ANNEXES

ANNEX 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission[1], I have reported my advice and recommendations to the Director-General/Executive Director on the overall state of internal control in the DG.

I hereby certify that the information provided in Section 2 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Date 01 April 2016

signed

Wojciech Kowalski

[1] Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and financial resources

Human Resources by ABB activity					
DG	ABB Activity		Establishment Plan posts	External Personnel	Total
NEAR	Enlargement strategy, process and assistance	Enlargement strategy, process and assistance	145	461[2]	**606**
	European Neighbourhood Instrument (ENI)	European Neighbourhood Instrument (ENI)	166	452[3]	**618**
	Management	Management of the Directorate-General for Neighbourhood and Enlargement Negotiations	48	179[4]	**227**
	Policy strategy and coordination	Policy strategy and coordination for the Directorate-General for Neighbourhood and Enlargement Negotiations	66	41[5]	**107**
NEAR		**Total**	**425[6]**	**1133[7]**	**1558**

General remark: the above data rely on the snapshot of Commission personnel actually employed in each DG/service as of 31 December of the reporting year. These data do not necessarily constitute full-time-equivalents (FTE) throughout the year. Where relevant, DGs add footnotes to the table on substantial differences between original planning and actual occupation as of 31 December of the concerned year.

[2] 450 in FTE

[3] 419 in FTE

[4] 155 in FTE

[5] 37 in FTE

[6] *The 2015 final allocation of establishment plan posts is 441, but we have a loan balance to other DGs of 18 posts due to the SGUA which requires to compensate the placement at disposal of jobholders with loans of quotas.*

[7] 1061 in FTE

Implementation of decentralised administrative authorised operations (payments and revenues) of their Global envelope as of 31 December 2015 (budget lines: XX 01 02 11 00 01 to XX 01 02 11 00 06).

		FMC	Crédits	Engagement	Paiement	% EXECUTION
22	22.010211.00	NEAR	2,387,517			
22	22.010211.00.01.10	NEAR		1,687,876	1,267,380	
22	22.010211.00.01.30	NEAR		9,600	3,595	HORS QUOTA
22	22.010211.00.02.20	NEAR		27,000	6,699	INCLUDED
22	22.010211.00.02.40	NEAR		89,000	78,091	(SGUA)
22	22.010211.00.03	NEAR		80,000	27,219	
22	22.010211.00.05	NEAR		34,931		
22	22.010211.00.06	NEAR		142,044	65,511	
22 Total			2,387,517	2,070,451	1,448,496	**86.72%**
22	22.010211.00	NEAR	1,529,517			
22	22.010211.00.01.10	NEAR		1,155,000	939,737	
22	22.010211.00.01.30	NEAR		9,600	3,595	QUOTA
22	22.010211.00.02.20	NEAR		22,000	5,568	ONLY
22	22.010211.00.02.40	NEAR		77,000	69,499	
22	22.010211.00.03	NEAR		80,000	27,219	
22	22.010211.00.05	NEAR		34,931		
22	22.010211.00.06	NEAR		142,044	65,511	
22 Total			1,529,517	1,520,575	1,111,130	**99.42%**

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG NEAR - Financial Year 2015

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Additional comments

The figure of € 2,407,947,789 presented as total payment for the DG include administrative payments realised under type 2 co delegation by other DGs, amounting to € 79,463,040. The adjusted paid amount by DG NEAR as presented in the body of the report is of €2,328,484,749.

Tables 4 and 5 of annexe 3 provide some 2014 comparative figures for each item shown. However, the comparative figures for 2014 relate to DG Enlargement only and do not include any figure for activities transferred from DG DEVCO, transfer of activities which were only accounted for in 2015 following the creation of the new DG NEAR. The two sets of figures are therefore not strictly comparable.

In addition, following a revision to the accounting policy, the costs for 2015 in DG NEAR include accrued charges for Budget Support of 681 million euros for which there was no equivalent accrual for either DG ELARG or DG DEVCO in 2014.

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 19 Foreign policy instruments					
19	19 05	Cooperation with third countries under the Partnership Instrument (PI)	1	1	100.00 %
Total Title 19			1	1	100.00%
Title 21 Development and cooperation					
21	21 01	Administrative expenditure of the 'Development and cooperation' policy area	44.89	44.31	98.71 %
	21 03	European Neighbourhood Instrument (ENI)	2,351.67	2320.40	98.67 %
Total Title 21			2,396.56	2,364.71	98.67 %
Title 22 Enlargement					
22	22 01	Administrative expenditure of the 'Enlargement' policy area	41.77	41.26	98.78 %
	22 02	Enlargement process and strategy	1,427.29	1,424.86	99.83 %
Total Title 22			1,469.06	1,466.12	99.80 %
Total DG NEAR			3,866.62	3,831.83	99.10 %

** Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*

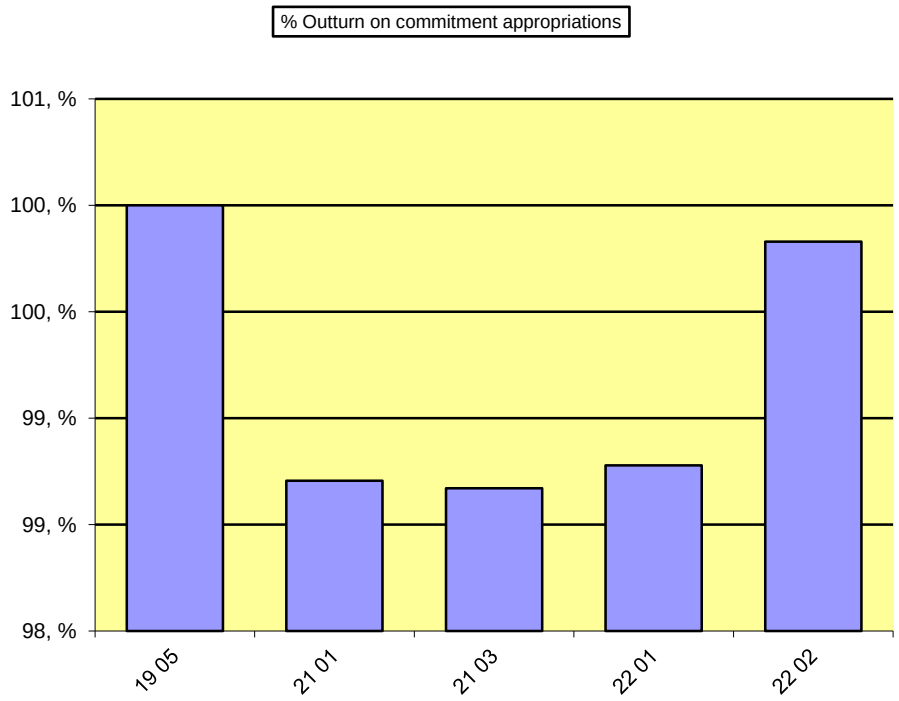


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 19 Foreign policy instruments					
19	19 05	Cooperation with third countries under the Partnership Instrument (PI)	0.22	0.22	100.00 %
Total Title 19			0.22	0.22	100.00 %
Title 21 Development and cooperation					
21	21 01	Administrative expenditure of the 'Development and cooperation' policy area	51.99	44.84	86.24 %
	21 03	European Neighbourhood Instrument (ENI)	1,519.32	1,510.10	99.39 %
Total Title 21			1,571.31	1,554.93	98.96 %
Title 22 Enlargement					
22	22 01	Administrative expenditure of the 'Enlargement' policy area	46.37	39.33	84.80 %
	22 02	Enlargement process and strategy	820.01	813.47	99.20 %
Total Title 22			866.38	852.80	98.43 %
	Total DG NEAR		2,437.91	2,407.95	98.77 %

** Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).*

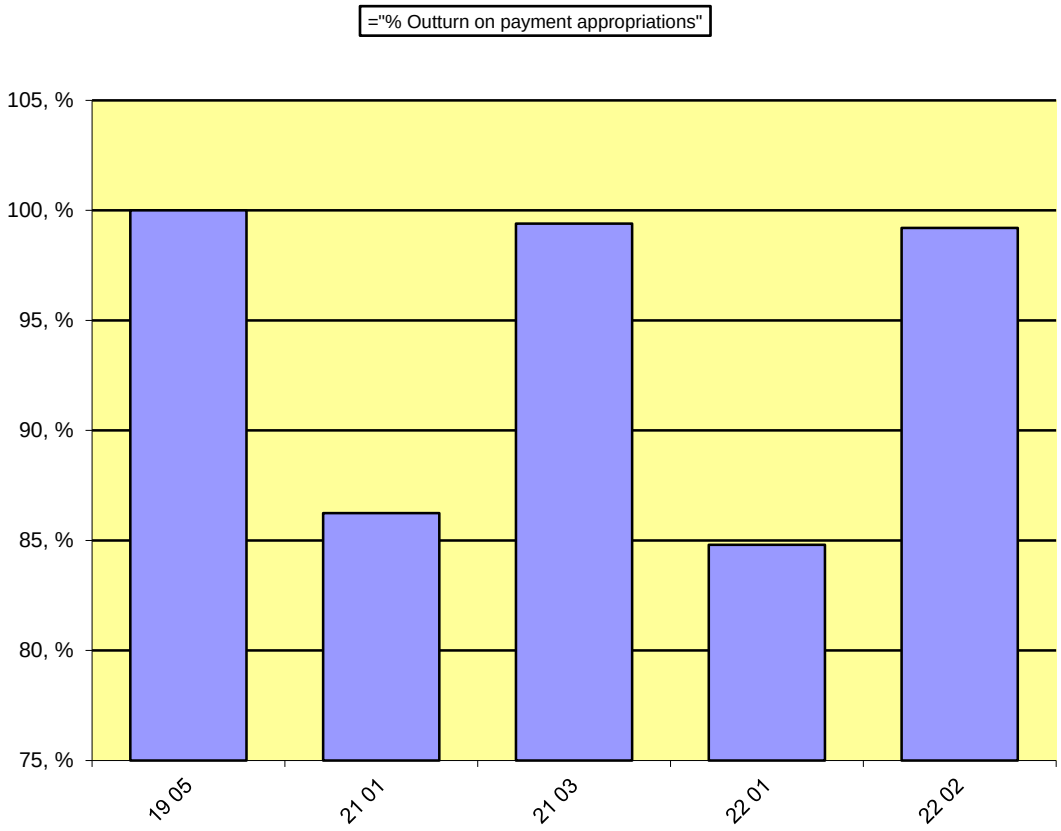

="% Outturn on payment appropriations"
105, %
100, %
95, %
90, %
85, %
80, %
75, %
19 05
21 01
21 03
22 01
22 02

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015(incl corrections)	Total of commitments to be settled at end of financial year 2014(incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 19 : Foreign policy instruments									
19	19 05	Cooperation with third countries under the Partnership Instrument (PI)	1	0.00	1	100.00%	0.78	1.78	1.00
Total Title 19			1	0.00	1	100.00%	0.78	1.78	1
Title 21 : Development and cooperation									
21	21 01	Administrative expenditure of the 'Development and cooperation' policy area	44.22	37.88	6.35	14.35 %	0.00	6.35	7.10
	21 03	European Neighbourhood Instrument (ENI)	2,320.40	294.56	2,025.84	87.31 %	5,230.39	7,256.23	6,559.75
Total Title 21			2,364.62	332.44	2,032.19	85.94%	5,230.39	7,262.58	6,566.85
Title 22 : Enlargement									
22	22 01	Administrative expenditure of the 'Enlargement' policy area	41.23	36.02	5.21	12.63 %	0.00	5.21	4.60
	22 02	Enlargement process and strategy	1,424.86	26.32	1,398.54	98.15 %	2,626.32	4,024.86	3,463.88
Total Title 22			1,466.09	62.34	1,403.75	95.75 %	2,626.32	4,030.07	3,468.48
	Total DG NEAR		3,831.71	394.78	3,436.94	89.70 %	7,857.50	11,294.43	10,036.33

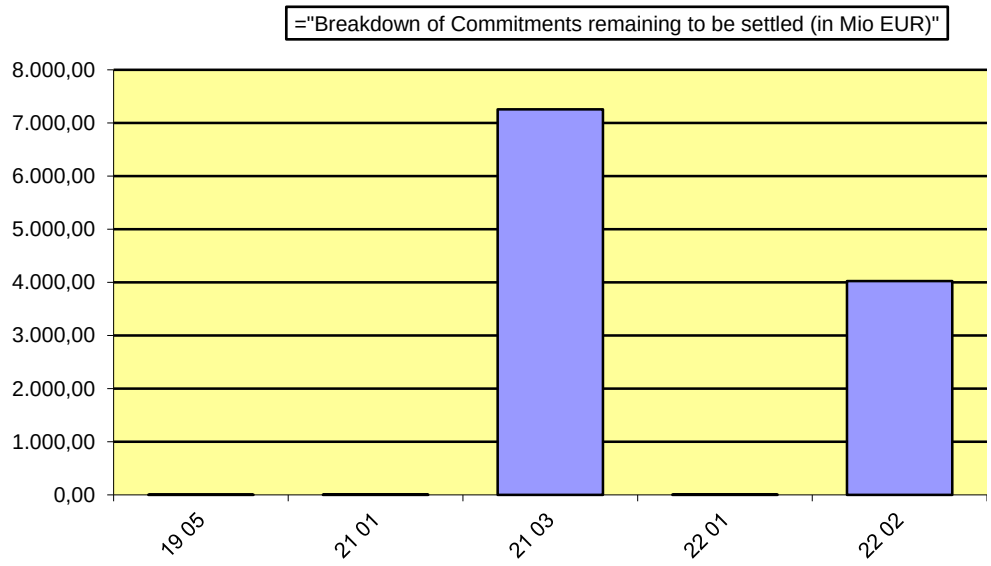


TABLE 4 : BALANCE SHEET[8]

BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	678,765,418.98	290,478,855.27
A.I.4. Non-Current Financial Assets	412,573,389.53	170,959,863.89
A.I.6. Non-Current Pre-Financing	266,192,028.45	119,518,991.38
A.I.7. OLD LT Pre-Financing		0.00
A.II. CURRENT ASSETS	1,364,594,312.18	480,493,692.49
A.II.2. Current Pre-Financing	1,091,884,790.46	383,406,243.09
A.II.3. Current Financial Assets	54,350,437.30	35,655,311.60
A.II.4. Exchange Receivables	19,715,136.66	3,288,739.41
A.II.5. Non-Exchange Receivables	11,182,534.26	41,987,646.22
A.II.7. Cash and Cash Equivalents	187,461,413.50	16,155,752.17
ASSETS	**2,043,359,730.16**	**770,972,547.76**
P.I. NET ASSETS/LIABILITIES	-63,140,864.83	-25,587,764.21
P.I.1. Reserves	-63,140,864.83	-25,587,764.21
P.II. NON CURRENT LIABILITIES	-6,215,823.07	-2,305,200.07
P.II.2. Long-term provisions	-6,215,823.07	-2,305,200.07
P.III. CURRENT LIABILITIES	-1,223,123,901.81	-94,117,703.47
P.III.2. Short-term provisions	-13,310,076.00	-680,500.00
P.III.4. Accounts Payable	-138,295,020.44	-28,321,755.89
P.III.5. Accrued charges and deferred income	-1,071,518,805.37	-65,115,447.58
LIABILITIES	**-1,292,480,589.71**	**-122,010,667.75**
NET ASSETS (ASSETS less LIABILITIES)	**750,879,140.45**	**648,961,880.01**
P.I.2. Accumulated Surplus / Deficit	1,489,250,222.89	797,369,431.30
Non-allocated central (surplus)/deficit*	-2,240,129,363.34	-1,446,331,311.31
TOTAL	**0.00**	**0.00**

[8] It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE[9]

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-49,010,081.09	-39,462,161.52
II.1.1. NON-EXCHANGE REVENUES	-92,255.42	-35,623,057.47
II.1.1.5. RECOVERY OF EXPENSES	-92,255.42	-35,623,057.47
II.1.2. EXCHANGE REVENUES	-48,917,825.67	-3,839,104.05
II.1.2.1. FINANCIAL INCOME	-25,015,577.52	-1,776,476.36
II.1.2.2. OTHER EXCHANGE REVENUE	-23,902,248.15	-2,062,627.69
II.2. EXPENSES	3,257,210,565.48	731,342,953.11
II.2. EXPENSES	3,257,210,565.48	731,342,953.11
II.2.10.OTHER EXPENSES	50,352,112.17	17,591,638.53
II.2.1. EXP IMPLEM BY MEMBER STATES (SHARED)	201,938,647.48	
II.2.2. EXP IMPLEM BY COMMISS&EX.AGENC. (DM)	2,075,253,349.90	373,231,946.27
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	-502,657.33	2,170,203.52
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	735,578,621.25	280,163,952.64
II.2.5. EXP IMPLEM BY OTHER ENTITIES (IM)	176,975,647.94	58,111,370.73
II.2.6. STAFF AND PENSION COSTS		28,868.36
II.2.8. FINANCE COSTS	17,614,844.07	44,973.06
STATEMENT OF FINANCIAL PERFORMANCE	**3,208,200,484.39**	**691,880,791.59**

[9] It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit

TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - DG NEAR

Legal Times

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
1	1				1	100.00 %	183
20	1	1	100.00%	11			
28	1	1	100.00%	20			
30	2,023	1,557	76.96%	13.89	466	23.04 %	71.58
37	2	2	100.00%	34			
45	1,657	1,222	73.75%	24.25	435	26.25 %	107.49
48	1	1	100.00%	11			
50	4	4	100.00%	20			
54	1	1	100.00%	7			
56	11	11	100.00%	17.91			
60	1,209	1,024	84.70%	31.80	185	15.30 %	98
73	1				1	100.00 %	197
75	1	1	100.00%	35			
76	1				1	100.00 %	181
81	2				2	100.00 %	197
82	1				1	100.00 %	289
83	2	1	50.00%	61	1	50.00 %	181
84	2				2	100.00 %	189
85	1				1	100.00 %	181
86	2				2	100.00 %	189
87	3				3	100.00 %	191.67
88	1				1	100.00 %	181
90	631	555	87.94%	39.96	76	12.04 %	127.14
99	1	1	100.00%	29			

Total Number of Payments	**5559**	**4381**	**78.81%**		**1,178**	**21.19 %**	
Average Payment Time	**39.13**			**24.31**			**94.25**

Target Times							
Target Payment Time (Days)	**Total Number of Payments**	**Nbr of Payments within Target Time**	**Percentage**	**Average Payment Times (Days)**	**Nbr of Late Payments**	**Percentage**	**Average Payment Times (Days)**
20	522	280	53.64 %	10.26	242	46.36 %	68.95
30	1,976	968	49.01 %	16.57	1,008	50.99 %	75.42
Total Number of Payments	**2,497**	**1,248**	**49.98 %**		**1,249**	**50.02 %**	
Average Payment Time	**44.67**			**15.15**			**74.17**

Suspensions							
Average Report Approval Suspension Days	**Average Payment Suspension Days**	**Number of Suspended Payments**	**% of Total Number**	**Total Number of Payments**	**Amount of Suspended Payments**	**% of Total Amount**	**Total Paid Amount**
9	137	1,603	28.84 %	5,559	432,861,718.39	18.78 %	2,304,836,235.79

Late Interest paid in 2015			
DG	**GL Account**	**Description**	**Amount (Eur)**
NEAR	65010000	Interest expense on late payment of charges	618,118.40
NEAR	65010100	Interest on late payment of charges New FR	-1,359.20
			616,759.20

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	1,211,728.67	3,126	1,214,854.67	1,207,207.96	1,421	1,208,628.96	6,225.71
59	OTHER REVENUE ARISING FROM ADMINISTRATIVE MANAGEMENT	21,722.25	0	21,722.25	21,722.25	0	21,722.25	0
63	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	7,302,777.06	0	7,302,777.06	7,302,777.06	0	7,302,777.06	0
66	OTHER CONTRIBUTIONS AND REFUNDS	66,771,306.01	9,772,896.26	76,544,202.27	53,360,200.14	6,365,745.04	59,725,945.18	16,818,257.09
81	LOANS GRANTED BY THE COMMISSION	39,933,838.8	0	39,933,838.8	34,230,320.7	0	34,230,320.7	5,703,518.1
90	MISCELLANEOUS REVENUE	265,609.83	0	265,609.83	265,609.83	0	265,609.83	0
Total DG NEAR		**115,506,982.6**	**9,776,022.26**	**125,283,004.88**	**96,387,837.94**	**6,367,166.04**	**102,755,003.98**	**22,528,000.90**

TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2004	1	6,964.19	2	158,228.71	**3**	**165,192.90**	3	165,192.90	100.00%	100.00%
2005			2	405,772.56	**2**	**405,772.56**	2	405,772.56	100.00%	100.00%
2006	1	704,236.71	6	1,573,796.23	**7**	**2,278,032.94**	9	7,982,298.36	77.78%	28.54%
2007	1	179	5	1,522,636.28	**6**	**1,522,815.28**	9	8,091,095.94	66.67%	18.82%
2008	2	129,250.94	6	649,474.81	**8**	**778,725.75**	14	1,164,642.18	57.14%	66.86%
2009	2	1,819.29	6	70,932.27	**8**	**72,751.56**	19	2,916,934.15	42.11%	2.49%
2010	5	269,535.55	15	1,892,003.05	**20**	**2,161,538.60**	31	2,450,880.46	64.52%	88.19%
2011	6	42,148.05	20	3,870,694.45	**26**	**3,912,842.50**	60	6,841,649.73	43.33%	57.19%
2012	6	202,122.74	13	1,496,850.97	**19**	**1,698,973.71**	69	6,239,261.88	27.54%	27.23%
2013	3	72,075.19	9	291,105.70	**12**	**363,180.89**	31	871,095.75	38.71%	41.69%
2014			7	56,659.74	**7**	**56,659.74**	14	756,851.63	50.00%	7.49%
2015							2	142,908.20		
No Link	2	1,010,399.28	15	6,173,732.02	**17**	**7,184,131.30**	53	76,436,174.39	32.08%	9.40%
Sub-Total	**29**	**2,438,730.94**	**106**	**18,161,886.79**	**135**	**20,600,617.73**	**316**	**114,464,758.13**	**42.72%**	**18.00%**

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS	106	323,341.02	140	57,115,463.11			**246**	**57,438,804.13**	322	65,081,419.01	76.40%	88.26%
CREDIT NOTES	81	761,025.83	202	2,677,823.04			**283**	**3,438,848.87**	336	3,795,479.62	84.23%	90.60%
Sub-Total	**187**	**1,084,366.85**	**342**	**59,793,286.15**			**529**	**60,877,653**	**658**	**68,876,898.63**	**80.40%**	**88.39%**

GRAND TOTAL	**216**	**3,523,097.79**	**448**	**77,955,172.94**			**664**	**81,478,270.73**	**974**	**183,341,656.76**	**68.17%**	**33.20%**

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR NEAR						
	Number at 01/01/2015	**Number at 31/12/2015**	**Evolution**	**Open Amount (Eur) at 01/01/2015**	**Open Amount (Eur) at 31/12/2015**	**Evolution**
2000	1		-100.00 %	91,219.00		-100.00 %
2002	1	1	0.00 %	129,919.66	129,919.66	0.00 %
2007	1	1	0.00 %	37,110.00	37,110.00	0.00 %
2008	2	1	-50.00 %	30,700.55	18,055.00	-41.19 %
2009	2	2	0.00 %	27,200.00	27,200.00	0.00 %
2010	2	2	0.00 %	73,224.00	73,224.00	0.00 %
2011	9	8	-11.11 %	1,956,469.29	1,900,609.29	-2.86 %
2012	6	6	0.00 %	467,569.57	467,569.57	0.00 %
2013	7	6	-14.29 %	403,063.22	376,932.05	-6.48 %
2014	31	9	-70.97 %	6,559,546.97	378,236.65	-94.23 %
2015		71			19,119,144.68	
	62	107	72.58 %	9,776,022.26	22,528,000.90	130.44 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2015 >= EUR 100.000						
	Waiver Central Key	**Linked RO Central Key**	**RO Accepted Amount (Eur)**	**LE Account Group**	**Commission Decision**	**Comments**

Total DG	

Number of RO waivers	

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG NEAR - 2015

External Actions > EUR 20,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 242 1c)	5	1,584,508.00
Art. 266.1(a)	4	5,388,200.00
Art. 266.1(b)	15	15,905,390.00
Art. 266.1(c)	13	5,482,715.00
Art. 266.1(d)	6	6,477,700.00
Art. 266.1(f)	5	704,983.92
Art. 266.1(h)	1	32,400.00
Art. 268.1(b)	1	84,633.84
Art. 268.1(c)	3	554,630.25
Art. 268.1(d)	10	8,640,993.81
Art. 270.1(b)	2	557,837.49
Art. 270.1(c)	1	299,919.00
Art. 270.1(e)	2	2,555,583.59
Total	**68.**	**48,269,494.90**

Procurement > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(b)	1	299,990.00
Art. 134.1(f)	1	199,250.00
Total	**2.**	**499,240.00**

TABLE 12 : SUMMARY OF PROCEDURES OF DG NEAR EXCLUDING BUILDING CONTRACTS

External Procedures > € 20,000		
Procedure Type	**Count**	**Amount (€)**
(Ext. act) Service - Competitive Negot.Proc. with at least three candidates without pub.(Art. 265.1(b) & 3 RAP)	59	8,446,581.76
(Ext. act) Service - Exceptional Negotiated Procedure with a single offer (Art. 266 RAP)	44	33,991,388.92
(Ext. act) Service - International Open Procedure with prior publication (Art. 265(1)(a)(ii) RAP)	3	8,181,095.00
(Ext. act) Service - International Restricted Procedure with prior publication (Art. 265.1(a)(i) & 2 RAP)	69	150,014,805.46
(Ext. act) Service - Negotiated Procedure with a single offer (Art. 242 IR)	5	1,584,508.00
(Ext. act) Supply - Competitive Negot.Proc. with at least three candidates without pub.(Art.267.1(b)(ii)&2 RAP)	5	179,861.02
(Ext. act) Supply - Exceptional Negotiated Procedure with a single offer (Art. 268 RAP)	14	9,280,257.90
(Ext. act) Supply - International Open Procedure after publication of a contract notice (Art. 267.1(a) RAP)	36	19,327,888.56
(Ext. act) Supply - Local open procedure with prior publication (Art. 267.1(b)(i) RAP)	10	1,450,905.57
(Ext. act) Works - Competitive Negot.Proc. with at least three candidates without pub. (Art. 269.1(c) & 2 RAP)	7	1,101,765.30
(Ext. act) Works - Exceptional Negotiated Procedure with a single offer (Art. 270 RAP)	5	3,413,340.08
(Ext. act) Works International Open Procedure with prior publication (Art. 269.1(a)(i) RAP)	5	18,899,076.86
(Ext. act) Works - Local Open Procedure with prior publication (Art.269.1(b) RAP)	17	21,513,344.91
TOTAL	**279**	**277,384,819.34**

Internal Procedures > € 60,000		
Procedure Type	**Count**	**Amount (€)**
Competitive Dialogue (Art. 132 RAP)	1	1,485,000.00
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	2	499,240.00
Restricted Procedure (Art. 127.2 RAP)	1	3,593,091.50
TOTAL	**4**	**5,577,331.50**

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported

ANNEX 4: Materiality criteria

Deciding whether a weakness is significant is a matter of judgement by the AOD, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he/she should identify the overall impact of a weakness and judge whether it is material enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets at the moment of designing the internal control system under his/her responsibility. Determining specific materiality criteria involves making a judgement in both qualitative and quantitative terms.

In quantitative terms:

As regards legality and regularity, the quantitative materiality threshold must not exceed 2%. This is the point where the value of the errors in the transactions affected by the weakness is estimated to represent more than 2% ("at risk"/"exposure") of the authorised payments of the reporting year for each of the Financial Instrument (ENI and IPA) of the DG. Also, if a result for a given control environment is above the materiality threshold, then a reservation will be introduced for this particular control environment. The Determined Error Rate (DER) is established on the basis of the Residual Error Rate (RER) to which is added the corrections (Recovery Orders) linked to ineligible expenditure.

