

2014 Discharge to the Commission

WRITTEN QUESTIONS TO COMMISSIONERS MIMICA AND HAHN

Hearing on 1 December 2015

Budget support

1. The Court is entitled to state whether the Commission, on financing budget support of third countries, has complied with the specific conditions to execute the payments and whether it has verified compliance with the general eligibility conditions. However, the Commission has considerable discretion in deciding whether such terms and conditions have been met and whether the funds are then transferred to be merged with the budgetary resources of the recipient country. Can the Commission provide data about the aforementioned budget support for each country involved in the year 2014? What results have been achieved?

Commission's answer:

The budget support policy provides a frame for financial support, policy dialogue and technical assistance to partner countries in exchange for their delivery of tangible development results and reforms (disbursement conditions) and meeting specific targets and benchmarks. Budget support payments are disbursed only when disbursement conditions have been fulfilled.

The Commission produces a yearly report on Budget Support. This report is transmitted to the European Parliament (Committee on Development and Committee on Budgetary Control).

The latest review of key results indicators across EU budget support countries confirms that this group of countries overall continues to improve broadly in terms of poverty reduction, and macroeconomic and fiscal management. A data review comparing budget support with non-budget support countries shows a clear trend of faster poverty reduction, lower inequality, higher and less volatile economic growth, lower fiscal deficits and debt levels, higher levels of investments, stronger public financial management systems, more budgetary transparency, and a better control of corruption, which nevertheless remains a challenge.

A comprehensive table providing the requested information for 2014 is annexed to the above mentioned report on Budget Support 2015.

Furthermore, the effectiveness of budget support programmes is periodically evaluated through in-depth evaluations in accordance with the OECD Development Assistance Committee methodology. These have highlighted the contribution of budget support to service delivery, macroeconomic performance, strengthened public financial management, transparency and oversight, and the fight against corruption. Budget support was furthermore found to have lower transaction costs, and a greater degree of alignment to government policies and processes than other aid modalities.

The Commission will continue to make use of regular evaluations and a close monitoring of risks and results in relation to its budget support programmes. The budget support steering committee in particular has a key strategic role, overseeing the effectiveness of the budget support portfolio.

In **Mozambique**, a Low-Income Country in Africa devastated by conflict 20 years ago, long-standing EU Budget Support programmes have contributed to restoring macro-economic stability (with notable positive effects for the population in terms of reduced inflation), building public finance management systems to ensure effective revenue collection and spending in priority programmes, and advances in services delivery, most notably in education, where Mozambique has practically attained universal primary education (MDG2), together with almost gender parity (0.9) between boys and girls attending schools. Budget Support has also contributed to advances in good governance, promoting the establishment of a modern legal framework for the fight against corruption, and strongly encouraging transparency in the management of public assets and natural resources.

Nepal ranks as the 3rd poorest country in South Asia and the national development strategy and the interim constitution all emphasise the importance of education. The EU financed a SRC (sector reform contract E56 million), in support of the School Sector Reform Programme (SSRP) especially with respect to improving: Early Childhood Education; gender parity and provision for free and compulsory education for children from 5 to 12; the disbursement of 12.5 million was agreed, on the basis of good results achieved. For example the policy allowed more than 100,000 out of school children to return to school, through actions including special scholarships for girls, disadvantaged minority children and children with disabilities.

Cape Verde (E 31 Million): the Cape Verde Good Governance and Development Contract is an interesting example of a GGDC, combining a special partnership with the EU with support towards the country's poverty reduction strategy (GPRSP III). The focus of the programme is to address constraints on growth, foster domestic accountability, improve service delivery and enhance technical and normative convergence with the EU. While the country shows strong commitment to fundamental values and has a very good track record, dialogue will focus on areas where there is room for improvement, such as gender issues conditions in prisons and the judiciary. The programme aims at results as regards macroeconomic stability and resilience to shocks, improved public finance management, an improved business environment and progress in selected areas of delivery of services to the population.

The SBC in **Mali** (E220 Million) is one of the EU responses linked to an exceptional event that take place in a situation of fragility. This is a good example of quick, comprehensive, coherent and coordinated response using the SBC together with other aid modalities, as well as of massive financial support disbursed at the right moment to ensure the functioning of the State, the rebuilding in the North and the delivery of basic services. Early results from State building Contracts (SBCs) show positive effects, such as a faster preparation process, strengthened donor coordination, a more forward looking approach and a focus on

transition.

Furthermore, in 2014 strong leverage effects were noted through close coordination with IMF and WB in policy dialogue: following the corruption scandal around the procurement of military supplies and a new presidential airplane the strengthened dialogue had tangible effects in terms of corrective action taken by the Malian authorities: procurement regulation changed to limit exceptions in security relevant areas, transparency and publication of two audit reports on the issue, judicial follow up and increased public awareness.

Mali shows also a good example of State building in a decentralized context. The redeployment of local administration in the previously occupied territories of the North constituted a short term priority in order to stabilize the region and allow for a return of displaced populations. With the support of the SBC national budget allocations to the National Support Fund for Local Government (FNACT) were substantially increased from initially FCFA 2.5 billion to 14 billion. The funds from FNACT allowed local governments to resume their activities and restart essential service provision to the local population. In parallel, the SBC supported the redeployment of deconcentrated central government services in the Northern regions in particular in the areas of justice administration, water supply and sanitation, health and food security. In addition, local private SMEs were involved in a road maintenance programme that allowed for the creation of around 3.300 temporary employment opportunities for the population in the North (figure to be confirmed).

Rwanda, Burkina Faso health sector reform contracts helped to achieve very good progress across health indicators

Cambodia education SCR contributed to much improved primary completion rate and secondary net enrolment rates.

Ghana: EU political dialogue in close cooperation with IMF has driven to strong Public Finance Management measures.

