

Hearing on 8 November 2016

2015 Discharge to the Commission

FOLLOW-UP QUESTIONS TO COMMISSIONERS MIMICA AND HAHN

Questions to Commissioner Hahn

1. The 2014 discharge follow-up report from the Commission reads out the following: *"For DG NEAR, since January 2014, no new contracts have been entered into with IMG. Currently NEAR had two contracts in Indirect Management, both relating to projects in Libya. One of them was terminated due to force majeure (owing to the difficult political situation in Libya) and a recovery order of €2.7 million was issued in November 2015. The second one is fully implemented i.e. activities terminated, the final report has been issued and a recovery order has been issued and cashed for the remaining balance. Following a verification mission where final report was issued in July 2016, further actions may be taken on these two contracts. DG NEAR also manages 2 service contracts in direct management, one in Libya (activities are finished and a financial audit ongoing) and one in Lebanon where activities are ongoing. It can be expected that payments under the Lebanon contract will still be made, following appropriate verifications."*
 - a) Could the Commission please provide us with further information on the recovery order of EUR 2.7 million EUR? Has Commission already recovered the complete amount?
 - b) The above mentioned *"second contract is fully implemented"* – but a recovery order has been issued. Could the Commission please provide us with further information and the amount of this recovery order and if it is fully recovered?
 - c) The Commission is referring to some further actions which may be taken on these contracts. Could you please provide us with further information on the actions to be taken so far and what is planned?
 - d) Could you please also provide us with further information on the 2 service contracts in direct management in Libya and Lebanon? What are the problems? What is the contracted EU-amount related to these projects, respectively? What amount had been disbursed so far for each of the project? Which amount is at risk, respectively?

Commission's answer:

- a) A claim with reference 3241513190 for the amount of EUR 2.730.084,87 was launched by DG NEAR on 27 October 2015 with due date 11 January 2016.

At present (18 November 2016), two partial offsettings have been executed by the Accounting Officer based on article 80 of the Financial Regulation for the respective amounts of EUR 1,157,319.12 (24/02/2016) and EUR 171,172.51

(11/05/2016). A further offsetting is on the horizon for an amount of EUR 241,743.40.

Therefore EUR 1.3 million was cashed/offset, the open amount is now EUR 1.4 million.

- b) The recovery order amounting to EUR 9,571 was issued to recover the balance between the sums paid as pre-financing and the total costs reported by IMG. This sum was completely cashed.
- c) Following the above mentioned verification mission jointly launched with DG DEVCO and FPI, the Commission services have analysed the auditors conclusions and will communicate the results to IMG in November.
- d) Concerning the contract in Libya: No problem is pending as the final report has been validated. The contracted amount was EUR 1,093,186 and the total disbursed amount was EUR 1,054,380. No amount is at risk. The purpose of this contract, signed at end of 2011, was to contribute inputs to the Libyan Coordinated Needs Assessment for Civil Society and Media sectors, and to offer a package of short-term technical assistance to the Civil Society and Media in Libya.

No problems have been detected for the service contract implemented in Lebanon. Activities are executed as per the Terms of Reference and in close coordination with the EU delegation and the beneficiary country. The amount of the service contract in Lebanon is EUR 1,984,875.00 after addendum. Disbursed amount is EUR 689,961.67 euros.

2. Could you please provide us with the number of refugees benefitting from the ESSN, multi-purpose cash transfer system?

Commission's answer:

The flagship of this humanitarian strategy - the Emergency Social Safety Net (ESSN) - has been launched in Turkey by Commissioner Stylianides Turkey on 26 September. It is the EU's largest-ever humanitarian programme, with a budget of EUR 348 million contracted to the World Food Programme and its implementation partner the Turkish Red Crescent. It aims at providing the most vulnerable refugees with monthly cash transfers onto an electronic debit card to help them cover their basic needs in terms of food, shelter or education. With all preparatory work being done, the first cash distributions are expected at the end of December 2016. The ESSN aims at progressively covering one million of the most vulnerable refugees by the first semester of 2017.