In qualitative terms:

A weakness will be deemed significant in qualitative terms if it falls in the scope of this Declaration and taking into consideration the existence of compensatory measures (such as mitigating controls) or corrective actions taken (i.e.: action plans) is still considered significant per its nature, scope or duration (e.g.: systematic, wide ranging or long lasting). Also, a weakness will be judged material if it creates a high reputational risk for the Commission.

In addition, a multi-annual approach will be adopted, in which case the DG should present evidence that the control systems are effective in a multi-annual perspective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a 'cumulative basis', on the basis of the totals over the entire programme lifecycle.

Because of their multiannual nature, the effectiveness of DG NEAR's control strategy can only be fully measured and assessed once all audits, checks and controls have been fully implemented and systematic errors have been detected and corrected.

ANNEX 5: Internal Control Template(s) for budget implementation (ICTs)

Grants - direct management

Stage 1 - Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Annual Work Programme and Calls for proposals

Main control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
The annual work programme and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or lead to a substantial increase implementation risks.	- Hierarchical validation within the authorising department. - Inter-service consultation, including all relevant DGs. -Quality support Group. - Centralised checklist-based verification. - Ex-post monitoring: lessons-learned survey/discussion with evaluators	If risk materialises, all grants awarded during the year under this work programme or call would be irregular. Possible impact 100% of budget involved and significant reputational consequences. Coverage / Frequency: **100%** **Depth:** Checklist includes a list of the requirements of the regulatory provisions identified.	**Costs[10]:** estimation of cost of staff involved in the preparation and validation of the annual work programme and calls. Cost of contracted services, if any. **Benefits:** The (average annual) total budgetary amount of the annual work programs or calls with significant errors detected and corrected.	**Effectiveness:** Number of calls successfully implemented over the total of calls planned. **Efficiency:** Average cost of preparation, adoption and publishing an of annual work programme, compared with established benchmarks and evolution over time.

[10] For 2015, the estimation of the cost of control for all management modes has been made following the methodology detailed in the AAR. Further reflexion will be made on the opportunity and the possibility to have an estimation of the costs of control on the basis of the processes detailed in this annexe 5. This reflexion will also entail the estimation of benefits and possible control indicators (Effectiveness and Efficiency), for all 5 management modes and per stage of implementation as detailed in this annex.

B - Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among (a good balance of) the proposals selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals. The beneficiary lacks operational and/or financial capacity to carry out the actions	- Assignment of staff and/ or - Selection and appointment of expert evaluators - Assessment by staff and/or by independent experts. - Review (e.g. by a mixed panel) and hierarchical validation by the AO of ranked list of proposals - Publication -Validation of beneficiaries (operational and financial viability) -In-depth financial verification and taking appropriate measures for high risk beneficiaries	-100% as regards technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias) -100% of proposals are evaluated. Depth may be determined by screening of outline proposals (two-step evaluation). -Coverage: 100% of ranked list of proposals. Supervision of work of evaluators. -Depth depends of risk factors. -100% of contested decisions	**Costs:** estimation of cost of staff involved in the evaluation and selection of proposals. Cost of the appointment of experts and of the logistics of the evaluation. **Benefits:** Benefits is the amount of projects rightfully selected.	**Effectiveness:** Number of grants awarded following the correct procedure as a percentage of total awards (should be 100%). **Efficiency Indicators:** total (average) annual cost of expert evaluation compared with benefits (ratio). Average cost per call and/or per (selected) proposal. % cost over annual amount disbursed in grants. Time-to- publication of selection results.

Stage 2 - Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. . Procedures do not comply with regulatory framework.	-Project Officers implement evaluators' recommendations in discussion with selected applicants. -Hierarchical validation of proposed adjustments. -Signature of the grant agreement by the AO.	-100% of the selected proposals and beneficiaries are scrutinized. -Coverage: 100% of draft grant agreements.	**Costs:** estimation of cost of staff involved in the contracting process. **Benefits:** Amount of correctly formulated proposals**.**	**Effectiveness**: Number of contracts correctly formulated as a percentage of the total of contracts. Should be 100%. **Efficiency Indicators**: Value of grant agreements completed over budget requested in the corresponding proposals (%) Time-to-Grant

Stage 3 - Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.	-Operational and financial checks in accordance with the financial circuits. -Operation authorisation by the AO -For riskier operations, exante in-depth and/or on-site verification. -For high risk operations, reinforced monitoring -Recommended: consider an *ex-ante* verification on-the- spot (OV and/or FV) - e.g. monitoring visit. Earmark projects for *risk-based expost* audit. If needed: application of Suspension/interruption of payments, Penalties or liquidated damages. Referring grant to OLAF	-100% of the projects are controlled, including only value-adding checks. -Riskier operations subject to in-depth and/or on-site controls. The depth depends on risk criteria. High risk operations identified by risk criteria. Red flags: delayed interim deliverables, suspicion of plagiarism, unstable consortium, requesting many amendments, EWS or anti-fraud flagging, etc. Depth: depends from results of ex-ante controls.	**Costs:** estimation of cost of staff involved in the actual management of running projects. **Benefits:** budget value of the costs claimed by the beneficiary, but rejected by the project officers. Budget value of the part of the grant not paid out as pre-financing for projects that have been stopped by the Commission. Budget value of penalties and liquidated damages	**Effectiveness:** Budget amount of the errors concerned. Number of projects with cost claim errors; Budget amount of the cost items rejected. Number of penalties damages; amount of the penalties damages. **Efficiency Indicators**: Time-to-payment

Stage 4 - Ex-Post controls A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.	-Ex-post control strategy: Carry out audits or desk- reviews of a representative sample of operations to determine effectiveness of ex-ante controls (+ consider ex-post findings for improving the ex-ante controls). -If error rate over tolerable threshold, control a riskbased sample to lower the residual error rate below the tolerable threshold. -Recommended: multi-annual basis (programme's lifecycle) and coordination with	Representative sample: random or MUS sample sufficiently representative to draw valid management conclusions Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise error correction (either higher amounts or expected error rate).	**Costs:** estimation of cost of staff involved in the coordination and execution of the audit strategy .Cost of the appointment of audit firms for the outsourced audits. **Benefits:** budget value of the errors detected by the auditors.	**Effectiveness**: Representative error rate. Residual error rate below tolerable threshold. Amount of budget of errors concerned. Number of projects with errors; budget amount of the errors detected. **Efficiency:** total (average) annual cost of audits compared with benefits (ratio).

Main risks It may happen (again) that-	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
	beneficiary If needed: referring the beneficiary or grant to OLAF			

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality & regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting)

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits. Authorisation by AO	Coverage: 100% of final audit results *with a financial impact.* Depth: consider 'extending' the findings of systemic errors into corrections of non-audited projects by the same beneficiary	**Costs:** estimation of cost of staff involved in the implementation of the audit results. **Benefits:** budget value of the errors, detected by ex-post controls, which have actually been corrected (offset or recovered).	**Effectiveness**: Number/value/% of audit results pending implementation Number/value/% of audit results failed implementation Success ratio; % of value of the ROs over detected errors by the auditors. **Efficiency Indicators:** total (average) annual cost of implementing audit audits compared with benefits (ratio). Time-to-recovery

Procurement, Direct Management.

Stage 1 *A - Planning*

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks *It may happen (again) that…*	**Mitigating controls**	**How to determine coverage frequency and depth***	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives	-Publication of intended procurements / Work programme. -Validation by AO(S)D of justification (economic , operation) for launching a procurement process -Decisions discussed/taken at management meeting	-100% of the forecast procurements (open procedures with prior notification) are justified in a note addressed to the AO(D) -All key procurement procedures (> amounts and/or having significant impact on the objectives of the DG) are discussed at management meeting	**Costs:** estimation of cost of staff involved and the related contract values (if external expertise is used). **Benefits:** Amount of contracts awarded correctly.	**Effectiveness:** Number of projected tender cancelled, Number of contract discontinued due to lack of use (poor planning). **Efficiency:** average cost per tender.

B - Needs assessment & definition of needs

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks *It may happen (again) that…*	**Mitigating controls**	**How to determine coverage frequency and depth***	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The best offer/s are not submitted due to the poor definition of the tender specifications	-AOSD supervision and approval of specifications -Additional supervisory verification by specialised expert actor or entity.	-100% of the specifications are scrutinised. **Depth** may be determined by the amount and/or the impact on the objectives of the DG if it goes wrong -100% of the tenders above a financial threshold (e.g.>60.000 €) are reviewed. **Depth** risk based, depends on the sensitivity	**Costs:** estimation of cost of staff involved and the related contract values (if external expertise is used). **Benefits:** limit the risk of litigation, limit the risk of cancellation of a tender. Amount of contracts for which the approval and supervisory control detected material error.	**Effectiveness:** N° of 'open' or procedures where only one or no offers were received. N° of requests for clarification regarding the tender. **Efficiency:** Estimated average cost of a procurement procedure.

C - Selection of the offer & evaluation
Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection.

Main risks *It may happen (again) that…*	**Mitigating controls** (those in **bold** are strongly recommended)	**How to determine coverage frequency and depth***	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process	-Formal evaluation process: Opening committee and Evaluation committee -Opening and Evaluation Committees' declaration of absence of conflict of interests -Exclusion criteria documented	100% of the offers analysed. conditions are fulfilled	Costs: estimation of cost of staff involved Benefits: Compliance with FR. Difference between the most onerous offer and the selected one.	**Effectiveness:** Numbers of 'valid' complaints or litigation cases filed. **Efficiency:** Cost of successful tender minus cost of the most onerous one (or average cost).

Stage 2 - Financial transactions

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks *It may happen (again) that…*	**Mitigating controls**	**How to determine coverage frequency and depth***	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The products/services/works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions. Business discontinues because contractor fails to deliver	-Operational and financial checks in accordance with the financial circuits. -Operation authorisation by the AO -For riskier operations, ex-ante in-depth verification. -For high risk operations, reinforced monitoring on deliverables timing. -Management of sensitive functions	-100% of the contracts are controlled, including only value- adding checks. -Riskier operations subject to in- depth controls. -The depth depends on risk criteria. -High risk operations identified by risk criteria. -Amount and potential impact on the DG operations of late or no delivery.	**Costs:** estimation of cost of staff involved. **Benefits:** Amount of irregularities, errors and overpayments prevented by the controls	**Effectiveness:** % error rate prevented (amount of errors/irregularities averted over total payments). Number/amount of liquidated damages. **Efficiency:** Average cost per open project. % cost over annual amount disbursed Time-to-payment Late interest payment and damages paid (by the Commission).

Stage 3 - Supervisory measures

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks *It may happen (again) that…*	**Mitigating controls** (those in **bold** are strongly recommended)	**How to determine coverage frequency and depth***	**How to estimate the costs and benefits of controls**	**Possible control indicators**
An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment	-Supervisory desk review of procurement and financial transactions -Ex-post publication (possible reaction from tenderer / potential tenderer such as whistle blowing) -Review of ex post results -Review of exceptions reported -Review of the process after each procedure	Representative sample or audits base on risk and mandatory. **Depth:** review of the procedures implemented (procurement and financial transactions) Potentially 100% 100% at least once a year. **Depth:** look for any systemic problem in the procurement procedure and in the financial transaction procedure and any weakness in the selection process of the ex post controls 100% at least once a year. **Depth:** look for any weakness in the procedures (procurement and financial transactions) 100%. **Depth:** review any significant problem that occurred	**Costs:** estimation of cost of staff involved. **Benefits:** Amounts detected associated with fraud & error. Deterrents & systematic weaknesses corrected.	**Effectiveness:** Amounts associated with errors detected (related to fraud, irregularities and error). In % over total checked. N° system improvements made. **Efficiency:** Costs of the ex post controls and supervisory measures with respect to the 'benefits'. Average cost of an ex-post control

Budgetary support, Direct Management

Stage 1: Identification and Formulation

Main control objectives: Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country.

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible Control indicators
The Commission supports partner countries which do not meet the criteria on fundamental values and/or the 4 eligibility criteria. The programme is wrongly formulated to meet the general objectives for budget support programmes. The programme specific objectives are not aligned with partner countries policies, are not coordinated with other aligned donors and are not consistent with EU development policy.	Quality support groups in headquarters to analyse the identification fiche, the action fiche and the draft financing agreement. Financial circuits for level one commitment for Budget support operations.	100% of identification fiches and financial agreements.	**Cost**: Cost of personnel in the preparation of Budget support operations. Up to the FA. **Benefits**: Amount of Financing agreement signed that fulfil the criteria.	**Effectiveness**: Amount of Budget support programme that fulfil the criteria over the total amount of programmes signed. **Efficiency**: Cost of control for the preparation of Budget support Financing agreements over the total cost of control, and its evolution.

Stage 2: Contracting: Not applicable for Budget Support.

Stage 3: Monitoring of the implementation, operational, financial and reporting aspects.

Main control objectives: Ensuring that the operational results meet the conditions, objectives and expected results (effectiveness and

efficiency); Ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks It may happen (again) that…	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
The Commission fails to identify a significant deterioration of fundamental values and/or wrong assessment on the 4 eligibility criteria before BS payments are released. The Commission makes a wrong calculation of the amount to be disbursed for the variable tranches. Risk that transfer of funds into the treasury account has not respected the terms of financing agreement on exchange rate and treasury credit delay.	1/Policy structured dialogue on eligibility, risk assessment framework and policy performance framework. 2/Financial circuits for payments in BS operations. 3/Risk assessment framework implemented and reviewed for substantial or high risk BS programmes.	For 1 and 2, 100% of payments. For 3 substantial or high risk BS payments.	**Cost**: Cost of personnel in the monitoring of operations. **Benefits**: Amount of payments made that fulfil the criteria.	**Effectiveness**: Amount of Budget support payments that fulfil the criteria over the total amount of programmes signed. **Efficiency**: Cost of control for the monitoring of Budget support payments over the total cost of control, and its evolution.

Stage 4: Evaluation and ex-posts controls

A- Evaluation.

Main control objectives: Measuring the outcome and output of the scheme, ensuring feedback and input to the set-up and implementation of the scheme.