In the Neighborhood South - as in other regions where the Commission implements budget support operations – eligibility criteria and specific conditions are assessed carefully in compliance with strict budget support guidelines developed by DG DEVCO. The assessment carried out by the Delegation is further verified by several services in headquarters (geographical services as well thematic ones) in order to ensure the integrity and quality of the payment file and of supporting documents provided to justify the actual payment. Once the payment is approved, the Delegation verifies whether funds have been effectively transferred to the Treasury account held by the Central Bank and changed into local currency at the rate of the day funds have been received.

In the Neighbourhood South, in 2014, a total number of 13 payments were made, covering three countries: Morocco, Tunisia and Jordan, for a total amount of € 243 million. The Commission has opened operations in Algeria and Egypt, but because eligibility conditions were not met in these two countries, no payments were made in 2014. It is to be noted that due to a shortage of payment credits in

2014, a total number of 5 payments due to Morocco (4) and Jordan (1) had to be postponed to 2015, worth a global amount of € 43 million. The Commission undertook every effort to prioritise Tunisia over other countries due to the exceptional circumstances the country was going through and the political importance of the country as emphasised by the HRVP, the President of the Commission and Member States.

A **non-exhaustive** number of examples can be mentioned to illustrate the results achieved through our budget support operations in the Neighbourhood South:

- **In Morocco:** our support to Morocco's national agricultural strategy (focusing solely on the smallholder farming component of this national strategy) allowed us to contribute to the Government efforts in increasing meat, oil and date production in a number of target regions where smallholder farming is predominant, but also to contribute to the authorities' efforts to help small farmers process and market their production. Indeed, our support contributed the construction and operation of processing/packaging plants, laboratories to verify the quality and sanitary conditions of the production, but also supported Morocco's efforts in laying the groundwork for the creation of indications of origin or quality labels.

Our support to the reform of public financial management in Morocco contributed to the adoption and entry into force of a new public procurement code or to the progressive taxation of the agricultural sector (applicable only to large-scale farms), a sector which – before this reform was passed – was totally exempted from taxation.

In Tunisia, our budget support operations have largely focused on supporting the country's democratic transition, encouraging the adoption of key pieces of legislation and establishing democratic institutions. Our support thus contributed to the adoption of a law on violence against women, to the creation of an Independent Authority for Audiovisual Communication, to the creation and functioning of an Independent Body for the Supervision of Elections (the body which supervised the 2014 legislative and presidential elections), to the amendment of the penal code with a view to ensuring access to a lawyer during police custody, to the adoption of a national strategy for the fight against corruption, etc.

Our support to Tunisia also focused on strengthening local councils/municipalities' ability to deliver quality public services and improve their capacity to administer the territory and population under their responsibility, in a context where growing public discontent had the potential to undermine the democratic transition. Our budget support operations contributed to encourage an audit of the different communal taxes to better assess their yield; encouraged a revision of the criteria of the national Tax Equalisation Fund in order to favour disadvantage municipalities and encouraged a close monitoring of the execution of municipal investment plans in order to ensure that planned investments are carried out in order to improve the living conditions of the population; encouraged the training of public agents to better serve the population, encouraged the establishment of communal plans for waste management, etc.

In Jordan, our programme in support to the second phase of the education reform contributed to improving the quality of education. Our budget support operation

contributed to the establishment of a compulsory 210 hours-long induction programme for all newly appointed teachers. Over the duration of the programme, 621 newly appointed teachers were enrolled in this induction training and 621 effectively completed it. The induction programme consists of 210 hours of theoretical training, 140 hours of practical training over 50 working days. It is clearly more advanced and more comprehensive than any other teacher training course done in the past or currently done by donors and methodology and materials for this course are of good quality.

In **Georgia**, criminal justice policies and practice are increasingly compliant with Council of Europe standards; juveniles have better access to education while serving their sentences; the Public Defenders' Office functions independently and acts as Georgia's primary domestic human rights watchdog. In **Armenia**, the first steps were taken to upgrade the public sector accounting system along the lines of international standards (based on the principles of quality, consistency and transparency of public sector financial reporting). A modern set of standards for internal audit now applies to public bodies. The Ministry of Finance was reorganised to increase efficiency in public debt management. In **Moldova**, the rural business infrastructure improved, with the creation of eight new business incubators. Access to finance for rural business improved under four national schemes: the four schemes combined awarded more than 3,000 grants and offered 200 loan guarantees, underpinning the creation of more than 10,000 new jobs (three in 10 held by women). In **Ukraine**, the first instalment of the "state building contract" was released against the country's compliance with general conditions linked to public policy, macroeconomic stability, management of public finances, and transparency and oversight of the national budget. The state building contract is a modality for delivering budgetary support specifically designed to help countries in situation of fragility or engaged in transition processes towards sustainable development and democratic governance.

Refugees

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

Commission's answer:

Under the 2014 EU development budget, EU funding related to refugees (not including funding to other migration issues) included support to the Horn of Africa, Afghanistan, Pakistan and Iran as well as Bangladesh and Thailand, for a total of €46 million.

With regards to Humanitarian Aid, in 2014 the Commission funded actions related to support to refugees for about €1,239 million. Circa €53 million were allocated to the Middle East and Asia, €500 million to Africa, €36 million to the Americas and €50 million to non-member European countries. The full list of projects funded by the Commission in the field of the Humanitarian Aid is publicly available at the following link: <http://ec.europa.eu/echo/node/2190>.

As far as the Neighbourhood policy is concerned, EU funding in 2014 related to refugees (not including funding of other migration issues) included the continued support to UNRWA in Palestine as well as substantial amounts devoted to the mitigation of the consequences of the Syrian crisis. In this respect, frontline countries (Jordan, Lebanon and Turkey) have been strongly supported. It is also worth noting that the European Union Regional Trust Fund in response to the Syrian crisis was established in December 2014, completing the types of instruments to be mobilised in favour of refugees affected by the Syrian crisis.