3. Follow-up question 11 e): The Commission answered that “15 000 teachers will be trained under the EUR 300 million direct grant on education signed in September. We suppose that this direct grant will be paid out of the envelope of the Facility for refugees in Turkey? How many refugees who live a) inside of one of the camps b) outside of the camps are benefitting from this 300 EUR grant? Could the Commission please break down the EUR 20 000 per teacher for the training measures mentioned above?”

Commission's answer:

The EUR 300 million grant is financed under the Facility for refugees in Turkey.

Of the 2.7 million registered Syrians, only 10% reside in 26 camps established by the Turkish government in 10 South-eastern provinces in Turkey, while the remaining 90% live in urban, peri-urban and rural areas. While almost all school-aged Syrian children living in camps regularly attend school (enrolment rate of 90%), the vast majority of Syrian children living outside camps show a significantly lower school enrolment rate (only 26%). Therefore, the priority of the Facility overall – and the Direct Grant in this particular case – is the out-of camp Syrian refugees, who primarily benefit from this EUR 300 million grant. 500 000 children should benefit from the Special measure.

The training of 15 000 teachers on various subjects (psychological support to children, management of traumatized students, conflict management, teaching methodologies, guidance and counselling, skills targeting to remove cultural and social barrier, historical and cultural background of communities, *etc.*) is only one of the activities covered by the EUR 300 million grant, which among others also includes school transportation, scholarships, kits delivery, and first and foremost trainings to Syrian students. Implementation of the grant will therefore not translate into "EUR 20 000 per teacher".

4. Follow-up question 11e) 3): The Commission answered that “Turkey plans to prioritised. The Facility is to contribute to the latter as much as possible”. During our CONT delegation visit in November 2016 the Turkish authorities complained that the European Commission wouldn’t make means available for organising/constructing class rooms. Could you please provide us with the full picture and what has been paid in this sense and what amount of EU-money has been requested by the Turkish authorities so far? What is meant by the Commissions answer “The Facility is to contribute to the latter as much as possible” (see above)? In the same answer the Commission refers to “EUR 200 million allocated to education infrastructure under the Special Measure...” Is the amount of EUR 200 million covered by the Facility for refugees?”

Commission's answer:

The Special Measure for education, health, municipal infrastructure and socio-economic support adopted at the end of July 2016 is part of the Facility for Refugees in Turkey. Under the Special Measure, an envelope of EUR 200 million is included to provide for the construction and equipment of schools for the benefit of refugees. The Commission is currently negotiating the relevant delegation agreements with the

Kreditanstalt für Wiederaufbau (KfW) and the World Bank and aims to have these contracts signed before the end of the year. This should allow construction of some 70 schools with an average of 24 class rooms per school covering 50.000 pupils in all. In addition, a separate schools construction project is about to be contracted with the KfW for an amount of EUR 70 million, to be funded outside the Facility under the EU Regional Trust Fund in Response to the Syrian Crisis (EUTF).

5. During the hearing Commissioner Hahn has mentioned that the Commission uses, for the educational sector, the OECD key figures as a benchmark with regard to the plausibility of the costs. Could you please provide us with those key figures?

Commission's answer:

The best source of information comes from Eurostat. A sample is presented below purely for illustrative purposes:

Eurostat data (update: 14.09.2016)

Annual expenditure on educational institution per pupils/student on full-time equivalent (FTE) by educational level and programme orientation

- 1) Primary and lower secondary education (level 1 and 2)

Member States	2013 (in EUR)
Bulgaria	1,036.0
Lithuania	1,084.7
Romania	847.9
Turkey	1,324.4
Hungary	2,007.8

- 2) Primary education

Member States	2013 (in EUR)
Bulgaria	955.0
Lithuania	1,137.0
Romania	765.7
Turkey	1,233.3
Hungary	2,314.6

- 3) Lower secondary education

Member States	2013 (in EUR)
Bulgaria	1,126.7
Lithuania	1,055.7
Romania	944.5
Turkey	1,422.4
Hungary	1,701.0

6. Thank you very much for having provided a detailed overview for the Facility for refugees in Turkey on the projects committed/ decided, contracted, disbursed with the corresponding amounts, project description, applicant name, funding instrument. Could you please provide us with such a complete overview for all other projects/ programmes with regard to refugees in Turkey which receive EU-money but not through the facility for refugees in Turkey?