Main risks It may happen (again) that…	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The Commission has insufficient objective information to measure the outcome and output of its budget support operations.	Set up and implementation of an evaluation strategy in order to determine the effectiveness of budget support operations.	Adequate sampling that allows drawing valid management conclusions.	**Cost**: Cost of personnel involved in the evaluation of Budget Support operations. **Benefits**: Amount of Budget Support operations evaluated.	**Effectiveness**: Amount of Budget support operations evaluated over the initial planning of Budget support operations to be evaluated. **Efficiency**: Cost of control for the evaluation of Budget support operations payments over the total cost of control, and its evolution.

B- Ex post controls.

Main control objectives: Measuring the effectiveness of ex-ante controls, detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity, anti-fraud strategy), addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The ex-ante controls fail to prevent, detect and correct erroneous disbursements or fraud.	Residual error rate study. Review of sample transactions during Verifications missions to Delegations.	BS payments included in the scope of the RER study[11]. Size and composition of sample are determined in accordance with the	**Cost**: Cost of the RER study. Cost of verification missions to Delegations. **Benefits**: Recoveries made on the basis of the findings realised.	**Effectiveness**: RER study covers at least 90% of the DG's overall expenditure. **Efficiency**: Cost of

[11] In 2015, only one payment was made under IPA under the budget support modality, which is not covered by the RER study.

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
		cooperation portfolios managed by the visited Delegations.		control for the ex post controls of the budget support operations over the total cost of control and its evolution.

C-Implementing results from ex-post audits/controls

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The deficiencies, errors and irregularities detected through evaluations and ex-post controls are not addressed (timely).	Systematic registration of evaluation and expost control outcomes to be implemented. Authorisation by AO.	**Coverage**: 100% of evaluation and ex-post control outcome with a financial impact. **Depth**: consider 'extending' the findings of systemic errors into corrections of non-audited projects by the same country partner.		

Indirect Management by beneficiary countries (IMBC)[12]

Stage 1 – Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Programming decision(s) (including choice of management mode), publication evaluation and selection of proposals/offers

Main control objectives: Ensuring that the Commission selects the implementation mode and subsequently the /proposals/offers that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality & regularity); prevention of fraud (anti-fraud strategy)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The Decision(s) do not adequately reflect the policy objectives, priorities; For IPA, the establishment (or prolongation) of the mandate of the partner country is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity);	Hierarchical validation within the authorising department; Inter-service consultation, including all relevant DGs; Adoption by the Commission Systems audits (de-centralised management under IPA) Recommended: (1) Explicit allocation of responsibility to individual officials (reflected in task assignment or function descriptions) (2) Use of standardised checklist-based verification	If risk materialises risk that some or all costs would be irregular. Possible impact on budget involved and significant reputational consequences. **Coverage / Frequency**: 100% **Depth**: Checklists includes a list of the necessary requirements	**Costs**: estimation of cost of staff involved in the preparation and validation of the annual work programme and calls. Cost of contracted services, if any. **Benefits**: The (average annual) total budgetary amount of the decisions and transactions with significant errors detected and corrected.	**Effectiveness**: - Systems audit findings - Corrective measures - Consumption rate of commitment credits **Efficiency**: Cost of control for the programming phase over the total cost of control and its evolution.

[12] Please note that the mode of implementation for IMBC has different modalities under IPA and ENI. The implementation modalities referred to here are the ones of IPA.

B - Selecting and awarding: Evaluation and selection of proposals/offers

Main control objectives: Ensuring that the most promising proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the Decisions and subsequent calls for proposals/tenders. Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers;	Assignment of staff (e.g. Task Managers) Use of standardised checklist-based verification	100%[13]	**Costs**: estimation of cost of staff involved in the evaluation and selection of proposals. **Benefits**: Amount of contracts awarded following the procedure.	**Effectiveness:** **-**Relevant rejection rates **Efficiency Indicators**: Cost of control for the evaluation phase over the total cost of control and its evolution.

[13] With regard to de-centralised management: the Conferral of Management decisions in place for the reporting period stipulate ex ante control of 100% of transactions prepared by the National Authorities in the beneficiary countries up to the contract signature. In the case of Turkey a progressive drawing down of exante controls has started to be implemented.

Stage 2 - Contracting: Transformation of selected proposals / offers into legally binding grant agreements / contracts

Main control objectives: Ensuring that the actions and fund allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. The beneficiary /contractor does not meet eligibility criteria or lack financial capacity to carry out the actions	Assignment of staff (e.g. Task Managers) Use of standardised checklist-based verification	100% of the selected proposals / offers and beneficiaries / candidates are scrutinised. Coverage: 100% of draft grant agreements / contracts. NB: the contracting authority is the relevant national authority, so process does not included contract signature by Commission	**Costs**: estimation of cost of staff involved in the ex *ante* control of grant award contracting process. [For 2014 not differentiated from stage 1]. **Benefits**:	**Effectiveness**: - Rejection Rates[14] - Derogations, prior approvals and other exceptions authorised **Efficiency indicators:** Cost of control for the contracting phase over the total cost of control and its evolution.

[14] Ratio between the number of rejections of tender, evaluation, and contracts documents submitted by National Implementing Agencies (IAs) for the Commission's ex ante control and the absolute number of submissions of documents for approval in the reporting year.

Stage 3 - Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

<table>
<tr><th>Main risks
It may happen (again) that…</th><th>Mitigating controls</th><th>How to determine coverage, frequency and depth</th><th>How to estimate the costs and benefits of controls</th><th>Possible control indicators</th></tr>
<tr><td rowspan="3">The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).</td><td rowspan="2">Operational monitoring in accordance with the responsibilities of the Commission
For high/very high projects this may include on the spot missions</td><td>100% of the projects are monitored;
Systems audits (de-centralised management) implemented according to systems audit programme;
Riskier operations subject to in-depth and/or on-site controls;
The depth depends on risk assessment.</td><td rowspan="3">Costs: estimation of cost of staff involved in the monitoring of running projects (for 2014 this estimation covers all management modes and implementation states without differentiation); costs of externalised monitoring / audit
Benefits: budget value of the costs claimed by the beneficiary, but rejected by the desk and financial officers</td><td rowspan="3">Effectiveness:
- Systems audit findings
- Corrective measures
- Irregularities reported by the National authorities;

- Efficiency Indicators:
Cost of control for the monitoring phase over the total cost of control and its evolution.</td></tr>
<tr><td rowspan="2">If needed: application of Suspension/interruption of payments, Penalties or liquidated damages. Referring grant to OLAF</td><td>High risk operations identified by risk assessment</td></tr>
<tr><td>Depth: depends on results of ex ante controls / risk assessment.</td></tr>
</table>

Stage 4 - Ex-Post controls

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	Audit strategy: Carry out ex post control audits of a representative sample of operations to identify errors, recovery unduly paid amounts, and establish the residual error rates Validate audit results with beneficiary If needed: refer case to OLAF	Representative sample: sample sufficiently representative to draw valid management conclusions Risk-based sample, determined in accordance with the selected criteria	**Costs**: estimation of cost of staff involved in the coordination and execution of the audit strategy. Cost of contracts with audit firms for the outsourced audits. **Benefits**: recovery unduly paid amounts, establishment of residual error rates	**Effectiveness**: Residual error rate. **Efficiency**: Cost of control for the ex post control phase over the total cost of control and its evolution.

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The audit strategy focus on the detection of external errors (e.g. made by beneficiaries) and do not consider any internal errors made by staff or embedded systematically in the own organisation	Establish an audit strategy, performed by independent staff not involved in the operational and financial circuits	Coverage: ideally, the sample will be representative to enable drawing valid management conclusions about the entire population during the programme's lifecycle.		

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality & regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits. Authorisation by the relevant AOSD	Coverage: Final audit results *with a financial impact.* Depth: consider 'extending' the findings of systemic errors into corrections of non-audited projects by the same beneficiary	**Costs**: Same as above. **Benefits**: Value of the errors, detected by ex post controls, leading to recoveries.	**Effectiveness**: - Total recovery orders issued - Corrective measures

Indirect management by entrusted entities

Stage 1 – Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Programming decision(s) (including choice of management mode), publication evaluation and selection of proposals/offers

Main control objectives: Ensuring that the Commission selects the implementation mode and subsequently the /proposals/offers that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality & regularity); prevention of fraud (anti-fraud strategy)

Main risks *It may happen (again) that…*	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The Decision(s) do not adequately reflect the policy objectives, priorities; The establishment (or prolongation) of the mandate of the entrusted entity is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity); Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers;	Hierarchical validation within the authorising department; Inter-service consultation, including all relevant DGs; Adoption by the Commission Pillar assessments / follow-up Recommended: (1) Explicit allocation of responsibility to individual officials (reflected in task assignment or function descriptions) (2) Use of standardised checklist-based verification	If risk materialises risk that some or all costs would be irregular. Possible impact on budget involved and significant reputational consequences. **Coverage / Frequency**: 100% **Depth**: Checklists includes a list of the necessary requirements	**Costs**: estimation of cost of staff involved in the preparation and validation of the annual work programme and calls. **Benefits**: The (average annual) total budgetary amount of the decisions and transactions with significant errors detected and corrected.	**Effectiveness**: - Results of pillar assessments / follow-up - Corrective measures - Consumption rate of commitment credits **Efficiency**: Cost of control for the programming phase over the total cost of control and its evolution.

B - Selecting and awarding: Evaluation and selection of proposals/offers

Main control objectives: Ensuring that the most promising proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the Decisions and subsequent calls for proposals/tenders.	Assignment of staff (e.g. Task Managers)	100%	**Costs**: estimation of cost of staff involved in the evaluation and selection of proposals. **Benefits**: Amount of contracts awarded following the procedure.	**Effectiveness:** number of contracts awarded following the procedure over the overall number of contracts. **Efficiency Indicators**: Cost of control for the awarding phase over the total cost of control and its evolution.
	Review and hierarchical validation of selected proposals / offers	100%		

Stage 2 - Contracting: Transformation of selected proposals / offers into legally binding grant agreements / contracts

Main control objectives: Ensuring that the actions and fund allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. The beneficiary /contractor does not meet eligibility criteria or lack financial capacity to carry out the actions	Validation of beneficiaries / candidates (eligibility and financial viability) Use of standardised checklist-based verification Signature of the grant agreement / contract by the relevant AOSD. In-depth financial verification for high risk beneficiaries	Coverage: 100% of draft agreements	**Costs**: estimation of cost of staff involved in the grant award contracting process. **Benefits**: Amount of contract signed that fulfils the criteria.	**Effectiveness**: Derogations, prior approvals and other exceptions authorised **Efficiency indicators:** Cost of control for the contracting phase over the total cost of control and its evolution.

Stage 3 - Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).	Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO Reporting Verification missions Monitoring	100% of the projects/ contracts managed by the services of the DG are controlled; Riskier operations subject to verifications The depth depends on risk assessment.	**Costs**: estimation of cost of staff involved in the actual management of running projects - notably costs of externalised monitoring **Benefits**: budget value of the costs claimed by the beneficiary, but rejected by the desk and financial officers	**Effectiveness**: - Corrective measures **Efficiency Indicators**: Cost of control for the monitoring phase over the total cost of control and its evolution.
	If needed: application of Suspension/interruption of payments, Penalties or liquidated damages.	High risk operations identified by risk assessment		
		Depth: depends from results of risk assessment.		

Stage 4 - Ex-Post controls, Not applicable.

ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

Justification of recourse to indirect management with entrusted entities and justification of the selection of the bodies:

This management mode is foreseen in articles 58 (1) (c) and 60 of the Financial Regulation.

The most important reasons for selecting a specific implementing partner are:

1. Presence / capacity to mobilise in the field
2. Expertise in the concerned areas
3. Track record of similar activities in the past

Implementation through national public-sector bodies and bodies governed by private law with a public sector mission – contracts authorised in 2015

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Complete Name	Start date	End date	Com L2 Accepted Amount (Eur)
356437	Egypt Natural Gas Connection Project	ENI	Egypt	AGENCE FRANCAISE DE DEVELOPPEMENT	30/12/2015	29/12/2019	69,050,000.00
368126	Hebron Regional wastewater management	ENI	West Bank and Gaza Strip	AGENCE FRANCAISE DE DEVELOPPEMENT	22/12/2015	21/12/2019	14,000,000.00
369575	Programme d'Appui à la Formation et l'Insertion Professionnelle en Tunisie (PAFIP)	ENI	Tunisia	AGENCE FRANCAISE DE DEVELOPPEMENT	30/12/2015	29/12/2020	3,150,000.00
369668	Programme de réhabilitation des quartiers	ENI	Tunisia	AGENCE FRANCAISE DE DEVELOPPEME	22/12/201	21/04/201	27,900,000.00

	populaires en Tunisie: Phase d'extension			NT	5	9	
369673	Sustainable Use of Natural Resources and Energy Finance in Tunisia (SUNREF)	ENI	Tunisia	AGENCE FRANCAISE DE DEVELOPPEMENT	31/12/2015	30/12/2020	13,570,000.00
371598	IFMEREE	ENI	Morocco	AGENCE FRANCAISE DE DEVELOPPEMENT	26/09/2014	25/09/2019	10,200,000.00
371240	Rehabilitation of Flood Protection Infrastructure (RFPI)	IPA2	Serbia	AUSTRIAN DEVELOPMENT AGENCY GMBH			19,000,000.00
299322	Construction of Community Police Stations	ENI	West Bank and Gaza Strip	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH	07/06/2013	06/10/2015	143,240.47
368311	Joint comprehensive EU framework for cross-border operations in Syria from Turkey - extension	ENI	Syria	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH		09/01/2022	7,000,000.00
368919	Recovering SMEs in flood affected areas and strengthening their competitiveness based on local economic development partnership	IPA2	Bosnia and Herzegovina	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH	01/01/2016	31/12/2018	9,000,000.00
370699	Support to SME development in Armenia	ENI	Eastern Europe Region	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ)	28/12/2015	27/08/2019	6,400,000.00

				GMBH			
364805	Caucasus Transmission Network, Stage 1	ENI	Armenia	KREDITANSTALT FUR WIEDERAUFBAU	29/12/2015	28/12/2018	10,350,000.00
368132	Programme for Modernization and Rehabilitation of Municipal Infrastructure	ENI	Ukraine	KREDITANSTALT FUR WIEDERAUFBAU	23/12/2015	22/12/2020	3,150,000.00
368080	Appui à la Direction générale des Impôts pour l'amélioration de ses performances	ENI	Algeria	REPUBLIQUE FRANCAISE	29/10/2015	28/10/2017	1,400,000.00
371527	EU support to the enabling environment for Investment and Trade Expansion of the Palestinian Market Development Project (Output 3)	ENI	West Bank and Gaza Strip	UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND		03/01/2019	2,000,000.00