Funds have been allocated to Syria (€1 billion), Lebanon (€73 million), Jordan (€62 million) and to Palestine (€87 million) under the European Neighbourhood Instrument (ENI). Furthermore, €80 million were allocated to Turkey under the Instrument for Pre-accession Assistance (IPA) and the Instrument contributing to Stability and Peace (IcSP).

Regarding the number of refugees/internal displaced people, it is estimated that 5 million people approximately benefitted from EU funds in the field of Neighbourhood policy in 2014.

3. 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 2014, respectively?

Commission's answer:

Regarding Humanitarian Aid, a number of actions were implemented by different Organisations in order to address urgent humanitarian needs of refugees from the Syrian crisis, which has an impact on Turkey's migration management and asylum systems, municipal infrastructures and services. These actions were the following:

Partner	Amount in €	Sector / Area
IOM	3,250,000	Shelter/NFI, Food/Livelihood
DRC	1,800,000	Shelter/NFI, Protection
PIN/WHH	1,000,000	Food/Livelihood
MDM	400,000	Health Iraqi Refugees
Relief International	250,000	Health Kobane
CARE	1,350,000	Livelihoods Kobane
IMC	510,000	Health, WASH
WFP	6,000,000	Food Security
UNICEF	1,350,000	CoP - Education
Concern	400,000	CoP - Education
IRC	600,000	Shelter/NFI, Food/Livelihood, WASH - Iraqi refugees
Total	16,910,000	

Concerning the Instrument for Pre-accession Assistance (IPA), one project was initiated in 2014 directly in support to refugees: - "Protection and provision of basic services to the out-of-the-camp Syrians in Turkey". EU contribution was of €9.9 million. Activities cover registration and access to basic services mainly health supplies and educational materials; it is implemented in joint management with UNHCR.

Under the first annual Action Programme under IPA II adopted in December 2014 the impact of the refugee crisis was taken into account with the following activities:

Partner	Amount in €	Sector / Area
IOM	5,400,000	Assisted voluntary return and reintegration of refugees
Public authorities and Civil Living Society	1,300,000	Assistance on migration and international protection matters
UNHCR	10,000,000	Provision of educational services for Syrian refugees under temporary protection
Total	16,700,000	

In 2014, an amount of €7 million was allocated to Turkey under the Instrument contributing to Stability and Peace (IcSP) for the project "Enhancing access to services, strengthening resilience of host communities, and facilitating integration of refugees"

At the end of 2014, it was decided to reinforce the IPA with up to €40 million for the preparation of additional measures in cooperation with the national authorities and UN agencies to support Turkey responding to the ever growing influx of Syrian refugees.

DEVCO Staff delegation

4. 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 2014 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	1,524,781
Taking up duty	1,666,310

*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	19,664	15
Installation allowance	901,032	2,074,904
Moving, housing	243,147	222,419
Annual travel	4,627,279	4,885,010
Local conditions allowances	10,140,199	13,867,630
Weightings coefficients	224,827	397,932
School allowances	2,925,089	3,924,773
Medical cover	1,436,525	2,488,622
Accident insurance to family	4,703	9,859

*no possibility to differentiate the expenses between different Commission DGs

NGOs

5. How much funds are allocated to the NGOs (among others to religious NGOs and aid NGOs)?

Commission's answer:

Under the Development Cooperation Instrument (DCI) Civil Society Organisations (CSOs) – Local Authorities programme, EUR 1.5 billion were earmarked for CSOs for 2014-2020 out of which EUR 152 million were allocated to CSOs under the budget 2014.

As far as Humanitarian Aid is concerned, during 2014 the Commission allocated 561M€ to different NGOs. The religious affiliation of humanitarian organisation is not considered as a criterion by the Commission when establishing a Partnership Agreement. The full list of Humanitarian Aid Partners is available on http://ec.europa.eu/echo/files/partners/humanitarian_aid/fpa_partners.pdf.

Over the period 2007-2013, EUR 1.4 billion were granted to CSOs under the Non State Actors-Local Authorities thematic programme of the DCI, representing approximately 2,900 contracts. Over this same period, CSOs were financed under the following instruments:

- Under the European Development Fund (EDF), 1,800+ contracts went to CSOs for a total amount of EUR 1.9 billion. These represent respectively 8% of the total amount and 12% of the total number of contracts signed under the EDF over 2007-2013.
- Under the DCI geographic programmes, 880+ contracts went to CSOs for a total amount of EUR 1.2 billion. These represented respectively 15% of the total amount and 18% of the total number of contracts signed under the geographic programmes of the DCI over 2007-2013.
- Under the European Neighbourhood Instrument (ENI), 880+ contracts went to CSOs for a total amount of EUR 500 million. These represented respectively 5% of the total amount and 18% of the total number of contracts signed under the ENI over 2007-2013.
- Under the DCI thematic programmes, excluding the NSA-LA program, 1,500 contracts went to CSOs for a total amount of EUR 1.7 billion. These represented respectively 29% of the total amount and 38% of the total number of contracts signed under the thematic programmes of the DCI over 2007-2013 (excluding the NSA-LA programme).
- Under the Instrument for the Pre-Accession Assistance (IPA), 82 contracts went to CSOs for a total amount of EUR 40 million. These represented respectively 6% of the total EU contribution for 2014 (IPA) and 8% of the total number of contracts signed in 2014.

6. How is transparency ensured as to the financing of the NGOs?

Commission's answer:

The two rules governing the award of grants by the European Commission are equity and transparency.

The entire project cycle is transparent, as information on each step is made publicly available on the Commission and EU delegations' websites, in order to ensure broad dissemination to all CSOs.

Firstly, each Call for Proposal is published online. The selection criteria and procedure are known in advance by all applicants. Successful CSOs are selected based on the quality of their proposals. In order to identify a good project, the Commission 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.

Finally, each CSO benefitting from a Commission 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.