Commission's answer:

Funding from the EU budget to support Turkey in facing the consequences of the crisis in Syria, before the establishment of the Facility for Refugees in Turkey, amounts to some EUR 345 million, out of which EUR 127.5 million have been contracted, as follows:

<i>Financial instrument</i>	EUR million committed	EUR million contracted
ECHO (Humanitarian aid)	71	36
Instrument for Pre Accession (IPA)	249 * including some 173 channelled through EUTF in 2015	65.7
Instrument for Stability and Peace (IcSP)	25,8	25,8

As far as IPA is concerned this is the detailed breakdown:

From IPA National Programme, year	million €	Decision number	Implementation modality	Action	Status
2010	9.9	C(2013) 4662	Joint management with UNHCR	Provision of basic services (educ/ health) to the out-of camp Syrians	Completed
2011	2.6	C(2011)5404	Direct grant UNHCR	Support for implementation of the new (2011) Turkish asylum system that derive from the adoption of the Law on International Protection and Foreigners.	Completed
2012	13.8	Amending decision (2015)3637	IM/CFCU	Capacity building support to AFAD and DGMM for registration of Syrians	On-going
2013	7.648	Amending decision C(2015)8721	Transfer to EUTF		In the pipeline for contracting
2014	9.875	C(2014)9849	Delegation agreement with UNHCR (<i>under modification now for transfer to EUTF</i>)	Education for Syrians benefitting from temporary protection, including VET for adults and TR language training	Amendment of the financing decision and contract preparations on progress

2015	6.944	C(2015)8773	Transfer to EUTF		In the pipeline for contracting
2012	139.684 + €25.7M TK co-financing.	Funds at risk for decommitment IPA I Comp. III (EMPL) and IV (REGIO)	Transfer to EUTF	In line with IPA I objectives, municipal infrastructure, education and access to labour market, targets refugees in host communities.	Expected to be contracted in December 2016
Total	190.451				
IPA additional funds, not from bilateral Turkey envelope					
2014	40	C(2015) 2098 Individual measure	Delegation agreement UNHCR	Livelihood opportunities, access to basic services and community centers	On-going
2015	18	C(2015)3714 Special Measure	Transfer to EUTF	UNICEF (€12.5M): education for 200 000 Syrian refugee children, educational material and training of 3,700 Syrian and Turkish volunteer teachers WFP (€5M): food security for 31 000 Syrians (in and off-camps) +3% administrative fee for EUTF	On-going
Total	58				

All humanitarian aid grants signed in 2016 by the Commission have formed part of the Facility for Refugees in Turkey. EUR 595 million has been allocated so far, of which EUR 512 million has been contracted. Out of the contracted amount, EUR 407 million has been disbursed. Thus, no EU humanitarian aid projects have been contracted outside of the Facility for Refugees in Turkey since the beginning of 2016. Prior to the establishment of the Facility, the Commission allocated EUR 71 million between 2012 and December 2015 to respond to the needs of the refugees in the country.

Regarding the FPI / Instrument contributing to Stability and Peace (IcSP), a total of EUR 25.8 million was committed until January 2016 consisting of: a) EUR 17 million – Access to services, promotion of income generating opportunities, strengthening resilience of host communities, and supplies for facilitating integration of refugees (2014 Exceptional Assistance Measure in favour of Turkey, ongoing until January 2017); b) EUR 8.8 million – Activities already completed in Turkey by UNICEF and UNHCR for in-camp refugee families as part of a regional refugee response programme covering Turkey, Jordan, Lebanon and Iraq (2012 Measure).

7. Follow-up question 14, page 16: Does that mean that the Commission has continued to pay the PA officials since 2013, when the ECA detected that there are officials who receive EU money but did not go to work and despite the fact that there is no reliable list until today? How much money has the Commission spent to this project since 2013?

Commission's answer:

This recommendation in question was only partially agreed by the Commission and EEAS and its implementation has not been straightforward.