Implementation through international organisations – contracts authorised in 2015

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Complete Name	Start date	End date	Com L2 Accepted Amount (Eur)
369230	Contribution to Regional Housing Programme (RHP) Fund	IPA2	Region IPA instrument	BANQUE DE DEVELOPPEMENT DU CONSEILDE L'EUROPE 9	23/12/2015	22/12/2018	11,300,000.00
346257	Implementation of the Programmatic Cooperation framework with the Council of Europe in the Eastern Partnership	ENI	Eastern Europe Region	CONSEIL DE L' EUROPE	18/12/2014	17/12/2017	10,000,000.00
371614	Civil Society Dialogue in Azerbaijan	ENI	Azerbaijan	CONSEIL DE L' EUROPE	01/03/2016	28/02/2018	300,000.00
372097	Project against Economic Crime in Kosovo - Phase II (PECK II)	IPA2	Kosovo (under UNSCR 1244/99)	CONSEIL DE L' EUROPE	01/01/2016	31/12/2018	2,000,000.00
372259	Programme d'appui à la réforme du secteur justice – Amélioration du fonctionnement de la justice au Maroc sur la base des outils dévelopés par la Commission européenne	ENI	Morocco	CONSEIL DE L' EUROPE	30/12/2015	29/12/2017	1,600,000.00

	pour l'efficacité de la justice (CEPEJ)"						
360798	EBRD Small Business Support programmes – Enterprise Growth Programme (EGP) and Business Advisory Services (BAS) – in the Eastern Partnership countries Phase II	ENI	Eastern Europe Region	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23/12/2015	22/12/2018	8,000,000.00
361229	DCFTA Adaptation Programme (DAP) Support for SME competitiveness in Georgia	ENI	Georgia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/12/2019	4,500,000.00
362373	Implementation of the EBRD Small Business Support (SBS) Programme in the services sector of Tunisia	ENI	Tunisia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	13/06/2015	12/06/2020	10,000,000.00
364377	EBRD Small Business Support under Western Balkans Enterprise Development and Innovation Facility (WB EDIF)	IPA2	Region IPA instrument	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23/12/2015	22/12/2019	9,000,000.00

366717	Moldova North Water Project	ENI	Moldova	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/12/2020	10,220,400.00
367371	EBRD - Lead IFI remuneration for the project "Yerevan Water Supply Improvement'' Project	ENI	Armenia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/10/2018	200,000.00
368688	Yerevan Solid Waste Project	ENI	Armenia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/12/2020	8,220,000.00
369167	Financing Technologies against Climate Change (''FINTECC")	ENI	Ukraine	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23/12/2015	22/12/2019	4,160,000.00
369672	Bosnia and Herzegovina SME Competitiveness Support Facility	IPA2	Bosnia and Herzegovina	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	17/12/2015	16/12/2019	4,000,000.00
370701	Armenia SME Finance and Advice Facility	ENI	Armenia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/04/2029	15,380,000.00
370703	E5P Armenia	ENI	Armenia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	31/12/2019	10,200,000.00
370894	Southern and Eastern Mediterranean (SEMED) Regional	ENI	Egypt	EUROPEAN BANK FOR RECONSTRUCTION AND	29/12/2015	28/12/2023	23,856,000.00

	Sustainable Energy Financial Facility: Phase II - Egypt			DEVELOPMENT			
370997	"Continuation of the EBRD Small Business Support Activities in the Southern and Eastern Mediterranean Countries (Phase II)"	ENI	Mediterranean Region	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/12/2019	20,900,000.00
371112	E5P Expansion to Georgia	ENI	Georgia	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23/12/2015	31/12/2019	10,200,000.00
371312	Women in Business	ENI	Eastern Europe Region	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	28/12/2022	5,035,000.00
371445	E5P Expansion to Eastern Partnership - Moldova	ENI	Moldova	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	29/12/2015	31/12/2019	18,750,000.00
362394	« Programme d'Appui au Gouvernement tunisien dans le domaine de la Gestion Intégrée des Frontières »,	ENI	Tunisia	INTERNATIONAL CENTER FOR MIGRATION POLICY DEVELOPMENT	18/05/2015	17/11/2017	2,000,000.00
367429	Euromed Migration IV	ENI	Mediterranean Region	INTERNATIONAL CENTER FOR MIGRATION POLICY DEVELOPMENT	30/11/2015	29/07/2019	6,800,000.00

369460	Enhanced capability for Integrated Border Management (IBM Lebanon 2)	ENI	Lebanon	INTERNATIONAL CENTER FOR MIGRATION POLICY DEVELOPMENT	01/01/2016	31/12/2018	9,000,000.00
370594	Support to Local Employment Partnerships	IPA2	Bosnia and Herzegovina	INTERNATIONAL LABOUR ORGANIZATION	01/02/2016	31/01/2019	4,000,000.00
370265	European Union Border Assistance Mission to Moldova and Ukraine (EUBAM) Phase 11	ENI	Eastern Europe Region	INTERNATIONAL ORGANIZATION FOR MIGRATION	01/12/2015	30/11/2017	8,000,000.00
370437	EU-Community Stabilisation Programme Phase III (EU-CSP III)	IPA2	Kosovo (under UNSCR 1244/99)	INTERNATIONAL ORGANIZATION FOR MIGRATION	03/12/2015	02/02/2018	2,000,000.00
317764	Capacity Development of the Ministry of Agriculture of Georgia	ENI	Georgia	THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS	24/05/2013	23/02/2017	300,000.00
354917	ENPARD Technical Assistance to the Ministry of Agriculture of the Republic of Armenia	ENI	Armenia	THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS	29/12/2014	28/12/2017	1,768.00
371727	Gender sensitive socio-economic empowerment of vulnerable IDPs through co-funding of their livelihoods	ENI	Georgia	THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS	31/12/2015	30/05/2017	1,446,060.00

	opportunities and promotion of their social mobilisation						
364209	Montenegro EU/IPA Agriculture and Rural Development Institution Building Project - Part 2 Investments in physical assets concerning processing and marketing of agricultural and fishery products.	IPA2	Montenegro	THE WORLD BANK GROUP	20/08/2015	19/08/2018	5,285,467.00
364767	Waste Water Treatment Plant in Butila, Sarajevo	IPA2	Bosnia and Herzegovina	THE WORLD BANK GROUP	24/07/2015	23/07/2017	2,500,000.00
371826	Strengthening Governance practices and building Technical Capacity in Libya Multi Donor Trust Fund	ENI	Libya	THE WORLD BANK GROUP			2,000,000.00
372226	EU Local and Regional Competitiveness Single Trust Fund	IPA2	The former Yugoslav Republic of Macedonia	THE WORLD BANK GROUP	28/12/2015	27/12/2019	18,000,000.00
328491	Improved access to inclusive learning and child care opportunities in areas affected by the influx of Syrian	ENI	Lebanon	UNITED NATIONS CHILDREN'S FUND	01/10/2013	31/01/2016	2,750,000.00

	refugees to Lebanon						
367663	European Union-UNICEF support to school‐aged children affected by the Syria crisis to access learning opportunities and to ensure health care and reduced vulnerabilities of children, women and caregivers in Lebanon	ENI	Lebanon	UNITED NATIONS CHILDREN'S FUND	01/09/2015	31/08/2017	37,920,556.00
371652	PAGODA Delegation Agreement for Expanding Access to Education and Protection for at Risk Children in Egypt	ENI	Egypt	UNITED NATIONS CHILDREN'S FUND	22/12/2015	09/12/2020	29,400,000.00
371830	Pilot project: towards resilience and social inclusion of adolescents and young people in Libya	ENI	Libya	UNITED NATIONS CHILDREN'S FUND		30/06/2020	3,000,000.00
372258	Accès des enfants à une justice adaptée et respectueuse de leurs droits	ENI	Morocco	UNITED NATIONS CHILDREN'S FUND	30/12/2015	29/12/2018	2,799,803.00

325096	EU High Level Policy Advisers' Mission III (EUHLPAM III)	ENI	Moldova	UNITED NATIONS DEVELOPMENT PROGRAMME	31/12/2013	30/12/2015	562,643.00
368536	Improved Government of Lebanon capacity for emergency preparedness and crisis response	ENI	Lebanon	UNITED NATIONS DEVELOPMENT PROGRAMME	01/01/2016	31/12/2017	240,000.00
368930	Appui au traitement judiciaire des dossiers de justice transitionnelle et aux mécanismes de protection des victimes et des témoins'	ENI	Tunisia	UNITED NATIONS DEVELOPMENT PROGRAMME	01/12/2015	30/11/2017	800,000.00
369518	Human Rights for All – Support to the Implementation and Monitoring of the National Human Rights Strategy and Action Plan	ENI	Georgia	UNITED NATIONS DEVELOPMENT PROGRAMME	01/01/2016	31/12/2018	4,000,000.00
370947	Local Integrated Dvelopment	IPA2	Bosnia and Herzegovina	UNITED NATIONS DEVELOPMENT PROGRAMME	01/01/2016	31/12/2018	6,000,000.00
371464	Support to the development of Red Bridge Border crossing point between	ENI	Eastern Europe Region	UNITED NATIONS DEVELOPMENT PROGRAMME	21/12/2015	20/12/2017	2,128,000.00

	Azerbaijan and Georgia						
371916	''Support to Agriculture and Rural Development through promotion of confidence building measures''	ENI	Moldova	UNITED NATIONS DEVELOPMENT PROGRAMME	01/01/2016	31/12/2018	6,500,000.00
372102	Economic and Social Empowerement for Roma and Egyptians - a booster for Social Inclusion (ESERE)	IPA2	Albania	UNITED NATIONS DEVELOPMENT PROGRAMME	05/01/2016	04/01/2019	4,000,000.00
359526	Towards an ecologically representative and efficiently managed network of Mediterranean Marine Protected Areas	ENI	Mediterranean Region	UNITED NATIONS ENVIRONMENT PROGRAMME	23/12/2015	22/06/2018	2,999,959.00
358166	Assisting Lebanon in the implementation of recommendations from international human rights mechanisms including the UPR	ENI	Lebanon	UNITED NATIONS HIGH COMMISSIONER FOR HUMAN RIGHTS	08/07/2015	07/10/2017	1,499,999.00
369106	Supporting vulnerable Refugees and Lebanese through support to	ENI	Lebanon	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES	01/01/2015	31/12/2017	15,946,000.00

	Public Education and Health Assistance						
369326	''Protection et assistance effective des réfugiés et demandeurs d'asile en Tunisie''	ENI	Tunisia	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES	07/12/2015	06/12/2018	900,000.00
354913	ENPARD Technical Assistance: Producer Group and Value Chain Development	ENI	Armenia	UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION	19/12/2014	18/12/2017	2,130.00
362283	Pilot Project on Countering Radicalisation and Violent Extremism in the Sahel-Maghreb Region	ENI	Region Neighbourhood	UNITED NATIONS INTERREGIONAL CRIMEAND JUSTICE RESEARCH INSTITUTE	01/07/2015	30/06/2019	5,000,000.00
371849	EU Support for the Reconstruction of the Road Structures affected by the Floods in Serbia	IPA2	Serbia	UNITED NATIONS OFFICE FOR PROJECT SERVICES	02/01/2016	01/01/2019	10,474,947.48
372214	Integrated Border Management Programme (IBM) Construction of Common Crossing Points (CCPs) between Serbia and Kosovo*	IPA2	Serbia	UNITED NATIONS OFFICE FOR PROJECT SERVICES	31/12/2015	30/06/2019	13,000,000.00

351146	Avenant aux contrats 316-393 et 316-652 ''Dotation des structures du Ministère de la justice en équipement informatique ''	ENI	Tunisia	UNITED NATIONS OFFICE FOR PROJECT SERVICES	25/11/2014	24/11/2017	248,749.90
367590	Construction of three Common Crossing Points	IPA2	Kosovo (under UNSCR 1244/99)	UNITED NATIONS OFFICE FOR PROJECT SERVICES	07/11/2015	06/12/2017	6,922,482.05
367598	Construction of three Common Crossing Points	IPA2	Kosovo (under UNSCR 1244/99)	UNITED NATIONS OFFICE FOR PROJECT SERVICES	07/11/2015	06/04/2018	4,064,518.91
371423	éhabilitation des infrastructures et dotation d'équipement pour la réforme de la justice – Phase 2	ENI	Tunisia	UNITED NATIONS OFFICE FOR PROJECT SERVICES	18/12/2015	17/12/2019	9,200,000.00
362282	GLOBAL PROJECT ON STRENGTHENING THE LEGAL REGIME AGAINST FOREIGN TERRORIST FIGHTERS (FTF) IN MIDDLE EASTERN, NORTH AFRICAN AND BALKAN COUNTRIES	ENI	Region Neighbourhood	UNITED NATIONS OFFICE ON DRUGS ANDCRIME	01/09/2015	31/08/2019	5,000,000.00

366641	Lutte contre les discriminations et les violences fondées sur le genre	ENI	Tunisia	UNITED NATIONS POPULATION FUND	10/12/2015	09/05/2019	1,700,000.00
366410	Strengthening the resilience of Palestine refugees communities in Syria	ENI	Syria	UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST	10/12/2015	09/02/2017	10,000,000.00
361127	School feeding programme	ENI	Syria	WORLD FOOD PROGRAMME	01/06/2015	30/11/2016	3,000,000.00
371049	Projet d'appui à la réforme des Soins de Santé Primaires-Contrat PAGODA UE/OMS	ENI	Morocco	WORLD HEALTH ORGANIZATION	01/03/2016	28/02/2019	800,000.00
371621	Enhancing Access to Non Communicable Diseases and Mental Health Services at the level of Primary Health Care for Vulnerable Syrian refugees and Lebanese communities in Lebanon Response to the Syrian crisis	ENI	Lebanon	WORLD HEALTH ORGANIZATION	01/01/2016	31/12/2016	2,308,000.00