In several countries notably in the Neighbourhood region, CSOs have to operate under a difficult environment which may have serious implications on the implementability of EU-funded projects. To overcome this and to continue supporting CSOs in their crucial activities promoting reforms and accountability, the EC has started to use exceptional temporary measures, such as limiting the publication of the actions or waiving visibility obligations. These measures are to reduce risks for grant beneficiaries and their staff or members and help to ensure the implementation of the supported actions. These measures are decided on a case-by-case basis by the respective authorising officer and after careful consideration of the need to ensure a proper audit trail.

In the case of the Humanitarian Aid, the list of the Organisations who receive EU funding, whether financed under the General Budget of the EU or the European Development Fund (ACP countries only), is published annually in compliance with the Commission's commitment to guarantee full transparency on the beneficiaries of funds (Article 35 of the Financial Regulation).

The Commission publishes on the Internet (<http://ec.europa.eu/echo/node/2190>) the humanitarian aid funding agreements entered into for the last ten years, including details on the type of humanitarian organisation receiving the funding (i.e. NGO, international organisation or Member State Specialised Agency) with a

reference to the country of operation, the subject of the agreement and the amount funded by the EU. The information on EU humanitarian aid funding can equally be found on the European Commission Financial Transparency System (FTS, http://ec.europa.eu/budget/fts/index_en.htm).

7. 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:

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 (2014R233, OJ L 77, p.44), the following wording can be found in recital 11:

"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."

Article 3 of the DCI Regulation, refers to the principles of democracy, human rights, rule of law, but also to non-discrimination and rights of persons with disabilities.

Any organisation or funding proposal that goes against these rules and principles will not be awarded projects. The administrative and qualitative checks during the selection procedures allow for the necessary verification. In addition, all projects are regularly monitored by the EU Delegations concerned and financial and narrative reports required at regular intervals. The EU can also stop funding to a project or an organisation if, during the period when it is supported, it does no longer comply with the abovementioned rules and principles.

As regards publications (and communication and information materials in general), where the Commission itself drafts the texts of its publication, the compliance with the EU fundamental principles is ensured. In case the production is entrusted to a service provider selected in a careful and transparent evaluation process, the Commission both gives guidance (in the terms of reference) and carefully examines the deliverables before accepting them. Where publications are created by beneficiaries of EU funds, they must follow the EU's visibility guidelines that are a part of the agreement. Such publications form a part of the deliverables of the projects.

EU humanitarian aid actions are funded only if implemented by organisations that have a proven humanitarian mandate. Procedurally, before funding a new Humanitarian Organisation, the Commission ensures, in keeping with Article 214

of the Treaty on the Functioning of the European Union, the European Consensus on Humanitarian Aid and international law principles, that respect of the fundamental principles of humanity, impartiality, neutrality and independence, is fully adhered to by the Organisation. Their commitment to respect the principles of humanitarian aid implementation is furthermore confirmed by their signature of the Framework Partnership Agreement ("FPA").

Operationally, commitment to these principles is checked at various steps of the funding process, including when evaluating the proposal, during the implementation of the Action, when assessing the final report and at field monitoring and evaluation stage. Partners funded by the Commission must report on activities implemented and are monitored in the field by Technical Experts. Furthermore they must provide copies of publications funded by the Commission. Failure to respect fundamental principles is a ground for the suspension or termination of the Action, or even of the FPA.

8. How are NGOs selected to carry out EU projects?

Commission's answer:

In the framework of EU development cooperation programmes, Civil Society Organisations including NGOs are selected on the basis of projects submitted within calls for proposals. Projects are assessed as per the respective guideline for applicants, in which the eligibility and selection criteria are spelled out. Calls for proposals are published on the DG DEVCO websites (headquarters and EU delegations).

Evaluation committees are established, in which the Commission endorses the evaluation reports. Adherence to Commission rules and procedures is ensured through ex ante or ex post controls carried out by Commission staff in headquarters and Delegations.

Participation in the award of grant contracts is open on equal terms to all CSOs. Applicants must be established in an eligible country in accordance with the applicable basic act. The availability of grants must be publicised widely and in an easily accessible way.

It is not always necessary to organise a call for proposals in order to award grants. According to the EU Financial Regulation and its implementing rules, direct award is allowed in the following circumstances:

- for the purposes of humanitarian aid and civil protection operations or for crisis management aid;
- under emergency assistance provided for in Articles 72 and/or 73 of the Cotonou Agreement;
- where the grant is awarded to a body with a *de jure* or *de facto* monopoly, duly substantiated in the award decision or is the only organisation (i) operating or (ii) capable of operating in the a specific field;
- for actions with specific characteristics that require a particular type of body on account of its technical competence;

- in case of research and technological development, to bodies identified in the work programme, where the basic act expressly provides for that possibility.

In the field of the humanitarian aid, NGOs can apply for the signature of a Framework Partnership Agreement ("FPA") with the Commission if they comply with the eligibility and suitability criteria established by Article 7 of the Humanitarian Aid Regulation (1996) and the Financial Regulation (2012) and its Rules of Application. The selection criteria consist of a number of eligibility and suitability criteria, including the requisite financial, operational and organisational capacity to work in the field of humanitarian aid.

Signature of an FPA does not, in itself, give any entitlement to receive funding from the Commission. Funding is conditional upon a funding proposal being approved by the Commission and a Specific Grant Agreement being signed thereafter. Proposals are evaluated on compliance with the criteria of the Humanitarian Implementation Plan and on appropriateness of the proposal to the given humanitarian crisis.

9. How many are still on the EU payroll? If so why?

Commission's answer:

In accordance with the Financial Regulation, financial support to NGOs is either provided by way of "action grants" or by way of "operating grants". Action grants are linked to a specific project to be carried out by the beneficiary and only costs related to the implementation of this project are eligible. On the other hand, operating grants are not linked to specific activities but contribute to the beneficiary's annual operating budget (or part of it). Operating grants support the work programme of the beneficiaries and may only be provided to organisations which a) pursue an aim of general Union interest or b) have an objective forming part of, and supporting, a Union policy.