The situation in the Gaza Strip has deteriorated dramatically since the publication of the ECA report due to another war in Gaza in the summer of 2014, the closure of tunnels and the failure of the reconciliation process between Fatah and Hamas factions.

A Memorandum of Understanding on the Results-Oriented Framework for the PEGASE Mechanism was signed in March 2015, under which the Palestinian Authority (PA) agreed to find a solution to the situation of the 'pre/post-2007 employees' in the framework of an administrative re-unification of the Gaza Strip with the West Bank.

However due to lack of progress in the reconciliation process, no solution was found between the PA and Hamas on the re-integration of Gaza civil servants, thus obliging the EU to take the unilateral decision to cease the payments of salaries in Gaza as from January 2017. This decision was announced by Commissioner Hahn to Prime Minister Hamdallah during his mission to Palestine on 14 June 2016 and by letter sent on 13 July 2016.

On the basis of information provided by the Ministry of Finance, the EU estimates the amount for PEGASE Direct Financial Support for civil servants and pensions paid to recipients in the Gaza Strip to be approximately EUR 30 million per annum. The Commission is assessing different options in view of the redirection of these funds to other projects. The intention is to keep the amount in the Gaza Strip, with a focus on productive investments.

8. Follow-up question 15, page 17: Could the Commission please get in contact with UNHCR and UNICEF in order to provide us with the answer if hotel rooms in Turkey for Palestinian people were paid out of the EU-budget?

Commission's answer:

The Commission would like to confirm that the Commission does not finance activities that include covering the costs of hotel rooms for Palestinians in Turkey. The Commission is aware of the fact that UNHCR and its partners may eventually support this in case of emergency evictions or to attend Refugee Status Determination (RSD) related interviews or formalities under certain criteria. These activities are however not supported by EU funds.

9. Follow-up question 35, page 35: Could the Commission please provide us with a yearly overview of the administrative costs (2007 - 2015) for the EU blending facilities?

Commission's answer:

Please find below the yearly overview of the administrative fees (2007-2015) for the EU blending facilities:

Year	Administrative fees for the EU blending facilities, in MEUR
2007	EUR 0.00
2008	EUR 2.28
2009	EUR 2.80
2010	EUR 4.17
2011	EUR 4.35
2012	EUR 8.50
2013	EUR 10.77
2014	EUR 10.62
2015	EUR 16.02
total	EUR 59.51

Syria

10. Could you please provide us with a complete overview for 2015 and 2016 of the EU amounts of money, funds and respective projects/ programmes which are committed/ decided, contracted, disbursed with regard to refugees in Syria? Please also list the respective number of refugees who have benefitted from each of these projects/ programmes.

Commission's answer:

DG NEAR

Funds contracted and disbursed for actions within Syria do not distinguish between host communities and Internally Displaced Persons (refugees by definition being outside Syria).

- Funds committed in 2015: EUR 40 million ENI Special Measure; EUR 6 million DCI resilience actions.
- Funds committed in 2016: EUR 80 million ENI Special Measure; EUR 9 million DCI resilience actions.
- Funds contracted in 2015: ENI EUR 35,511,625; Thematic Support (provided by EIDHR) EUR 2,847,674.
- Funds contracted in 2016: ENI EUR 7 million; Thematic Support EUR 6 million (provided by DCI food Security).
- Funds paid in 2015: ENI EUR 35 million; Thematic EUR 2.3 million.
- Funds paid in 2016: ENI EUR 16 million; Thematic EUR 4 million.

DG ECHO

As far as the Humanitarian Aid (HA) is concerned, the Commission allocated in 2015 and 2016 about EUR 891 million to results related to refugees in HA actions inside Syria and in the bordering countries. It is estimated that the results should have attained a total of 55 million beneficiaries (although it should be noted that the same individual might be counted various times as being beneficiary of different actions). For further details on the results related to refugees, please see the annex enclosed.



Q10-Q46.xls

FPI



Copy of Migration projects (2). question

DG DEVCO

DG DEVCO has made a contribution from DCI-GPGC Migration (i.e. Development Cooperation Instrument – 'Global Public Goods and Challenges' Thematic Programme on cooperation with Third Countries in the Areas of Migration and Asylum) to the Madad Trust Fund – commitment in 2016: **EUR 20 million**. These EUR 20 million have **just** been committed, no payment made yet.