ANNEX 7: EAMR of the Union Delegations

Neighbourhood

- AM-Armenia
- AZ-Azerbaijan
- BY-Belarus
- DZ-Algeria
- EG-Egypt
- GE-Georgia
- IL-Israel
- JO-Jordan
- LB-Lebanon
- MA-Morocco
- MD-Moldova
- PS-West Bank and Gaza Strip
- SY-Syria
- TN-Tunisia
- UA-Ukraine

Enlargement

- AL-Albania
- BA-Bosnia and Herzegovina
- ME-Montenegro.zip
- MK-Macedonia (former Yugoslav Republic of)
- RS-Serbia
- TR-Turkey
- XK-Kosovo

ANNEX 8: Decentralised agencies - not applicable

ANNEX 9: Evaluations and other studies finalised or cancelled in 2015

Reference No of Annex 4 MP 2015	Title	Reason[1]	Scope[2]	Type of evaluation or other study			Associated DGs	Costs (EUR)	Comments	Reference	Cancelled
				Focus[3]	Author[4]	Type[5]					
I. Evaluations finalised or cancelled in 2015											
a. evaluations finalised in 2015											
	Third IPA Interim Evaluation	Financial Regulation	Reg. 718/2007	P/R	E	E	EMPL, REGIO	257,045.00		http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm?key_document=08012624887bedda	
	Thematic evaluation on the EU's support to fight against corruption	Evaluate first	Thematic	P/R	E	O - thematic	HOME	199,077.00		http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm?key_document=08012624887bedda	
	Evaluation of TAIEX	Evaluate first	Spending programme	P/R	E	O - modality of implement		70,805.00		http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2015/2014-346665-1-taiex-evaluation-report-final.pdf	

						atio n					
	Thematic evaluation on EU's support towards Roma communities	Evaluate first	Thematic	P/R	E	O - thematic		164,769.00		http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm?key_document=08012624887bedda	
	Western Balkans Investment Framework	Evaluate first	Spending programme	P/R	E	O - modality of implementation	DEVCO	194,476.00		http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2015/2014_352812_1_final_evaluation_report.pdf	
	Evaluation of the EU Assistance to Turkey in the Field of Health and Safety at Work	Evaluate first	Thematic	P/R	E	O - thematic	EMPL, REGIO	68,684.00		http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2015/turkey_osh_eval_final_report.pdf	
	Evaluation	Evalu	Performanc	P/R	E	O - themat	No	200,000.0			

on Regional Housing Programme	ate first	e assessment of RHP			ic		0			
Evaluation of information and communication activities towards the EU Member States in the area of EU Enlargement	Other	Thematic	P/R	E	O - thematic	COMM	251,150.00			
Evaluation of EIDHR Country Based Support Scheme for Russia budget	Evaluate first	Thematic	R	E	I		43,910.00	Unit C2 is in charge of it.		

	year 2011-2013										
b. Evaluations cancelled in 2015											
	Internal monitoring	Other-assessment internal practices	EUD working modalities	P/R	I	I			lighter exercise carried out in the framework of preparation of new M&E Guidelines		Y
	Evaluation of 16 HIV projects	Programme evaluation	Assessment of the results achieved following the restricted CfP launched in 2010. The evaluation will follow the rsults fro	P/R	E	E			An external evaluation of the whole EU Communication on HIV, incl. Action Plan was carried out by DG SANTE, which also covered HIV in the ENI East. Therefore, an additional evaluation by us is not necessary.		Y

			m the external evaluation on the Commission Communication and Action plan for HIV-AIDS which is due in 2014.								
	Transport evaluation 2007-2013	Evaluate first	Operational evaluation of the management of the ENI regional projects in the sector.	R	E	O – sectoral	MOVE		The evaluation was postponed to be carried out in 2017.		Y
	Evaluation Euromed	Program	Security	R	E	E	DEVCO/HOME		Cancelled: No longer relevant as new programm		Y

	Police III	me evaluation							e Police IV already identified		
	Evaluation of ongoing projects (CESMED, MEDREG and MED-ENEC) and identification of future energy programme	Programme evaluation	ENPI/2012/309-311 CESMED ENPI/2013/329-093 MEDREG ENPI/2009/224-969 MED-ENEC	P/R	E	E	ENER		Cancelled: Actually it was a ROM (not an evaluation) that was conducted in 2014 for MEDREG and in 2015 for CESMED		Y
	Euromed Justice III (NEAR/B2)	Programme evaluation	Justice	R	E	E	DEVCO		Cancelled: No longer relevant as new programme Justice IV already identified		Y
	Evaluation Euromed Migr	Programm	Migration and internati	R	E	E	DEVCO/HOME		A performance audit was carried out meanwhile		Y

	atio n III	e eval u atio n	onal Prot ecti on						by the Court of Auditors		
	Eval uati on of Euro med Heri tage IV	Pro gra m me eval u atio n	Eval uati on of the imp act of the prog ram me	R	E	E	EA C	200 ,00 0.0 0	Cancelled evaluation , as EU support to cultural projects in the Southern region is no longer a priority.		Y
	Final Eval uati on audi ovis ual	Pro gra m me eval u atio n	Spe ndin g prog ram me	R	E	E	DE VC O	200 ,00 0.0 0	Cancelled evaluation , as EU support to cultural projects in the Southern region is no longer a priority.		Y

II. Other studies finalised or cancelled in 2015

a. other studies finalised in 2015

	IPA II Moni torin g, Rep ortin g and Perf orm ance Fra mew ork		na	P / R	E	Stu dy	No	119 ,17 2.0 0			
	For mul atio n						DE VC O	144 ,59 6.0 0			

	ToR Euromed Police IV										
	Formulation ToR Euromed Justice IV						DEVCO	98,056.00			
b. other studies cancelled in 2015											

[1] L - legal act, LMFF - legal base of MFF instrument, FR - financial regulation, REFIT, CWP - 'evaluate first', O - other (please specify in Comments)

[2] specify what programme/regulatory measure/initiative/policy area etc. has been covered

[3] P - prospective, R - retrospective, P/R - prospective and retrospective

[4] E - external, I - internal, M - mixed (internal with external support)

[5] FC – fitness check, E – expenditure programme/measure, R – regulatory measure (not recognised as a FC), C – communication activity, I – internal Commission activity, O – other – please specify in the Comments

ANNEX 10: Specific annexes related to "Management of Resources" - Not applicable

ANNEX 11: Methodology for the Residual Error Rate

1/ Methodology for IPA[15]

1.1 IPA Direct Management

In line with the "Manual of Procedures for ex post controls in centralised management and for the calculation of a residual error rate" (Ares (2012) 1534019), Unit D6 carried out ex-post controls in centralised (direct) management under IPA and its predecessing instruments (PHARE and CARDS).

These controls were undertaken in the frame of the 3 year programme, the first year being 2013, the second 2014, and the last 2015. Each year (year n), the controls covered a MUS (Monetary Unit Sampling) statistically derived sample of transactions (invoices) entered into under contracts closed within the 12 month period from 1st October of year n-1 to 30th September of year n.

The audit tests covered two key aspects: legality and regularity of the procurement and award, and legality and regularity of the interim and final payments.

The checks on legality and regularity of the procurement and award included the following checks:

- compliance with the applicable regulations for the awarding of contracts/ grants,
- consistency of the tender dossier with the legal basis,
- selection of adequate tendering procedure,
- correct conduct of the procedure,
- appropriate application of all criteria (with certain limitation regarding the substance of the technical specifications), correct processing of the award decision,
- legality and regularity of the contract and signatures,
- appropriate handling of complaints,
- other checks if deemed necessary.

The scope of the tests was:

- Supply contracts
- Works contracts
- Service contracts
- Grant schemes
- Secondary procurement performed by beneficiaries of grants.

The checks on legality and regularity of the interim and final payments included the following checks:

- the eligibility of expenditure and reliability of cost statements accompanying requests for payments submitted by the Contractors / Beneficiaries,
- in respect of the checks on the interim and final payments in grant contracts, on-the-spot verifications at beneficiary premises of the supporting documentation. Such checks covered all supporting documentation related to the contract held by the beneficiary, eligibility of claimed input cost (where applicable), asset

[15] RER rate for IPA also covers CARDS and PHARE programmes and for ENI, MEDA and TACIS programmes

verification (including appropriate use) where the funding was used for purchasing goods and output verification (where possible).

The scope of the tests was:

- Supply contracts
- Works contracts
- Service contracts
- Grant contracts.

Errors identified in respect of individual transactions were recorded in line with the following typology of errors, in line in the Manual:

	QUANTIFIABLE ERRORS
1	**Accuracy**
a	Arithmetical error in the calculation of the amount;
b	Incorrect application of exchange rates/translation of foreign currency;
c	Over-declaration of expenditure;
d	Fraudulent or irregular payment;
e	Amount wrongly recorded in accounts;
f	Other accuracy error.
2	**Eligibility**
a	Non respect of procurement procedure;
b	Non respect of the rule of origin;
c	Expenditure incurred before or after the eligibility period;
d	Expenditure not for project purposes;
e	VAT or other tax unduly paid;
f	Non respect of specific contractual conditions for eligibility (e.g. per diem ceilings);
g	Expenditure incurred without a legal basis (e.g. lack of service contract with an expert within a programme estimate);
h	Individual budget line exceeded within the contract budget in cases where reallocation is not possible;
i	Other ineligible cost.
3	**Occurrence**
a	Inappropriate supporting documentation with quantifiable financial impact for expenditure declared in cases where no other satisfactory evidence exists that an eligible action took place;
b	Payment made for good/services not delivered;
c	Payment made for works that were not performed;
d	Payment made for costs not incurred;
e	Income not declared/reported;
f	Other occurrence error.
	NON-QUANTIFIABLE ERRORS
4	**Errors with no financial impact**
a	Authorisation process not complied with;
b	Non respect of contractual deadline for the presentation of the final financial report by the beneficiary;
c	Non respect of provision in the grant agreement concerning the timely hand over of equipment at the end of the action;
d	Procurement procedures not respected in a case where it does not have a financial impact;

e	Other error with no financial impact.
5	**Errors where the financial impact is not possible to quantify**
a	Inappropriate supporting documentation for expenditure declared in cases where evidence exists that an eligible action took place;
b	The nature of the service/supplies/works do not fully conform to the specification of the contract although not possible to identify the impact;
c	Exchange rates not justified;
d	Other error where the financial impact is not possible to quantify.

As the above typology indicates, the methodology in place includes quantification of errors relating to procurement and award, as well as to payments.

The errors identified that were not capable of quantification (e.g. procurement errors which were insufficiently serious to justify a conclusion that certain related expenditure is ineligible, but which nevertheless represented a failure that should not have occurred), were also recorded and reported.

Therefore , the RER reported this year is the first final RER, based on combined results of the audits covering the 3 year programme (the three 12 month periods from 1st October 2011 to 30th September 2014).

In line with the Manual, Unit D6 analysed and assessed the effect of drawing samples from 3 distinct populations (i.e. each covering the respective 12 month period) on the RER measurement. The analysis revealed some differences between the populations of the three 12 month periods. Nevertheless, based on the assessment carried out, it can be concluded that these differences do not have a material impact on the RER reliability.

The effect of using 3 different sampling intervals has been eliminated, since the same sampling interval has been applied to all errors (the total value of the 3 populations divided by the total number of sampled items for the 2013, 2014 and 2015 exercises).

To conclude whether errors identified in relation to procurement should be quantified or not, the auditors apply the criteria set out in the European Court of Auditors' Guidelines for quantification of procurement errors.

1.2 IPA IMBC

The total of all the individual errors has been calculated, covering the programmes' payments that were audited by the national audit authorities during the year 2015, giving the (total) annual detected error amount and related detected error rate as a percentage. After deducting the corrections effectively made by the end of 2015, a residual error rate in the population has been computed.

DG NEAR intends to further fine tune its methodology, by applying a multi-annual methodology similar to that used by the Structural Funds DGs. Moreover, DG NEAR plans to ensure the continued capacity of audit authorities so that a sufficient assurance can continue to be gained from their work. In particular, by the following actions:

- strengthening the administrative capacity through the provision of guidance across IPA beneficiaries;
- technical meetings and seminars regularly organised with the national audit authorities and the National Authorising Officers' support offices to share experiences gained on different aspects on the assurance building;

- annual bilateral coordination meetings with the national audit authorities to monitor the effective implementation of their national audit strategy and audit plan, as well as to exchange on audit results and follow-up on audit opinions and fraud awareness raising;
- application of dissuasive financial corrections where appropriate;
- additional ex-post controls / audits carried out by the Commission;

2/ Methodology for ENI

The methodology for ENI has been elaborated by an external consultant. Please see document included below.

Development of a Methodology for Measurement of the Residual Error Rate in Respect of Contracts Managed by Directorates B and C of DG NEAR

April 2015

INTRODUCTION TO THE ASSIGNMENT

We have been engaged to propose a methodology permitting DG NEAR- Directorates B and C to calculate its Residual Error Rate on final payments for all its activities (i.e. geographic and thematic contracts).[16] The methodology also incorporates the requirement to calculate the error rate on geographic contracts only.

The Residual Error Rate (RER) is the ratio of the value of ineligible expenses remaining undetected to the total amount of final payments carried out in a year. A 'residual error' can therefore be understood to be errors which remain once all possibilities for their detection have been exhausted.

Directorates B (Neighbourhood South) and C (Neighbourhood East) of DG NEAR previously formed part of DG DEVCO Directorate F (Neighbourhood) and were integrated into the new DG NEAR at the start of 2015. Exercises to measure the Residual Error Rate of DG DEVCO (including Directorate F) were carried out for closed contracts in 2012, 2013 and 2014 by Moore Stephens LLP.

We have developed this methodology to show how the methodology can be adapted to take into account the specific characteristics of the two DG NEAR directorates. We have set out the specific considerations for performing such an exercise in 2015, as well as a potential measurement of the RER in 2016 and beyond.

1.1. The Purpose of Measuring the Residual Error Rate

Measurement of the Residual Error Rate enables DG NEAR to evaluate the effectiveness of its overall control framework, and forms an important part of the information at the Director General's disposal when signing the Declaration of Assurance in the Annual Activity Report. The Director General will certify that:

> "I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.
>
> The reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex post controls, the work of the internal audit capability, the observations of the Internal Audit Service

[16] Excluding IPA contracts relating to Twinning and Taiex

and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration."