In this context, the Commission understands the Parliament's question to refer to the number of external actions' operating grants financed by the EU General Budget ongoing on 31/12/2014: 58 operating grants under the competence of EuropeAid and (at the time) DG Enlargement (now DG NEAR).

As for DG ECHO, it has Framework Partnership Agreements ("FPA") in place with 190 NGOs (see list on http://ec.europa.eu/echo/files/partners/humanitarian_aid/fpa_partners.pdf) working in humanitarian aid. The current FPA entered into force on 1 January 2014 and remains valid until 31 December 2018. Signature of an FPA does not, in itself, give any entitlement to receive funding. FPAs only concern possible action grants while ECHO did not award any operating grants in 2014.

10. In what way the impact of the EU funding could be assessed in advancing human rights and democracy in such cases?

Commission's answer:

The Commission has comprehensively evaluated the impact of its interventions on human rights and democracy issues in its thematic evaluation on its support to respect of Human Rights and Fundamental Freedoms, which was released in December 2011 (https://ec.europa.eu/europeaid/sites/devco/files/evaluation-cooperation-ec-human-rights-1298-main-report-201112_en_0.pdf). Regular specific evaluations are also routinely conducted at the level of programmes and projects in this field. A mid-term evaluation of the 2014-2020 European Instrument for Democracy & Human Rights (EIDHR) is foreseen in 2016-2017.

To ensure independence and objective judgements, evaluations are undertaken by - or based on the work of - external experts. In addition, the supervision of evaluations is done in such a way as to avoid any conflict of interest and ensure that the findings and conclusions of the evaluations are based on robust evidence. To do so, each evaluation follows a robust and transparent evaluation methodology available on http://capacity4dev.ec.europa.eu/evaluation_guidelines/

The comprehensive evaluation of 2011 has confirmed that the civil society organisations for which the Commission is extremely committed to defend a truly enabling environment, are important recipients of EU funds all over the world in the field of human rights and democracy and that they are vital allies in the promotion of human rights. It also established that, although difficult to document, there is evidence of impact achieved with capacity building initiatives.

For example, the EU has contributed to the release of opponents in several countries (recently in Azerbaijan and in Egypt) thanks to the involvement of international and local human rights defenders and civil society organisations. Several good practices have been highlighted in the 2011 evaluation, e.g. the “Collective Monitoring of the EU-Morocco Action Plan by Civil society”. In Ethiopia, the EU has supported civil society organisations to engage in development and democratic process although the government has issued a restricted law on the involvement of CSOs.

The Commission has reinforced human rights as an integral part of the EU external action. In many countries, the Commission has contributed to promoting this agenda at various levels through the use of funding and non-funding instruments. Evidence of results as well as *impact* has been identified in relation to both the promotion and protection of human rights.

Since 2011, the EU has reinforced its approach vis-à-vis civil society in its development cooperation. The role of civil society organisations is growing from being implementing partners to sharing more responsibility with States on poverty reduction.

In this respect, it is important that more civil society organisations become involved in development issues. This applies not only in our partner countries, where the voice of civil society has been and will continue to be supported by the European Union’s development cooperation instruments, but also to those within the Union.

In the field of democracy support, the EU's answer has various components. This includes support to CSOs which allows the EU to demonstrate its commitment and support to democratic processes in countries where no formal support to democratic institutions is foreseen. This includes activities in the field of domestic observation, civic and voter education, and monitoring of campaign finances. Such projects are important in complementing the role of electoral commissions, especially in countries where these are not independent from the government or leading party. They do however represent only a small part of overall EU spending in this field. Indeed, the main components of EU democracy support are institutional building of electoral commissions and other key institutions such as the Tribunal of Justice and Courts; technical advice in view of electoral reforms; financial contribution to key technical processes such as the update of voter registries and the transmission of results; and, last but not least, the EU Electoral Missions which include Electoral Observation Missions and other forms of missions (Electoral Expert Missions, Electoral Follow-up Missions), all being important tools in view of political dialogue.

The European Endowment for Democracy is a joint effort of the EU institutions and Member States to promote democracy in the European Neighbourhood and beyond. Through its more flexible funding mechanism it provides funding to civil society actors who may struggle to obtain support from other EU instruments (because of the informal nature of their organisation, the urgency of their actions, their limited capacity to apply through a very formalised and technically demanding grant mechanism), thereby supporting democratisation in countries in political transition. The Commission covers the functioning costs of the European Endowment for Democracy, while 14 EU Member States finance their operations.

The operating grants to Civil Society Fora and Networks acknowledge the fact that civil society participation in public policy processes and in policy dialogues leads to more inclusive and effective policies that meet people's needs, which cannot be achieved through a short-term project-based approach. Thus, they recognise that capacity building, technical specialisation and advocacy work require time and resources, in order to enable civil society to constructively participate in the development, implementation and monitoring of national strategies, at all levels.

The Commission is committed to continue working on the support to non-state actors as a way to enhance sustainability of judicial reforms, consistent with the accepted recommendation coming out of the Rule of Law evaluation on Western Balkans of 2013.

Enlargement

11. Turkey continues to enjoy the status of pre-accession country. How many funds has Turkey received through the pre-accession instrument in 2014? What were the

results achieved? What controls has the Commission run on the expenditure of these funds?

Commission's answer:

In 2014 the commitment appropriations for Turkey by DG NEAR under the pre-accession instrument amounted to €545.6 million, which includes for the first time the policy areas previously covered by components III and IV in IPA I for which mainly DG REGIO and DG EMPL were in charge of.

In 2014 Turkey received through IPA €133.5 million of payment under decentralised management and €25 million managed centrally. These amounts include only payments for IPA Components I and II under IPA I. No payment was yet done for IPA II.