11. Could you please provide us with a list of aid organizations who have received EU money for project implementation in Syria together with the corresponding amounts for 2015 and 2016?

Commission's answer:

DG NEAR

Contracted in 2015:

Contracting party	Contract amount	Paid 2015	Paid 2016
Joint Research Centre	310,000.00	186,000.00	0
UN Habitat	1,860,000.00	1,674,000.00	0
World Food Programme	3,000,000.00	2,400,000.00	0
UNITED NATIONS CHILDREN'S FUND	19,970,000.00	13,400,780.58	0

Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH	7,000,000.00	0	0
ABAAD – Resource Center for Gender Equality	1,887,802.93	878,100.24	789,164.96
SOS Villages d’Enfants Belgique pour le monde	1,264,826.62	420,872.54	0
CARE Österreich	1,145,971.02	606,131.35	335,917.93
Comitato di coordinamento delle organizzazioni per il servizio volontario	1,999,624.56	949,569.36	0
Comitato non c'e pace senza giustizia associazione	1,051,607.04	448,389.92	0
Euro-Mediterranean Human Rights Network	1,350,000.00	644,832.00	0
Search for Common Ground vzw	1,021,987.50	276,184.38	0
Nonviolent Peaceforce aisbl	1,999,803.98	799814.37	0
STICHTING WAR CHILD	1,497,673.65	759,571.35	0

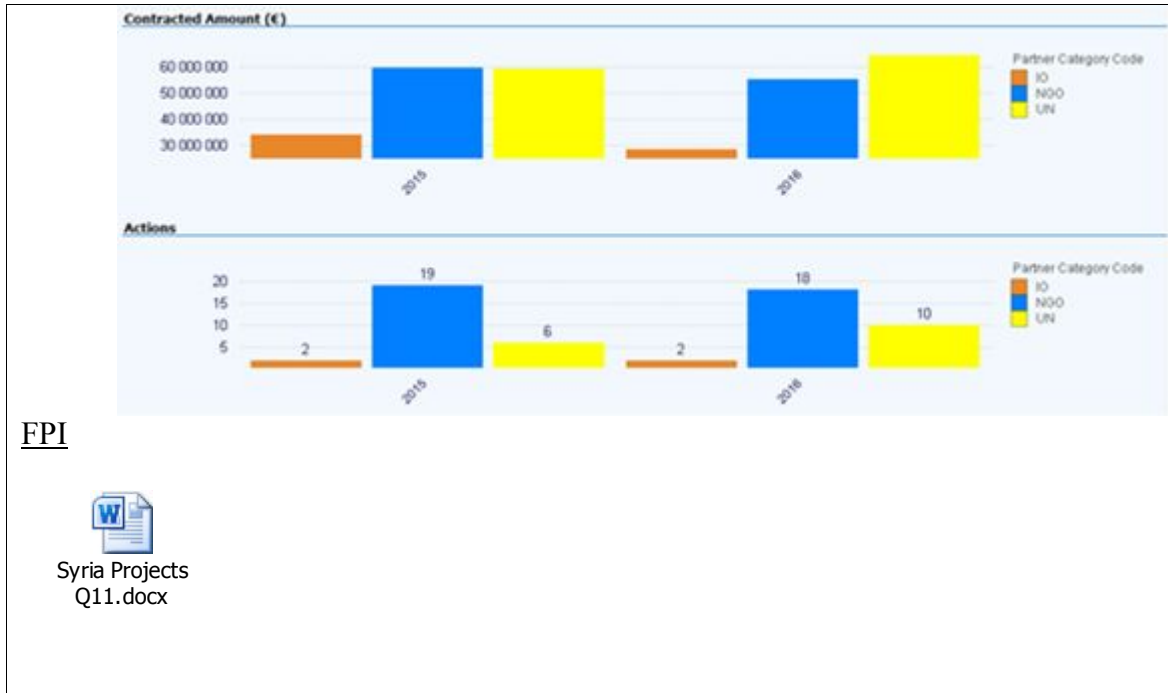
Contracted in 2016:

Contracting party	Contract amount	Paid 2016
FAO	6,000,000.00	3,164,598.63

DG ECHO

As far as the Humanitarian Aid (HA) is concerned, the Commission granted funding to 34 aid organizations (24 NGOs, 8 UNs and 2 IOs) for a total of EUR 298 million to project implementation inside Syria. For further details on organisations and amounts, please see the annex enclosed.





