humanitarian actors that have signed a Framework Partnership Agreement with the Commission. These actors are United Nations agencies, International Organisations and International Non-Governmental Organisations, which work in close partnership with selected local implementing partners. To guarantee that EU funding is efficiently used and reaches the intended beneficiaries, the Commission has deployed humanitarian Technical Assistants in two locations in Turkey –Ankara and Gaziantep; they are in charge of conducting regular monitoring missions of the humanitarian activities financed.

Such distribution of funding to various humanitarian organisations allows covering more beneficiaries spread over a large geographical area (projects in 2014 were spread over 900 km of border area with Syria). Furthermore, individual humanitarian organisations have specific focuses and mandates; spreading cooperation allows covering different essential sectors of humanitarian intervention (ranging from health and nutrition to shelter and protection, etc). One additional reason to spread funding is to avoid the risk of saturating the capacity of absorption of funds if they were channelled through a reduced number of partners; hence spreading funding among several partners ensures that funds are properly absorbed in a way as to continue to provide quality programming in a complex environment.

Coordination between actors operating in Turkey is ensured through regular donors meetings, as well as by the permanent presence of humanitarian Technical Assistants deployed by the Commission.

2. Could the EC comment on situation in Republic of Moldova, what are the current actions taken by the EC? How can EC ensure the funds allocated to Republic of Moldova were used properly? What added value was achieved?

Instability has become a recurrent feature of the Republic of Moldova's political landscape: two short-lived coalition governments resigned in June and October 2015. Combined with the banking sector crisis, this political uncertainty contributed to the forecasted slowdown of economic growth in 2015.

The European Commission works in close coordination with other key development partners of Moldova (such as the World Bank) to monitor national policies oriented towards the country's macro-economic stability and better management of public finances. Once a new government is formed, a new IMF agreement should be rapidly defined. The EC regards this as a necessary step to ensure the fulfilment of a number of pre-conditions for resuming payments of budget support programmes; these pre-conditions are linked to public policy, macroeconomic stability, management of public finances, and transparency of the national budget.

Complementary to the above stance and to the sector policy dialogues on budget support, the EC has mobilised dedicated expertise to accompany reform processes in key finance and oversight institutions, such as the Ministry of Finance, the Court of Accounts, the National Bank, and the National Commission for Financial Markets. This includes twinning projects with public institutions from EU Member States. The EC has recently launched a baseline assessment that will help Moldovan institutions to identify main weaknesses and possible directions for public administration reform. For example, this exercise will cover the Public Procurement Agency, Financial Inspectorates, Court of Accounts and National Integrity Commission.

EU-funded programmes and projects accompany several sector reform processes in Moldova. As one example, EU-funded energy projects promoted the use of modern biomass heating systems in schools, kindergartens, community centres and village halls; this generated new job and business opportunities in less advantaged rural areas. EU-funded health programmes helped modernise Chisinau "Republican Clinical Hospital" (one of the country's main public health facilities), increase coverage of public health insurance, and strengthen primary health care. EU-funded programmes contributed to building confidence between both banks of the Nistru river by involving local authorities, civil society organisations, the business community and other stakeholders in common projects for the economic and social development of local communities.

To ensure that funds are used properly, the European Commission has developed a set of control measures (such as expenditure verifications, audit plans, monitoring and evaluations) designed to assess performance and identify possible irregularities and fraud. Any suspicion of fraud involves a rapid and efficient reaction by Commission services. For the budget support modality, payments are conditional to the achievement of jointly agreed results and benchmarks. A thorough analysis is performed against the agreed set of conditions: when results and benchmarks are not achieved, payments are not disbursed.

3. Commissioner Mimica is member of 3 Commissioners groups: Europe in the world, Better Regulation and inter institutional affairs and budget and human resources.

Commissioner Hahn is member of four groups of commissioners: the same abovementioned groups plus jobs growth and investment

What is the contribution of the Commissioners to the other groups than the one relating to Europe in the world?