Factors Limiting the Accuracy of Residual Error Rate Measurement

The measurement of the Residual Error Rate presents a number of major challenges, which need to be addressed or mitigated when implementing a methodology for its measurement. These challenges include:

1. Residual Errors are those that have evaded all prevention, detection and correction controls in the existing control framework. Any methodology for measuring RER must be capable of identifying errors which have not been identified elsewhere;

2. The methodology must focus on transactions where there is no possibility of further correction of errors through application of standard controls. In effect, this entails examination of closed contracts. Many of the contracts closed during the period in question will relate to activities and payments that took place many years ago. Conclusions about the effectiveness of the controls operating over the related expenditure (whether effective or not) may not be relevant;

3. Error rates vary according to the characteristics of the transaction examined. DG NEAR, although it operates only in one region, enters into transactions in a wide variety of countries and thematic areas, employing numerous instruments for the execution of transactions. Any strategy for assessing the Residual Error Rate must take into account the diversity of its activities;

4. The varying complexity of transactions, and the definition of a 'transaction'. A 'transaction' recorded in DG NEAR's accounting system can represent many thousands of further transactions at beneficiary level (e.g. for a Grant Contract). It can also represent a very small number of 'sub-transactions' (e.g. a supply contract payment, or Budget Support tranche payment). This has clear implications on the amount of time required to assemble sufficient, appropriate evidence as to the legality and regularity of the transaction in question. Moreover, it does not necessarily follow that a transaction with a low relative value can be

examined more easily than a high-value transaction. In many cases, the opposite is true (e.g. Budget Support payment compared to the final payment of a grant);

5. The conditions governing legality and regularity of DG NEAR expenditure are complex. Conclusions on the legality and regularity of a transaction (or aspects of it) can differ between individuals, particularly where there is any ambiguity in the legal framework governing a transaction. Any methodology needs to mitigate this risk;

6. In order for the Residual Error Rate measurement relating to Year N to be considered by the Director General when signing the Declaration of Assurance, the result must be available by February or March of Year N+1. This means that fieldwork supporting the measurement would have to commence during Year N (i.e. before the complete population of closed contracts is known). Auditors frequently commence detailed substantive testing work on transactions before the end of the period in question. The European Court of Auditors addresses this by performing detailed substantive testing in Delegations during Year N. However, early commencement has an impact on the number of transactions that must be examined in order to produce a statistically reliable result, since performance of substantive procedures before the end of the year in question necessarily excludes transactions entered into after sample selection but before the end of the period. There is also an added complication if the size of the population of contracts varies considerably from one period to another as this may affect the number of sampling intervals to be examined;

7. The Director General is obliged to consider all Activity Based Budgets separately when giving the Declaration of Assurance in the Annual Activity Report. For reasons that are explained in greater depth elsewhere in the methodology, assurance based on a statistically-derived sample will not be capable of being provided at ABB level to a sufficiently high level without large budgetary implications. The methodology does, however, propose a method to identify the error rate for geographic activities (comprising around 90% of DG NEAR B and C activity) separately;

8. Recipient organisations vary in their capacity, complexity and legal frameworks. Small NGOs, for example, can struggle to provide the volume of documentation requested for RER purposes. Large international organisations may identify administrative or legal barriers to performance of the procedures (e.g. the

verification clause of the Financial and Administrative Framework Agreement with UN agencies);

9. Entities that implemented actions may cease to exist.

10. Activities relating to closed contracts may have been completed such a long time ago that the result of any examination is irrelevant.

Timing of the exercise- general principles

As noted above, in order for the results of any measurement to be useful, they must be available in time for inclusion in the Annual Activity Report (by end of February the following year). RER substantive work should therefore commence upon completion of the work relating to the previous period. Substantive work should commence by February of the year in question. The year in question should be divided into four-month intervals, in order to manage the workload effectively (see notional example below for a typical year):

Year/ period of study	**Population under scrutiny**	**Time of sample selection**
20X2 study- Period 1	September to December 20X1	January 20X2
20X2 study- Period 2	January to April 20X2	May 20X2
20X2 study- Period 3	May to August 20X2	September 20X2

An additional advantage of performing the work at intervals throughout the year is that issues identified in early selections can be responded to and adjustments made in subsequent periods if necessary (e.g. uneven distribution of contract closures throughout the year, adjusted by a 're-weighting' of the sample). It is important to note that such corrections would compromise the 'statistical purity' of the exercise, and should therefore be performed only in relevant and prescribed circumstances. These replacements should be performed only after careful consideration of the consequences of adjusting the sample, and comparison against the expected advantages.

The example above is used for illustrative purposes to introduce the principle of four-month periods. We set out our exact timetable and sample sizes for an exercise relating to 2015 in section 3.8 of the methodology.

Statistical Sampling and Confidence Levels

In order to obtain results which can be relied on by the Director General, it is necessary for measurement of the Residual Error Rate to be performed on a statistical basis. The conclusions need to be derived from statistically selected and evaluated substantive testing.

It is clear that the greater the number of individual items examined, the more reliable the projected error calculation will be. As the number of items sampled increases, the range within which the projected error falls becomes narrower.

Throughout this report, reference is made to the confidence level attached to the outcome of the exercise. Statistical confidence is a concept which provides an indication of the likelihood that the result of a sampling exercise is reliable. The higher the confidence level, the greater the likelihood that the reported result is reliable.

Consider the probability distribution graphs attached at Annex 3. These graphs illustrate the likelihood that the results of an audit will be reliable at a 95% confidence level, determined by the error rate (1%) and the size of the audit sample (100, 180, 240 or 270 items).

The graph representing a sample of 100 items reflects an Upper Error Limit of 4.7% with 95% confidence.[17] The area beneath the curve represents the range of possible outcomes, with the height of the curve reflecting the likelihood of the outcome. The peak of the curve is always at the projected error rate, in this case 1%. The shaded area represents the range of outcomes that can be estimated with 95% confidence.[18]

Note the effect of increasing the sample size. The likelihood that the projected error is accurate increases, and the range of possible outcomes reduces. With a sample size of

[17] The Lower Error Limit using the same data is 0.04%, which is too low to appear on the graph.

[18] This means that if the same exercise were performed 20 times using the same population, the error rate could be expected to be below 4.7%, and within the shaded area, 19 times. Once every 20 times, the error rate would exceed 4.7%. The unshaded area beneath the curve represents the range of possible outcomes that could be expected to be seen once in every twenty repetitions of the exercise.

180, the Upper Error Limit falls to 3.3%. At 240, the UEL is 2.9%. The increasing height of the curve represents the improved likelihood that the projected error is equivalent to the actual error within the population. We discuss in Section 3.8 why we recommend the sampling of 270 items for the entire DG NEAR in order to ensure that 240 of these items will relate to geographic contracts.

Auditors usually work to a confidence level of 95% and we consider this to be an appropriate level for the exercise.

THE EXISTING CONTROL FRAMEWORK

The Director General currently relies on a range of controls implemented by the Commission when making the annual Declaration. These controls make an important contribution to the detection and correction of errors, and so the implementation of a Residual Error Rate methodology does not replace them. Indeed, measurement of the Residual Error Rate will need to be corroborated against the results of the existing control implementation in order to inform the Director General's judgement as to the reliability of the error rate estimated by the RER exercise. This is of particular importance when estimating the impact of detected errors in sub-populations of the main population (e.g. ABBs where sample coverage is insufficiently broad to allow a statistically reliable result to emerge from the RER exercise alone).

The principal existing controls are set out below.

Ex Ante "External Audit"

Audit firms perform assurance engagements on behalf of the European Commission, in accordance with the Annual Audit Plan drawn up by the Commission.

Results of audit work are summarised on CRIS Audit. The results of audits performed on contracts audited permits *some* conclusions to be drawn on the error rate affecting the unaudited population, although care needs to be taken to recognise the factors affecting the reliability of such a method, such as the selection of contracts for audit on a risk basis, and the potential for varying quality and relevance of audit work performed.

The results of the external audit work cannot be taken into direct account when measuring the Residual Error Rate. There are a number of reasons for this, including:

- The selection of transactions audited is performed on a risk basis, meaning that the results cannot be projected across the unaudited population (this does, however, mean that error rates detected by external auditors should tend towards the upper end of the likely error range);

- The errors identified through the audit will ordinarily have been corrected, and therefore have no effect on the Residual Error Rate. The effects of existing external audit on measurement of the Residual Error Rate are therefore limited to:

    - Providing an indication of the level of error existing in the unaudited population (bearing in mind that the risk-based method of contracts for

audit selection means that the results of an audit are not easily extrapolated to unaudited contracts); and

- Determining the amount of audit work that will need to be performed on a contract selected for the purposes of the RER exercise (i.e. if a transaction selected for examination has been audited previously, with limited ineligible expenditure detected, then the amount of work performed on that transaction for the purposes of RER can be reduced correspondingly). In order for this aspect of the proposed methodology to function effectively, it will be necessary to identify which transactions examined as part of RER have been subjected to previous audit work. Where recent audit work has been recorded on CRIS-audit, this will be a relatively straightforward matter. Where audit work was performed before full implementation of CRIS Audit, identification of whether a previous audit has taken place will be more difficult, although Annual Audit Plans and accounting records indicating audit-related expenditure will assist.

- External audit work is performed by a variety of different audit firms: under the audit framework contract; directly appointed local firms; and other direct appointments. Even if all audit work has been performed competently and in compliance with the audit framework, there remains scope for implementation of audit approaches and interpretation of results which are divergent. The following particular issues must be considered:

  - Where a transaction under scrutiny relates to a contract implemented by a UN agency or the World Bank, any verification procedures are limited to examination of those permitted under the Financial and Administrative Framework Agreement (FAFA) or the Trust Funds and Co-financing Framework Agreement (TFCFA). The agreements would only usually allow the examination of 30 items in detail. In this instance the risk of undetected error in the untested population is elevated, but due to the stipulations of the Framework Agreements, no further testing is permissible. In this instance, a disclosure of this restriction should be provided.

  - Where external audit work is performed by an audit firm, this does not always involve detailed examination of 100% of the expenditure incurred. Most audits are carried out with a materiality level of 2% of expenditure incurred and with a 95% confidence level. For verifications of programme

estimates, grants and fee-based service contracts, usually a minimum of 65% of expenditure is examined in detail. In these cases, there is a clear possibility that the previous work will not reveal **all** ineligible expenditure. In this case, the RER auditor should consider the extent to which there is a risk of undetected error in the unsampled population and design additional testing in such a way as to limit this. If the risk of error is low in the unsampled population, then the auditor will rely fully on the previous work done.

Only completed audits should be considered. Attempting to measure the reliance to be placed on ongoing audit work would introduce an undesirable element of complexity, with a corresponding risk that inappropriate conclusions would be reached.

The Ex Post Control

For DG NEAR, in line with DG DEVCO practice, the ex post control has been abandoned in Directorates B and C. However, in the rest of DG NEAR, ex post controls are still used to assess the quality of the ex ante controls in operation. Nonetheless, there may be contracts which have been recently closed and included as part of the RER exercise, for which ex post controls had been completed prior to the abandonment of the ex post controls.

Therefore, in order for the RER exercise to be fully aware of the quality of previous control work, it is desirable to identify whether transactions examined as part of the RER exercise have been inspected as part of the ex-post control in previous years.

Ex Ante Controls (excluding audit and verification)

The ex ante controls are the most important level of controls, since they represent the first level of controls carried out at local level (usually Delegation level, although controls exercised by implementing partners can also be regarded as part of the ex ante control framework). The principal evidence of their operation is the examination and confirmation of eligibility by at least four separate individuals (two operational officers and two finance & contracts officers) who follow procedures set out in checklists. The precise effectiveness of the ex ante control is difficult to evaluate, and the value of errors detected through the effective implementation is difficult to measure. However, this amount is likely to be understated, since many errors will be corrected before implementation of the control is recorded. Nevertheless, it is likely that the range of ex

ante controls deployed by the Commission are responsible for identifying more errors, and of greater cumulative value, than any of the other control types.

It is difficult to envisage a situation in which the ex ante controls could make a contribution to the Residual Error Rate measurement. Indeed, it could be said that measurement of the Residual Error Rate, above all other outcomes, results in emergence of a clearer view of the effectiveness of the ex-ante controls implemented by beneficiaries and the European Commission.

RER METHODOLOGY

The Definition of an Error

The Commission recognises that definitions of errors can vary between institutions. The complex nature of the legal basis for many transactions means that determining whether or not an error has occurred is not always straightforward. In simple terms, an error occurs when expenditure is reported which either:

- has not been incurred in accordance with the applicable legal framework (legality and regularity); or

- has not been correctly recorded in the financial report (reliability/ true and fair view).

This simple characterisation disguises the multiple circumstances in which an error can occur.

We consider that one effective means of mitigating the risk presented by divergent views on the definition of an error is the use of a detailed typology of errors. By clearly identifying some of the factors which would clearly be categorised as an error, the risk of omission and inconsistency would be much reduced.

DG DEVCO has used such a typology of errors in its measurement of the RER for 2012, 2013 and 2014. This has developed as it has become apparent where errors have been identified and where additional breakdown is required to explain the reason for the errors (for example, a large contribution to the RER due to inadequate documentation provided by beneficiaries).

The typology set out in Annex 5 should be used. This typology enables the DG to identify where an error has been made by the beneficiary of an action or by the Commission services itself. These classifications have evolved in response to DG DEVCO's management information requirements. For example, they enable the Commission to clearly see the proportion of errors connected with International Organisations, or the number of errors caused by missing documentation. If new types of errors are detected or a more refined classification of errors is required, further categories or sub-divisions can be added.

A further category of finding used in financial audit reports is "Financial Findings for the Further Consideration of the Commission." This category is used when audit work reveals a state of affairs where is cannot be determined whether expenditure is eligible or not

(most typically, if there is a contradiction in the legal framework). This should not be included as a separate type of error in the RER study as it has no meaningful conclusion for the determination of the ultimate residual error rate. However, where placing reliance on a previous audit containing such a finding, the RER auditor should assess the adequacy of the Commission's response to such a finding and consider whether a residual error remains after they have taken action. The existence of this category in the previous control work illustrates further the difficulties that can be encountered in defining whether an error exists or not.