12. The residual error rate for the European Neighbourhood Instrument has been determined by an external contractor. Why was it necessary to outsource this task? Which company performed the work?

Commission's answer:

The residual error rate ('RER') study was developed upon recommendation of the European Court of Auditors. The Commission argued that the residual error rate was lower than the one estimated by the European Court of Auditors during the discharge process. As a result, the Court asked the Commission to substantiate this assertion.

The Commission outsourced the RER study to an external auditor in order to have an independent opinion. It also aimed at providing assurance on the effectiveness of the overall control framework.

Following the creation of the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) in January 2015 including neighbourhood countries previously managed by DG DEVCO, the same rationale has been followed for the European Neighbourhood Instrument ('ENI', Regulation (EU) No 232/2014) and extended to the Instrument for Pre-Accession ('IPA', Regulation (EU) No 231/2014).

The DG NEAR 2016 RER study is carried out by the company Moore Stephens.

13. In February 2016 DG DEVCO put in place a quality grid to assess the reliability of checks. This is a tool used to assess the assurance provided by an audit or expenditure verification engagement regarding the eligibility and correct use of funding. It aims to ensure that accepted reports are of sufficient quality. The tool is now mandatory for audits and verifications contracted by DG DEVCO. Does DG NEAR plan to introduce the same quality grid?

Commission's answer:

DG NEAR is currently analysing the possibility of adopting a quality system similar to that of DG DEVCO.

14. The Internal Audit Service has identified shortcomings in the control strategy of IPA 2014-2020, mainly for obtaining a reliable assurance in the ability of beneficiary countries to implement the funds. Do you consider that DG NEAR is sufficiently prepared for implementing a performance assessment framework for beneficiary countries? If not, could you please describe the envisaged actions in order to improve the situation?

Commission's answer:

In order to obtain assurance of the ability of the IPA beneficiary countries in implementing EU funds under decentralised/ indirect management, DG NEAR has six levels of assurance:

1. Ex-ante assessments carried out with regard to a national accreditation decided under IPA 2007-2013;
2. The National Authorising Officer's self-assessment report on the functioning of the management and control systems since the Conferral of Management decision under IPA I;
3. Entrustment engagements carried out by DG NEAR;
4. The countries regular notifications to the Commission of any substantial change made to the systems or rules of the IPA management and control systems or to the procedures that relate to the management conferred or entrusted to the beneficiary country;
5. Annual Statements of Assurance by the beneficiary countries since the Conferral of Management decision under IPA I;
6. Annual Audit Report and Opinion by the national audit authority since the Conferral of Management decision under IPA I.

The beneficiary country is further subject to additional assurance mechanisms:

7. National assurance mechanisms such as a management declaration of assurance and annual clearance of accounts;
8. Follow-up and monitoring audits carried out by DG NEAR.

In addition to the above-mentioned assurance framework, DG NEAR launched the IPA II performance framework two years ago to provide a structured context for DG NEAR and the Beneficiary countries to deliver on the obligations set under IPA II to monitor and report on financial assistance. More specifically, it sets the priorities for performance measurement following the programme cycle from initiation to results. It is also the basis for adapting and/or developing relevant monitoring and reporting processes and tools (e.g. IT systems for monitoring

budget execution, results follow-up etc.).

The Commission considers that it is sufficiently prepared for implementing this performance assessment framework.