The portfolios of Commissioners Mimica and Hahn, and the instruments under their responsibility, have an importance which cuts across the priorities of the Juncker Commission:

- on better regulation, as well as on budget and human resources, it is important that both internal and external action instruments contribute to the objectives of the project teams, to be more effective and more user friendly to all our partners, whether within or outside the Union.

- on inter-institutional affairs, the migration crisis is a clear demonstration of the need to have a coordinated response both within the Commission and between the Commission and the other institutions, in particular the Council and the Parliament. Given the strong interest of the other institutions in issues falling into the portfolios of the two Commissioners, they play an important role in this context.

- on growth, jobs and investments, the role of Commissioner Hahn is to ensure that the policies being developed within the Union are also applicable, or transferable to the neighbourhood and enlargement countries (for example via DCFTAs), and that the enlargement and neighbourhood countries contribute to growth and jobs in the EU via enhanced economic reforms and stability and trade and investment opportunities.

4. Can EC provide the Parliament with a list of all the grants awarded without a call for proposals for crisis management aid or emergencies in 2014? Are there currently any measures undertaken to improve the work procedures in these cases?

Humanitarian aid activities are exempted from the call for proposals procedure by the Financial Regulation. Humanitarian Aid actions are funded based on proposals in response to Humanitarian Implementation Plans (HIPs). This information is publicly available as it is posted on internet. In particular, the address: (<http://ec.europa.eu/echo/node/2190>) lists all humanitarian aid funding agreements signed in the last 10 years, including details on the type of humanitarian organisation receiving the funding (i.e. NGO, international organisation or Member state specialised agency), and on the country of operation, the subject of the agreement and the amount funded. Information on EU Humanitarian Aid funding can equally be found on the EC Financial Transparency System (FTS), at [http://ec.europa.eu/budget/fts/index\\_en.htm](http://ec.europa.eu/budget/fts/index_en.htm).

For other activities, the possibility to award grants without a call for proposals for crisis management aid or emergencies, laid down in article 190(1)(a and b) of Regulation 1268/2012, addresses the need to assist by providing EU financed external

aid also in situations caused by disasters, armed conflicts or other grounds of article 190(2) of Regulation 1268/2012, where for instance due to the insecurity or lack of infrastructures in the country or due to the urgency of the needs or confidentiality-reasons related to the theme or area where the contract is to be implemented, the normal grant award procedures cannot be observed.

For that reason, when necessary to implement specific actions in a country or region under a crisis or emergency (hereafter crisis situation) the use of flexible procedures is allowed. Flexible procedures mostly refer to the possibility to depart from the EU rules applicable to competitive tender or grant award procedures for instance by applying shorter deadlines, by limiting the number of participants or by awarding directly a contract. Lately it has been also simplified the access to a number of derogations to other rules such as eligibility, proof of non-reimbursement of taxes, etc. The degree of flexibility of the procedures and the corresponding level of competition to be applied are assessed and decided by the Contracting authority in line with a previous declaration of crisis situation by the Director-General and with respect to the specific context of each project and the circumstances, in the country or region concerned. The general principles of the financial rules, which call for (i) transparency and equal treatment in the award of contracts and (ii) sound financial management in the use of union funds, must always be respected to the extent possible.

Concerning the Neighbourhood policy, Annex I lists the grants awarded without a call for proposals for crisis management aid and emergencies in 2014.

Concerning Development Aid, Annex II lists the grants awarded without a call for proposals for crisis management aid and emergencies in 2014.



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Q4\_Annex 1.docx



BUDGET\_Additional  
Q4\_Annex 2.docx

5. The EC has developed a model to evaluate real impacts in line with the result-based approach; could the EC describe the main achievements?

The Commission understands the question as referring to the results framework it published in March 2015. The framework provides for reporting on aggregated results, not to evaluate impact. For more details please refer to the reply to question 12 below. With regard to that framework DG NEAR developed a similar tool to monitor performance under IPA II.

Besides, the Commission undertakes regular project and programme evaluations as well as "strategic evaluations" to assess impact of development cooperation based on a robust methodology. Both methodology and reports are available on internet: [https://ec.europa.eu/europeaid/node/80199\\_en](https://ec.europa.eu/europeaid/node/80199_en), with regard to DEVCO implemented strategic evaluations) and in [http://ec.europa.eu/enlargement/news\\_corner/key-](http://ec.europa.eu/enlargement/news_corner/key-)

[documents/index\\_en.htm?key\\_document=08012624887bedda](#), for the DG NEAR implemented evaluations.

