

**Question for written answer E-003699/2013
to the Commission**

Rule 117

Constanze Angela Krehl (S&D)

Subject: Possible misappropriation of funds from the European Development Fund for projects in the Seychelles

The EU and the European Investment Bank (EIB) finance their development cooperation with the ACP countries through the European Development Fund (EDF). In 2010 and 2011, projects in the Seychelles received funding of approximately EUR 8.14 million. These investments were supposed to be used for the provision of clean water, new sewerage systems and sustainable water consumption.

According to information in my possession, EDF funds that were supposed to be used to improve the water infrastructure were misappropriated in the Seychelles in 2010 and 2011. The funds are presumed to have been transferred directly by the awarding authority, or the relevant ministries, to people close to the government. In this way, private services were clearly carried out for members of the government using materials and labour assigned to the project funded by the EDF.

Furthermore, it would seem that hospital stays of people close to the government were paid for from part of the profits of the companies involved. In addition, there is a suspicion that material costs were declared that are not actually eligible. It would seem therefore that funds were misused, never or only partially reached the project partners and had already been used for personal advantage. Private and public interests seem to be considerably interrelated. Presumably there were problems when salaries were paid in projects financed by the EDF. Even legal action and a judgment from the Employment Tribunal was not able to bring about the payment and a large number of guest workers had to return to their countries of origin unpaid.

1. Is the Commission aware of the problem? If so, what has the Commission done or what is it going to do about it?
2. Is the Commission convinced that the funds were used in accordance with the rules on grants? Were the projects properly monitored? If so, how?
3. Which irregularities are known to the Commission, e.g. for the payment of those working on the project or the accounting errors? What measures are being taken to bring about the payment of the outstanding salaries?