Questions to Commissioner Mimica

15. The 2014 discharge follow-up report from the Commission reads out the following: "Regarding the three contracts with IMG in indirect management managed by FPI, all activities have been concluded and final reports received, with the exception of one contract for which the final financial report is still due. FPI has executed payments on interim reports with financial prudence, by applying a retention on the amounts contractually due corresponding to the estimated overstatement of the human resource expenses identified by a verification mission performed in 2014. Pending outcome of a further verification, the interim payments will be regularised and final payments or recoveries performed. In relation to one contract, FPI has issue a recovery order which was subsequently offset by the Accounting Officer. No new contracts have been signed with IMG."

- a) Could you please provide us with further details about the amount of the estimated overstatement of the human resource expense? Will there be a recovery order and what will be the amount?

Commission's answer:

Commission services are still verifying the appropriateness of the conclusions reached by the verification mission. Once this is done, the Commission will inform IMG accordingly.

- b) Could you please provide us with further details about the second recovery order "*In relation to one contract, FPI has issued a recovery order which was subsequently offset by the Accounting Officer*"? What was the amount?

Commission's answer:

Contract IFS-RRM/2012/295-377: further to the audit (external verification) on that contract in 2014, an overstatement on human resources amounting to EUR 140,780 was deemed ineligible and a Recovery Order was issued. It was cashed in 2015 through an offset by the Commission Accounting Officer.

16. Follow-up question 41, page 40: Thanks for having provided the information on the case "access to drinking water in Benin". Has any money from the EU envelope been disbursed since this fraud case had been detected? If yes, which amount of money has been disbursed? Is the action plan already fully implemented?

Commission's answer:

Following the fraud case, the programme was stopped. Forensic and closing audits were conducted. In acceptance of the closing audit's final statement, the Government of Benin reimbursed XOF (West African CFA franc) 7.5 billion of non-eligible disbursements to the Netherlands Embassy in Benin, which is the implementing entity managing the delegated funds. Based on the results of the said audits, the relevant share of the final balance that was due to the implementing entity (please see attached

sheet) was paid from the general budget of the Union.

The action plan was only partially implemented and a report covering the acceptable part was produced and accepted. The Commission is now planning to commit the remaining available amount to be contracted EUR 5.8 million on the urban part that was not concerned by the fraud case.



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17. Follow-up question 40, page 39: Thank you for having provided the overview on the costs occurred for staff in delegations in 2015. In comparison with last year's expenditures it shows an increase of:

- a. Rest leave: 38%
- b. Taking up duty: 28%
- c. Annual leave entitlement: 71% concerning DEVCO contract agents
- d. Annual leave entitlement: expenditures of 15 in 2014 and 139,309 in 2015 for commission staff on Heading V
- e. Installation allowance: 33% for DEVCO contract agents 25% concerning Commission staff on Heading V
- f. Weightings coefficients: 106% concerning DEVCO contract agents and 137% concerning Commission staff on Heading V.

Could you please provide us with further information on the reasons for the increases of above mentioned expenditures?

Commission's answer:

The increase of costs occurred for staff in delegations in 2015 in comparison with 2014 can be explained as follows:

- a. Rest leave:
 - implementation of the guidelines establishing the methodology to fix the living conditions allowances and the granting of rest leave (EEAS DEC(2014) 049);
 - increase in the number of rest leaves granted in 2015 in comparison with 2014 (55 delegations in 2015 benefitted from at least one rest leave, in comparison to 47 in 2014);
 - additional rest leave were allocated to Sierra Leone, Guinea Conakry and Liberia as a result of the Ebola crisis in addition to rest leave granted on the basis of living conditions allowances' (LCA) scores,
- b. Taking up duty:

There were approximately 27% more movements (new recruits and transfers between delegations) of contract agents in 2015 compared to 2014.

c & d. Annual leave entitlement:

In case of Heading V, costs for 2014 were undervalued. The amount should have been EUR 72,890. It represents costs linked to leave not taken which can vary from one year to the other.

e. Installation allowance:

In 2015, the total amount of the reinstatement costs was taken into account. The restated amount for 2014 on the same basis is EUR 2,283,043.78 for Heading V, with a revised percentage of evolution of 14%.

f. Weightings coefficients:

- increase in the number of countries that benefit from Living Condition Allowance (LCA);
- a retroactive effect of the weighting coefficients in February 2014, covering several years. The figures after neutralisation of the retroactive effects are 2014 = EUR 722,870.13 and 2015 = EUR 930,066.74;
- the yearly adjustment of salaries and the update of the weighting coefficients (effect as at 07/2015) explain these increases.