In addition the Commission has developed specific approaches:

- to evaluate Capacity Development: <http://capacity4dev.ec.europa.eu/public-cd-tc/minisite/rapid-assessment-capacity-development-rac>
- to evaluation Budget Support (under the auspices of the OECD/DAC): <http://www.oecd.org/dac/evaluation/dcdndep/Methodological%20approach%20BS%20evaluations%20Sept%202012%20with%20cover%20Thi.pdf>

6. How does the EC intent to improve the internal control procedures for pre-financing payments? The same for strengthening the ex-ante controls for grant contracts?

In line with the principle of sound financial management, from the moment of adopting the legal commitment, the Commission ensures that the appropriateness of prefinancing payments, their amount and the overall payment schedule are commensurate with the planned duration, the progress in implementation and the financial risks that such prefinancing entails. For this reason, the prefinancing provisions laid down in the legal commitments, vary depending on the type of commitment (service contract, supply contract, works contract, grant agreement or delegation agreement), the legal status of the prefinancing beneficiary, the amount involved and the duration and pace of the contract. In order to limit the financial risks connected with the payment of prefinancing, the Commission may require the prefinancing beneficiary to lodge a guarantee in advance, for up to the same amount as the prefinancing, or may split the prefinancing payment into several instalments.

At the moment of validating the prefinancing payment, the Commission verifies the prefinancing beneficiary's entitlement, determines the amount and verifies the conditions according to which payment is due.

In case of grant prefinancing paid in instalments, the payment in full of the next prefinancing instalment is subject to the consumption of at least 70 % of the total amount of any earlier prefinancing. Where the consumption of the previous prefinancing is less than 70 %, the amount of the new prefinancing instalment is reduced by the unused amounts of the previous prefinancing. Therefore the beneficiary has to produce a statement of accounts in support of any request for a new prefinancing instalment.

For grants above €5,000,000, the beneficiary will have to provide an expenditure verification report for any request for further pre-financing. The external auditors conducting the expenditure verifications examine whether the costs declared by the beneficiary are real, accurately recorded and eligible under the grant contract.

Finally, prefinancing payments are cleared regularly by the Commission according to the economic nature and the timing of the underlying project, in line with the

accounting rules defined by the accounting officer of the Commission. To that effect, appropriate provisions are included in contracts, grant agreements as well as in delegation agreements. For grants above €100,000 and below €5,000,000, beneficiaries must provide an expenditure verification report with the final report.

The Commission strictly observes the regulatory framework laid down in the Financial Regulation 966/2012 and its Rules of Application.

In **DG NEAR** under Indirect Management with Beneficiary Countries, under both IPA I and IPA II, pre-financing payments are made in accordance with relevant Regulations.

Regarding humanitarian aid, prefinancing payments (of up to 80% of the EU contribution) are only made to partner organisations having a Framework Partnership Agreement (FPA) in force, and after signature of a specific agreement for the action. Partner organisations are audited, financially screened, and their procedures reviewed prior to qualifying for signature of an FPA; thereafter humanitarian aid partner are, on an annual basis, audited and their liquidity ratio is examined, which is particularly relevant as ex-ante control in relation to pre-financing payments.

7. The solution (short-term as well as long-term) of the migration crisis is currently absolutely No 1 priority among all EU activities. Do the EC consider that the DG DEVCO instrumentarium is well equipped to face those challenges? What should be next steps to optimize that instrumentarium in line with sound financial management principles?

There are a number of instruments used in development cooperation which contribute to address the root causes of irregular migration and forced displacement as well as to provide support to partner countries for improving the management of migration flows. The different geographic and thematic instruments, and in particular the European Development Fund and the DCI Global Public Goods and Challenges, respond to different needs and allow defining appropriate responses to the different challenges they are mandated to tackle. The financial instruments are based on different legal frameworks but in many aspects follow the same procedures, including with regard to quality support. The newly established EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa will provide additional funding and will contribute to a flexible, speedy and efficient delivery of the support to a number of partner countries, to foster stability and to contribute to better migration management, hence enriching the toolbox at the disposal of the EU development cooperation.