In 2014, the Commission carried out ex ante controls on all procurement and contracting in decentralised management in Turkey. In addition, in 2014 the Commission launched four ex post audit assignments on the sample of €42.0 million of commitments and €39.3 million of payments. The amount affected by error was found to be €597,392.64 or 1.5% of the payments sample.

A number of preparatory steps needed to be completed before implementation could start. A key milestone was achieved in June 2015 with the entry into force of the EU-Turkey Framework Agreement for IPA II.

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

Most of our 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 to Turkey. 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, each of them with specific responsibilities for management, implementation, control, supervision, monitoring, evaluation, reporting or audit of programmes.

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 2014, implementation of ongoing IPA I projects continued, contributing that year to the improvement of the Turkish criminal justice system, to ensure integration with the EU electricity network, and further alignment with the acquis in a wide range of areas such as company law, enterprise and industrial policy, statistics, energy, science and research. IPA also supported the socio-economic development of Turkey and helped address regional disparities with a strong focus of assistance on the South-

East of Turkey.

12. In Serbia pre-accession funds have been used to fiscally facilitate European companies who set up their production in Serbia. Is the Commission aware of similar cases? What steps did it undertake to avoid this practice?

Commission's answer:

The Instrument for pre-Accession Assistance (IPA) has not been used to support establishment of EU companies in Serbia, and is not designed to provide fiscal aid.

The European Commission supports Serbia's effort to strengthen competitiveness. However, measures to boost competitiveness under IPA do not support the establishment of new factories. The IPA measures taken typically concern the improvement in the regulatory environment, co-financing of new infrastructures of public interest or support to SMEs in line with EU practices. They are designed in such manner to benefit all potential investors, both domestic and foreign.

The Stabilisation and Association Agreement which Serbia signed with the EU obliges the country, including its local authorities, to fully comply with EU state aid rules when providing Serbian fiscal, direct or indirect, support to companies.

13. "The European Court of Auditors maintained in its conclusions that it had identified a systemic error in the clearing in DG Enlargement for Turkish and Croatian indirect management." (cf. page 66 Annual Activity Report) How many projects were affected by these systemic errors and what was the amount of payments affected in 2014?

Commission's answer:

This is not a new finding. At the time of the 2013 DAS, the former DG Enlargement made it clear to the European Court of Auditors that the disputed pre-financing clearing policy had been applied in 2014 as well as 2013 and disclosed the amounts involved for both years. In addition, the relevant accounting entries for both 2013 and 2014 were corrected in May 2014, so that by the time the 2014 accounts were prepared the net effect in the accounting records of the Commission of the €6 million referred to in the DAS 2014 report was zero. This means that no incorrect payment was made either to Turkey or to Croatia in 2014. The payments which were made were as follows:

In 2014 we paid to Croatia € 11.2 million and to Turkey € 133.6 million. Payments were all pre-financing payments.

Clearing invoices was undertaken either based on Final Financial Declaration, Clearance of Accounts decision, closed contracts in the system for recording contracts or transfer of funds for participation in EU programmes and agencies to

line DGs.

The policy on clearing transactions was applied to all the open IPA indirect management programmes with Turkey, Croatia and the former Yugoslav Republic of Macedonia. However, it is important to note that these were internal transactions which were not associated with any new payments. They also had no impact on the final, formally accepted costs for any programme. Indeed, the beneficiary countries were not even aware of them. Their only effect was to reduce pre-financing and recognise cost on an interim basis in the accounting records of the Commission.

14. The agreed EU budget deal for 2016 sees the margin for foreign policy actions completely exhausted. In relation to the Neighbourhood Policy, are there any lessons that the Commission can take from the 2014 period to make savings over the course of 2016 in case of emergencies?

Commission's answer:

The newly published European Neighbourhood Policy Communication (18 November 2015) includes the possibility to create a "flexibility cushion" that will help making funds available in case of emergencies. It is meant "to set aside resources until used for urgent programming of unforeseen needs, particularly for conflict and post-conflict needs; refugee support; crises and disaster response; and for security and stabilisation programmes"

In relation to the Neighbourhood Policy, the 2016 ENI Southern regional programming is based on rationalisation. The new interventions will be grouped under three main regional actions (programmes) to avoid dispersion of funds and ways of pooling funds with the bilateral assistance will be sought in consultation with geographical units and the delegations. Joint sector analysis (or evaluation) at regional level with Member States will also be sought as a way of sharing the costs of our aid. A meeting will be organised in January 2016 with Member States active in the region to know their regional perspectives and priorities.

The Neighbourhood Investment Facility (NIF) uses the blending as aid modality which itself is cost-effective since we use the EU grant strategically in the sense that grant is well targeted and adapted to the special needs of the partner country/final beneficiaries. Since it is carried out through delegated cooperation and applies the division of labour principle, blending also entails reduced transaction costs but obviously it is difficult to make a "real cost" calculation. Also, the fact that the EU contribution makes the loan of the financial institutions concessional (which means a loan below the market rate) leads to savings for the borrower (the partner country) compared to a loan offered at market rate. We can imagine the partner country using these savings to co-finance an EU project and consequently we may save our own funds indirectly.

Finally, the Southern Mediterranean Investment Coordination initiative (AMICI) could possibly lead to savings as it provides more targeted investments in the

region and a greater coordination of investment-related tools.

Others

15. The European budget provides a guarantee to the EIB covering external measures. Can the Commission provide data on its use in 2014? What funding has required the use of such a guarantee? For which third countries? To what amount?

Commission's answer:

During 2014 the guarantees paid in relation with the EIB external lending mandate covered calls in relation to defaults on loans to Syria. The total amount paid in 2014 for the Syrian calls was EUR 60.2 million.

The attached table summarizes the amount of capital outstanding of the EIB external lending mandate exposure at the end of 2014 (EUR 24.4 billion) by country.

More information on the EIB external mandate can be found in the below reports and their Staff Working Documents.