18. The Commission reply to the written question 44 mentions that out of the 6 transactions affected by a quantifiable error of this kind 3 were encoding errors. For the 3 other ones it seems that the money has been paid without justification. Can the Commission explain what it is about?

Commission's answer:

The three "other errors" were the following:

- The European Court of Auditors identified that the Commission in its interim payment accepted estimated staff costs exceeding by EUR 13,000 the actual staff costs. The Commission relies on expenditure verification reports before making a final payment for grants. Although the report for this contract had not identified this particular error, the Commission had already detected the error of the beneficiary through its system of ex-post control. The Commission issued the recovery order for the ineligible amount.
- The partner submitted at final payment stage all information as required in the grant agreement in February 2015. Later, the European Court of Auditors performed checks in the Commission on underlying transactions, according to their methodology. The European Court of Auditors identified costs related to a different action (non-EU funded) that were also charged to the EU funded action for an amount of EUR 8,500. Therefore, the expenditure has been considered as

not incurred, but not detectable by the Commission before accepting the expenditure. The Commission is in the process of recovering the ineligible amount.

- Funds were not lost or unduly paid, as it was an encoding error, which led to a temporary overstatement of costs in the accounts of the Commission (an interim payment was wrongly encoded as an invoice). This will be corrected in 2016 through the final payment.

19. African Peace Process

The non-confidential reply to the written question 47 refers to measures taken by the Commission in 2015-2016: Why did the Commission intervene so late? The African Peace Facility was established in 2004

Commission's answer:

Since the establishment of the African Peace Facility in 2004, the Commission has undertaken through independent external auditors the following institutional assessments of the African Union Commission (AUC):

- In 2005/2006, a first assessment looked into AUC's processes and controls related to organisational systems, financial and management systems, procurement, financial control environment, budget formulation and execution, human resources.
- In 2010, a second institutional assessment (under the provisions of the 2007 Financial Regulation {(EC) No 215/2008 on the Financial Regulation applicable to the 10th European Development Fund; the provisions relating to Joint Management are contained in Article 29 thereof} concluded that three (accounting standards, auditing, internal control environment) out of four applicable pillars were not compliant at the time. Four follow-ups were subsequently undertaken between 2010 and 2013.

In order to address the assessments' recommendations, the Commission concluded with the African Union Commission action plans (Aide-mémoires 2009 and 2011), which helped improve sound financial management. Between 2010 and 2013, the African Union Commission recorded a continuous improvement in the results of institutional assessments. After the fourth follow-up of the 2010 pillar assessment, undertaken in 2013, only one pillar (accounting) out of five still "needed improvement".

However, in view of the new provisions of the 2012 Financial Regulation, the Commission extended its institutional assessments to three new pillars. A new assessment was undertaken in 2015 under renewed terms of reference and concluded that three pillars (accounting, procurement, sub-delegation) out of the six assessed were not compliant. This result led the Commission to request the Internal Audit Service to audit the financial and operational monitoring of the implementation of the African Peace Facility and to make the necessary recommendations in this regard. Since reception of the final report in January 2016, the Commission has set up a task

force grouping several Commission services (DG's BUDG, SG, SJ, HR) as well as EEAS to follow-up on the recommendations. Actions undertaken and progress achieved so far have been explained in the previous written replies.

20. Budget support written question 39: the Commission replies that in 2015 there are only 6 budget support operations where both KP5 and 6 are flagged red whilst in 2014 there were 10 operations with this risks. But 4 of those were in countries not falling anymore in DEVCO's remit for 2015. What is the state of play in those countries?

Commission's answer:

The 4 operations which have been flagged red in 2014 are in countries which are under the remit of DG NEAR since January 2015; they concern Morocco and Ukraine. DG NEAR monitors closely these operations and has taken firm steps. These operations have either been stopped and decommitted (1 case in Morocco) or payments have been put on hold until the concerns could be fully cleared.

* * *