8. How does EC evaluate the synergies between the segment of international cooperation and development and other relevant EU activities? Especially with the enlargement and neighbouring policy (Turkey, Ukraine)? Does EC see a space for improvement there?

EU's external policies are supported by dedicated instruments that respond to the relevant policy objectives: the Instrument contributing to Stability and Peace (IcSP), the Pre-Accession Instrument (IPA); the Instrument for humanitarian aid; the European Neighbourhood Instrument (ENI), the Development Cooperation Instrument (DCI); the European Instrument for Democracy & Human Rights (EIDHR); and European Development Fund (EDF). Some internal policies instruments also play a role in an external dimension, such as Macro Financial Assistance (MFA), the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF).

There is a need of ensuring synergies. Challenges exist, but much has been done to ensure coordination, especially in the areas of migration and security. Based on the existing, harmonised legal framework for external instruments (Common Implementing Regulation - CIR - Regulation No 236/2014), there have been considerable synergies in response to the recent and ongoing crises.

In Turkey, the Commission has supported the country in response to the Syrian crisis in a sequenced and coordinated manner since 2012: immediate assistance to the refugees inside Turkey was provided and continues to be provided via the instrument for humanitarian aid (shelters, food and livelihood support); IPA is addressing the medium-term needs by increasing the capacities of the relevant institutions (border management, asylum, social services); while IcSP addresses ad-hoc political and security impacts of the crisis with actions supporting the resilience of the host communities. The EU has also decided in November 2015 to establish a €3 billion Refugee Facility for Turkey, in order to address the increasing challenges related to the migratory flows. The Commission will continue to use the financial instruments at its disposal in a coordinated manner for the mobilisation of the Facility.

Different instruments were also used to respond to the different dimensions of the crisis in Ukraine. The Commission financed, under the European Neighbourhood instrument (ENI) a major programme for economic and political stabilisation of the country, complemented by a large support to the balance of payment through Macro Financial Assistance. These programmes were complemented by specific support in favour of the civil society financed from both DCI, ENI and EIDHR. In parallel, and to respond quickly to the needs of a large and growing number of internally displaced persons, the Commission financed a number of actions through the instrument for humanitarian aid and IcSP.

9. The key country regarding the set of different partnerships seems to be Ukraine; due to its size, geographical location, real importance as well as the lessons learned in the last two years. Ukraine needs to eliminate the set of political risks and to find a sustainable and feasible arrangement of its political and institutional structures; Ukraine is an extraordinary important country from the energy point of view (security of supply, especially gas - reflected in the Energy Union). Besides the real practical aspects, are there some additional needs regarding the EU Budget foreseen?

The EU is providing major advisory and financial support to Ukraine for the stabilisation of the country and across a wide range of reform areas. Issues related to institution and administrative capacity buildings are given particular attention. Also energy, including energy efficiency, is an important area of cooperation and additional support is under development. In terms of EU financial support, Ukraine is one of the main beneficiaries of aid under the European Neighbourhood Instrument (ENI) in the form of bilateral, regional and cross-border assistance. Moreover, important amounts of support are provided under the Instrument contributing to Peace and Stability (IcSP) and in the form of humanitarian assistance. Plus of course a major macro-financial assistance loan. Under the ENI additional support is allocated on a yearly basis under the so-called 'umbrella' (more for more) programme depending on the reform performance of the country.

10. We couldn't identify now a cleaner frontrunner among the current set of candidate states to finish their effort by accession in a foreseeable future. What are the current prospects of Turkey, or the Western Balkan states? Is there some EU Budget impacts identified?

The current enlargement agenda covers the countries of the Western Balkans and Turkey. Accession negotiations have been opened with Montenegro, Serbia and Turkey.