- Report from the Commission to the European Parliament and the Council on the guarantees covered by the general budget – Situation at 31 December 2014: Reference: COM (2015) 373 and SWD (2015) 148.
- Report from the Commission to the European Parliament and the Council on the Guarantee Fund and its management in 2014. Reference: COM(2015) 343 and SWD(2015) 163.

EIB outstanding capital - end of December 2014	
Country name	Sum of outstanding capital EUR million
Albania	235.74
Argentina	228.09
Armenia	48.16
Azerbaijan	7.66
Bosnia and Herzegovina	930.29
Brazil	949.52
China	97.35
Colombia	110.47
Ecuador	21.07
Egypt	2,054.58
FYROM	117.36
The West Bank and the Gaza Strip	39.72
Georgia	313.11
Honduras	33.51
India	221.33
Indonesia	42.44
Israel	488.14
Jordan	330.59
Laos	43.33
Lebanon	414.82
Maldives	24.76
Mexico	60.18
Montenegro	208.40
Morocco	2,540.66
Nicaragua	43.82
Pakistan	22.00
Panama	452.29
Paraguay	37.06
Peru	52.29
Philippines	40.35
Republic of Moldova	144.72
Russia	234.93
Serbia	1,561.47
South Africa	902.15
Sri Lanka	132.31
Syria	554.27
Tunisia	2,209.67
Turkey	7,518.66
Ukraine	748.45
Uruguay	11.07
Vietnam	199.17
Total	24,425.95

16. Could you please inform the Parliament about the state of play of the fraud case concerning the "access to drinking water" in Benin?

Commission's answer:

An investigative audit has been carried out at the request of the Benin Government. This audit confirmed the misuse of funds during implementation of the activities to support the water sector. The Commission's financial contribution to the programme in question amounted to EUR 19.8 million and was made through a delegation agreement with the Embassy of the Netherlands. The funds were not earmarked. The Netherlands and the Commission have stopped their financing to the programme. The recommendations of the above mentioned audit have been translated into a Government action plan to fight corruption, fraud and impunity. The EU will continue to monitor the concrete implementation of the action plan carefully.

Together with the World Bank, the Commission and the Netherlands entered in discussion with the Government of Benin to ensure that due process would be ensured. The Minister of Water, Mr B. Kassa, has resigned from his post. However, he has in the meantime taken up his functions as an elected member of the Parliament. The lifting of his parliamentary immunity has been rejected by the Beninese Parliament. The Commission respects the independence of the Beninese National Assembly and the separation of powers in Benin.

17. Could you please list the projects which supported the strengthening of democracy together with the respective countries and the amounts?

Commission's answer:

The EU is committed to the ownership of national programmes and processes by partner countries. It understands support to democracy as a comprehensive concept aimed at assisting and strengthening the capacity of governments, parliaments and other political actors, as well as the media and civil society to:

- Ensure that elections are credible, inclusive and transparent and that the electoral process is conducted according to the national and international law;
- Improve government accountability;
- Move towards greater freedom of expression.

To help achieve these ambitious goals, the Commission has committed EUR 94 million in 2014 on democracy support activities in more than 35 countries around the planet.

(list of projects in annex)

18. Could the Commission please provide us with an overview on the amount of EU money spent in 2014 for border controls of North Africa?

Commission's answer:

EU commitments in 2014 relating to border control projects in North Africa were in Tunisia and Libya. In particular:

Tunisia

In 2014 the Commission adopted a programme, under the ENI bilateral allocation for Tunisia, for integrated border management and international protection. The budget committed for this programme is EUR 3 M (of which EUR 2 M are devoted to improve border management). This programme builds upon a previous project entitled "EU-Tunisia Migration Cooperation Agenda" (ETMA) contracted in 2012, which ended in 2014.

Libya

During the year 2014, activities linked to border management in Libya were implemented in the framework of two projects funded under the instrument DCI-MIGR, namely the SaharaMed (global amount: EUR 8,4 M) and the SeaHorse (global amount: EUR 4,5 M). Through these pluriannual projects, the EU provides assistance to prevent and manage irregular migration and create the conditions for a more efficient border and migration management and for a better capacity to investigate and prosecute smugglers and traffickers.

As for the EUBAM mission in Libya, the general budget for 2014 was EUR 18,5 M, including EUR 146.000 for training.

There is no regional programme on borders financed under ENI Neighbourhood South.

19. How much EU-money was spent in 2014 for projects to support the acceptance of homosexuality in Serbia, Bosnia-Herzegovina, Albania, Macedonia, Montenegro and Kosovo?

Commission's answer:

In Albania, we had one EIDHR (The European Instrument for Democracy and Human Rights" on LGBT (Lesbian, gay, bisexual and transgender and inter sex persons) with a spending of EUR 72.892,08 in 2014.

In Bosnia & Herzegovina there were 2 EIDHR projects on LGBT with a total spending of EUR 186.068,65 in 2014.

In Kosovo there were two. One related to EIDHR Building support systems for LGBT people in Kosovo with a spending of EUR 6.863,72. Another one under IPA "Fight against Homophobia and Transphobia" for an amount EUR 350.000.

In the former Yugoslav Republic of Macedonia, there were no projects supporting the acceptance of homosexuality ongoing during the year 2014.

There is currently no IPA project supporting homosexuality in Montenegro, there will be one under EIDHR starting Dec 2015 /Jan 2016 with a budget of 150,000 euro.

In Serbia, under IPA there was one project on "Implementation of Anti-discrimination policies in Serbia" including LGBTIs with a total spending of EUR 478.624 in 2014. Additionally there was an EIDHR (The European Instrument for Democracy and Human Rights) project which objective was to contribute to the empowerment of LGBT community and their inclusion in the Serbian society for an amount of 73,970.

Under IPA there was also a regional programme: "Towards a Western Balkans and Turkey LGBTI Human Rights Regional Association" (Regional Programme - operating grant signed in 2014 for 12 months) for which EUR 63 324 was paid in 2014.

20. Could the Commission please provide the Parliament with the respective figures of the funds which the Balkan states have received out of the EU budget since the civil war?

Commission's answer:

The following table summarises the financial situation (as per 31/12/2014 and for Programmes starting as from 2000) of the allocated/paid amounts split per financial instrument (CARDS, PHARE, IPA I and IPA II) managed under DG NEAR responsibility (and former DG Enlargement).

Western Balkans

	Allocated	Paid
DG NEAR	9,381,024,269	7,091,236,596
CARDS (2000-2006)	3,599,825,508	3,566,813,498
PHARE (2000-2006)	282,414,957	282,054,263
IPA I (2007-2013)	4,803,204,850	3,237,895,078
IPA II (2014-2020)	695,578,955	4,473,757

Please note that the above table is based on the following assumptions:

- 1) DG NEAR has reported figures as from the year 2000 onwards.
- 2) List of benefiting countries: Slovenia, Croatia, Bosnia & Herzegovina, Albania, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia.
- 3) DG NEAR has reported on (a) net commitment allocated (after de-commitment) and (b) paid amount per Financial Instrument (situation as per 31/12/2014).

4) The information reported only covers the assistance managed by DG NEAR (and former DG Enlargement) and the following financial instruments: CARDS, PHARE, IPA I and IPA II. It does not include the financial instruments managed by other Commission DG's (EMPL, REGIO and AGRI) like ISPA, SAPARD, IPA I components II (Regio part), III, IV and V and IPA II IPARD. These instruments are not under DG NEAR responsibility.

5) The above figures also include an amount of €1,18 billion in allocated amount and €0.8 billion paid amount which is related to Horizontal, Regional actions and Multi-country programmes in the Western Balkans and Turkey. Some of these programmes have also benefited partly to Turkey among the countries of the region. It is very difficult to earmark a specific figure allocated to Turkey but it is reasonable to consider that Turkey has received and benefited from an equal allocation as the other 7 Western Balkan countries under IPA I (Albania, Bosnia & Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo and Croatia) and as the other 6 countries (after Croatian membership) under IPA II (2014). Approximately a first estimation of 1/8 for IPA I and 1/7 for IPA II (around 0.15 billion € in allocated and around 0.1 billion € in paid) could, in principle, be attributed to Turkey which has been deducted from the above totals.

21. How does the Commission justify the costs overstatement, denounced by the Court of Auditors as to a grant agreement with national operator in Laos (2014 ECA annual report Box 8.1)?

Commission's answer:

The Commission agreed with the European Court of Auditor's finding concerning the costs overstatement. The salary costs of field staff for December 2008 were initially accepted by the Commission. Nevertheless, the December costs were incurred *prior to* and *outside of* the eligibility period and therefore considered ineligible by the Court. On this basis, the Commission contribution to the action was recalculated thus eliminating the financial impact. The project was subsequently closed.

22. Can the Commission provide Parliament with a list enumerating the bodies which have received contracts from the Commission as IMG did, without a call for proposals? Can the Commission detail their legal status?

Commission's answer:

Grants can be awarded without a call for proposals in line with Article 128 of the Financial Regulation 966/2012 laying down the transparency requirements for grants and Article 190 of the Implementing Rules (Regulation 1268/2012) which lists the exceptions to calls for proposals. Without a call for proposals, grants may be awarded, amongst others, for crisis management aid or emergencies, as well as to bodies with a monopoly or bodies identified in the Basic act.

The 3 lists attached as Annex identify the entities to which in 2014 grants financed by the EU General Budget were awarded in direct management by DEVCO, FPI and (at the time) DG Enlargement (now DG NEAR), without a call for proposals, grouped by legal status:

DEVCO:	16 contracts to International Organisations, 4 contracts to Members State Agencies and 71 contracts to NGOs;
FPI:	6 contracts to International Organisations, 3 contracts to Members State Agencies and 23 contracts to NGOs;
DG NEAR	12 contracts to International Organisations, 3 contracts to Members State Agencies and 41 contracts to NGOs.

In line with article 35(3) of the Financial Regulation, information on grant beneficiaries (who sometimes implement projects in sensitive environments or on sensitive topics) is published with due observance of the requirements of confidentiality and security; reason for which a limited number of grant beneficiaries on the lists have been made anonymous. The Commission is available to provide the Parliament the related names through non-public channels.

From DG NEAR, the attached list identifies the entities to which in 2014 grants financed by the EU General Budget were awarded in direct management, without a call for proposals, grouped per legal status: 12 contracts were awarded to International Organisations, 3 contracts were awarded to Members State Agencies and 41 contracts were awarded to NGOs. (See attached Excel tables)

In the case of Humanitarian Aid actions, the Financial Regulation exempts those actions from the call for proposals procedure. Humanitarian Aid Actions are funded based on proposals to published Humanitarian Implementation Plans. As mentioned in the answer to question 6, the Commission publishes the list of all the humanitarian aid funding agreements entered into for the last 10 years, including details on the legal status of the humanitarian organisation receiving the funding (i.e. NGO, IO, UN or Member State Specialised Agency).

As far as international organisations (IOs) other than UN agencies are concerned, the Commission has signed a Framework Partnership Agreement with three IOs only: the International Organisation for Migration (IOM), the International Committee of the Red Cross (ICRC) and the International Federation of the Red Cross and Red Crescent Societies (IFRC). While IOM is a recognised intergovernmental organisation, both the ICRC and the IFRC are expressly recognised as 'international organisations' by Article 43 of the Rules of Application of the EU Financial Regulation for financial management purposes.

* * *

Annexes

Annex to answer 17



BUDGET Q17 list of
projects.xlsx

Annexes to answer 22:



BUDGET Q22 -
ANNEX FPI.xlsx



BUDGET Q22 -
publication restriction



BUDGET Q22 -
ANNEX NEAR.xls



BUDGET Q22 -
ANNEX DEVCO.xlsx