Enlargement is a strict but fair process built on established criteria and lessons learned from the past. Each country is assessed on its own merits so as to provide incentives to pursue far-reaching reforms. The progress towards accession of these countries depends primarily on their work towards meeting the requirements of membership, in particular their reform efforts with regard to the fundamentals of rule of law, fundamental rights, economic development and competitiveness, as well as the functioning of democratic institutions and public administration reform. It is the Commission's assessment that the challenges facing these countries are such that none will be ready to join the EU during the mandate of the current Commission.

As was the case in past enlargement, an assessment of the budgetary impact will be prepared in good time before any future accession.

11. As to the grants awarded without a call for proposals EC refers in its reply to the written question 22 transmitted to CONT Secretariat on 26 November to the cases of direct management under article 128 of the Financial regulation and article 190 of the Implementing rules. The IMG case concerns the indirect management foreseen by article 58. 1 c of the FR and article 43 of the Implementing rules. May EC reply to the initial question as to grants being awarded in indirect management? Is there currently any contractual relationship between EC and IMG? If yes, for which amount and for which activity?

The answer to this question is transmitted to the EP under the provisions of Annex II, Article 2.1 of the Framework Agreement.

12. Can EC provide the Parliament with a brief description of the "results framework" set up by DG DEVCO? To which extent are the development projects actually involved in this framework?

The EU International Cooperation and Development Results Framework presented by the Commission in its Staff Working document (2015)80 of 26 March 2015 is part of a wider set of measures which the Commission is putting in place to strengthen performance and the focus on results in general and in the area of international cooperation and development in particular. This includes enhancing its capacity for monitoring and reporting on results at all levels, namely projects and programmes and at partner country and corporate levels.

The framework is the basis for the Commission's reporting of aggregated key results achieved with EU development assistance. The development sectors covered by the Results Framework have been defined to reflect the policy priorities of the EU international cooperation and development assistance. It covers twelve areas and sectors and is associated to 16 out of 17 SDGs corresponding to EU policy priorities (except SDG Goal 14 – Conserve and Sustainability use of the oceans, seas and marine resources for sustainable development).

It is currently structured across three levels. Level one provides a picture of the development status of our partner countries, through the use of selected impact indicators. Level two aggregates results (outputs and outcomes) recorded by EU supported projects and programmes at the time of their completion. Level three offers a snapshot of DEVCO's organisational performance.

Results reported at level two represent the core of the Results Framework since these are closely linked to EU supported projects and programmes. More specifically, on a yearly basis, results corresponding to the indicators included in the list of the Results Framework will be aggregated across all projects and programmes with an EU financial contribution above EUR 750,000 that are coming to an end in the previous year. Indicators currently included in Results Framework are quantitative by nature. For this reason and also because of the fact that the number of indicators is inevitably limited and relate only to quantifiable data that can be aggregated, the framework cannot offer and does not aim to offer a comprehensive view of the EU development assistance's results, but rather provides a partial overview, a snapshot of the contribution provided by the EU support to partner countries' results.

The results reported have been calculated using a contribution approach. This means that where a project has been financed by the EU jointly with other donors – such as partner country governments or other donors – the overall results of the collective effort are reported, rather than the results estimated as being linked to the share of

funding provided by the EU.

This is in line with similar tools being implemented by other donors (e.g. World Bank, Regional Investments Banks, DFID, AFD). The framework cannot offer and does not aim to offer a comprehensive view of the EU development assistance's results, but rather provides a snapshot of the contribution given by the EU assistance to partners' country results.

In the same way, it provides a description of "what" is quantifiable and practically measurable as being achieved. This will then need to be complemented by findings provided by evaluations to conclude on how and why our assistance contributed to those results and what we can learn from that.

Results recorded by the Results Framework are to be published on a yearly basis either through ad-hoc reports (as in 2015) or within the Commission's annual report on the EU's external assistance policies and their implementation (possibly as of 2016).

13. In addition to the reply given to question 20 of the questionnaire could you please provide us with a detailed list of projects (including the respective measures, amounts and countries) for which the Balkan states have received EU funding since the civil war?

Please find attached the list of projects.



Measures-Decisions  
List 31-12-2014- WB-