Finally, in some cases, an auditor may conclude that there is clear evidence that an error has occurred but where there is insufficient evidence to measure the value of the error. A prime example of this may be where the framework for payment of a budget support payment is not very clear or measureable, but where a payment has still been made based on (for example) insufficiently objective criteria in the Financing Agreement. When calculating the overall residual error rate, these errors would have no effect on the error rate (and be treated as if there was a 0% error), although it will have an impact on the frequency of errors. These 'unquantifiable' errors should still be measured and reported as they may show important weaknesses in the overall control framework.

A draft Typology of Errors is included at Annex 5 of this report.

Sample size and stratification of the population

The overall objective of the RER measurement exercise is the identification of the RER in the closed contract population. To the extent that resources are available, it is vital that the substantive work supporting the measurement entails examination of a sufficiently large number of transactions drawn from closed contracts to produce a statistically reliable and meaningful result. Looking at the sample size data presented in Annex 1, in order to produce a statistically meaningful result, a sample size of at least 150 is necessary where the level of materiality is 2%, and where no errors are expected to be found.

In order to reach a conclusion with an acceptable level of accuracy, using a confidence level of 95%, a sample of around 180 items is required. Taking into account the need to allow for the performance of sampling in three tranches, to enable work to be completed in time for the AAR, we recommend a sample of 240 items. This approach has been confirmed through implementation of the DG DEVCO RER exercise.

DG NEAR has confirmed that it requires measurement of the RER for the overall population, as well as the error rate for those closed contracts which are non-thematic

(covering about 90% of the population). We discuss in Section 3.8 how the sampling of this would work, which entails a further expansion of the sample required to 270 items.

Characteristics of the Population

We have performed some basic analysis of the population of contracts closed from September 2013 to August 2014. This is the population that would have been used for a notional RER study for DG NEAR Directorates B and C had it been carried out separately in 2014. We have supplemented this with further analysis of the preceding two years' data. An understanding of the characteristics of the population can assist in designing an appropriate sampling methodology.

Inevitably, the population for DG NEAR Directorates B and C is smaller than for DG DEVCO in total (€ 859m compared to over € 4bn for DG DEVCO). This means that the closure of a large one-off transaction (for example, € 123m budget support payment to Ukraine in 2014) could have a disproportionate impact on the population. A further effect of this is that the number of sampling intervals will be smaller.

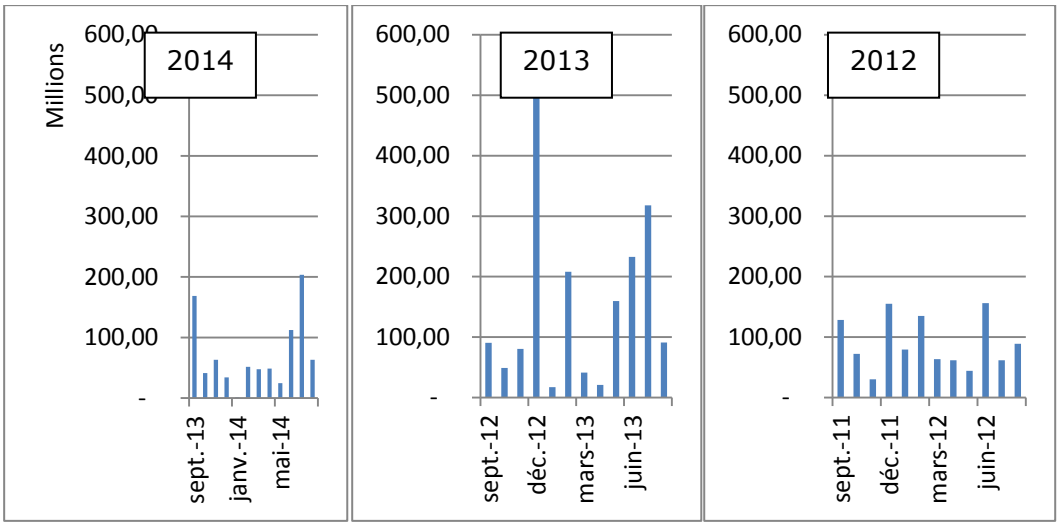
In 2014, DG NEAR Directorate B and C (under DG DEVCO Directorate F) closed most transactions by value during Period 3 (47%) There was a significantly lower value of transactions closed in Period 2 (17%) for DG NEAR compared to 25% for DG DEVCO overall.

For the previous twelve months, the same pattern was repeated and proportionally few contracts by value were closed between January and April (Period 2) in comparison to the other two periods where four times as many contracts by value were closed. During this period, there was an exercise performed in conjunction with an external consultant to close as many contracts as possible so this may have distorted the number of closed contracts.

During 2011/12, the pattern of contract closures was more stable.

	2014		2013		2012	
	Value (€M)	**% of total value**	**Value (€M)**	**% of total value**	**Value (€M)**	**% of total value**
1- September-December	307	36%	788	42%	386	36%
2- January-April	149	17%	287	15%	340	32%
3- May to August	403	47%	801	43%	351	33%

	859		**1,876**		**1,077**	



Due to the unpredictable nature of the timing of the closure of contracts in a year, it is necessary to consider whether the sample sizes for each period can be varied, either by anticipating the expected variation, or by 'topping up' at the end of a study. This is considered in Section 3.8 on sampling.

The profile of transaction types for closed contracts in 2014 are set out below:

Type of transaction	**Value**	**Number of transactions**	**Percentage of value**
International organisations	184,605,874	87	21%
Service Contracts	158,214,762	824	18%
Works Contracts	6,423,542	31	1%
Supply Contracts	14,820,315	53	2%
Grant agreements	168,597,305	624	20%
Budget Support	326,186,249	26	34%
	858,848,047	**1,645**	

The respective contribution of different contract types is broadly similar to the those of DG DEVCO, meaning that the no fundamental adjustment to the methodology to allow for different contract types is required.

Managing DG NEAR's Geographic Scope and on-the-spot fieldwork

DG NEAR Directorate B and C activities relating to closed contracts in 2014 were managed from 17 locations around the world, including Headquarters in Brussels, as shown in the table overleaf:

Delegation In Charge	Total	Total
Algeria	34,612,083	126
Armenia	26,831,979	114
Azerbaijan	19,512,978	74
Belarus	8,009,664	50
Egypt	40,427,746	128
Georgia	99,711,740	141
Headquarters	50,132,529	141
Israel	5,311,835	43
Jordan	18,461,256	93
Lebanon	34,178,858	100
Moldova	84,034,294	73
Morocco	21,513,986	89
Russia	14,720,696	112
Syria	31,590,359	47
Tunisia	9,977,287	57
Ukraine	208,888,459	94
West Bank and Gaza Strip	150,932,298	163
Total	**858,848,047**	**1,645**

Activities are implemented in a modest number of countries compared to DG DEVCO. However, it remains more efficient and less costly to arrange for documentation to be sent to headquarters/ RER auditor premises (in the same way as formerly happened for implementation of the ex-post control, as well as the approach for the DG DEVCO RER exercise) than by specific missions to each beneficiary and delegation. The value of on-the spot checks is at its highest when activities are ongoing, or very shortly after their completion. By definition, this exercise will concentrate on completed activities – many of the activities will have been completed for a very long time. As a consequence, the value of on-the-spot checks will be much diminished, and they should not be included automatically for every transaction.

We recommend following the precise methodology implemented for DG DEVCO, i.e. performing nine on-the-spot visits in each year of the study.

Geographic vs thematic

The majority of contracts by value administered by DG NEAR are coded as purely geographical (coded 'MED', 'ENPI' or 'NEAR' – in future these will all be coded 'ENI'), rather than thematic. We have been asked by DG NEAR to consider whether it would be

possible to propose a methodology that allows the measurement of an RER for the whole of DG NEAR Directorates B and C, as well as a separate error rate only for those contracts with geographical codes.

In the last three years, the value of closed geographic and thematic closed contracts has been as follows:

Year	Geographic %	Thematic %
2014	91%	9%
2013	93%	7%
2012	88%	12%

We recommend expanding the number of sampling intervals to use in total for the exercise so that it is likely that a statistically significant 240 intervals would relate to geographic coded contracts. We anticipate that the use of 270 sampling intervals for the principal exercise will ensure this takes place.

Based on the population data provided for 2014, we simulated a dummy sample for 2014 using 270 sampling intervals and found that 241 of the 270 sampling intervals selected related to transactions from geographic contracts. We reperformed the dummy sample selection three times, and on each occasion the number of geographic items exceeded 240.

Because the population will be sampled in three distinct tranches, it is not easy to predict how many sampling intervals should be used to ensure that a minimum of 240 intervals relate to geographical coded transactions. The ratio of geographic to thematic contracts cannot be expected to be identical in each year or period. We propose that when the final tranche of transactions is selected, the sample to be chosen could be increased, if it is unlikely that at least 240 intervals relating to geographical coded contracts would be chosen.

How Long Does it Take To Sample a Transaction?

One of the principal factors determining the resources that will need to be devoted to carrying out a proposed methodology will be the amount of time required to examine a single item.

Our methodology for delivering the DG DEVCO RER is now well established. We can confirm that the amount of time set out in that methodology is borne out by practical experience. We would not expect the time required for DG NEAR transaction examination to vary from this. The considerations remain identical, i.e.:

- The period of time elapsed since the contract concerned was opened;
- The complexity of the contract;
- The nature of the contract: a supply contract for the supply of a single product will be likely to comprise a very small number of transactions, often only one. A Grant Agreement will often be the subject of multiple replenishments, each of which can represent several hundred transactions at beneficiary level;
- The location of supporting documentation relating to the contract;
- The ease with which information concerning previous control procedures (e.g. audits and ex-post controls) affecting the contract can be identified;
- Liaison with recipient organisation required. International Organisations require very extensive correspondence, as well as engagement with country offices and the eventual beneficiary organisations. Similarly, grant recipients frequently are uncooperative and require significant correspondence and liaison. Furthermore, grant beneficiaries often have project partners which increases the amount of time needed to obtain documentation.

A straightforward supply contract can occupy as little time as one hour to establish whether it is free from error (assuming that physical inspection of goods is excluded from the scope of the work). An examination of a payment under a complex grant could take over two weeks (or more, if no reliable previous audit work had been undertaken on that contract and if activities were widely dispersed).

For the purposes of this methodology, based on our own experience of delivery of the DG DEVCO RER exercise, the audit of EC funds, guidance provided by the Court of Auditors, and subject to the assumptions set out below, we estimate that the average

amount of time required to examine one item is 6 days. This is based on the following assumptions:

- On-the-spot checks are required for nine transactions[19];
- Time taken to retrieve information is borne by the European Commission directly;
- Results of previous control activities are taken into account to reduce the amount of detailed substantive testing required;
- DG NEAR is able to provide reliable, complete and timely information concerning the previous exercise of control functions in respect of items selected;
- Documentation and information held by the European Commission is provided promptly; and
- Access to CRIS is uninterrupted.

Sample Selection

Monetary Unit Sampling (MUS) is the established sampling methodology used for RER purposes. Using MUS, the 'sampling unit' is the individual unit of currency used. For example, where the total population value is € 1,000,000, and the sample size is 100, the individual items which account for each 10,000th euro spent is selected for sampling (the sampling interval). This approach means that each item in the population has a chance of selection which increases in accordance with its value (any item whose value exceeds € 10,000 will certainly be selected).

The sample selection approach for the DG NEAR RER should also be performed on an MUS basis. This will make the results comparable with results for DG DEVCO.

As with DG DEVCO, we do not consider that it is necessary to perform examination of whole contracts for the purposes of this exercise. The sample should be drawn from the most detailed level of transaction that the accounting system is capable of identifying, and which represents an accurate valuation of the contractual activity already performed. The most detailed transaction recorded centrally is the accepted amount for an individual invoice, excluding pre-financing invoices.

[19] See section 3.4 for more detailed discussion of our suggested approach to on-the-spot checks

Pre-financing is excluded from the sample population, since it does not represent the performance of contractual activity, and pre-financing payments represent a wholly different class of transactions. Conclusions reached following a detailed examination of pre-financing transactions tell us nothing about other classes of transactions. Moreover, most errors that an examination of pre-financing would expose[20] would also be revealed by an examination of other payments – the reverse is not true. Furthermore, the Commission adopts the view that pre-financing errors are generally subject to subsequent 'regularisation' in any case.

In summary, the steps to be taken in selecting the sample are as follows:

1. Identify all contracts closed in the period;

2. Identify and list all invoices;

3. Remove pre-financing invoices;

4. Identify the number of items that need to be examined to provide desired level of assurance;

5. Select items from detailed invoice listing using MUS, using the 'accepted amount' as the item value.

Further explanatory material relating to the sample selection procedure is contained in Annex 6.

In some cases, imperfections of the data provided in CRIS by the Commission may mean that a transaction is chosen, e.g, not relating to DG NEAR or still subject to controls despite being included as closed in CRIS. If an auditor notices that the Commission have provided incorrect data at the selection stage, the sample should be reselected once the correct data is provided, However, if the transaction needs replacing later, the transaction should be replaced with the next one that would have been selected by MUS. The auditor does not need to completely select the sample again, as the practical disadvantages of full reselection outweigh the technical considerations.

Proposed Timetables and sampling weighting

If the RER exercise were to take place in 2015, the methodology would need to be amended to compensate for the late start. Firstly, the CRIS system from which the

[20] E.g. overpayment of pre-financing.

population will be generated has been closed for most of January and February 2015. This means that there is likely to be a significantly lower value of transactions for contracts closed between January and April 2015 than the other two periods. This should be responded to by varying the length of the phases for which samples are selected.

Furthermore, the RER exercise in 2015 is unlikely to start before May 2015. In normal circumstances, it would be necessary to select the sample for Period 2 at this time, but with the addition of the selection of the first sample as well, this would mean a large peak of work just before the summer.

In response to these circumstances, we suggest that the sample is chosen as follows:

Period 1 (comprises 8 months)- this should cover six-tenths of the sampling intervals for the year as no contracts were closed between January and February.

Period 2 (comprises 2 months)- this will cover May and June, and two-tenths of the sampling intervals will be selected in this phase.

Period 3 (comprises 2 months)- this will cover the final two months (July to August) and two-tenths of the sampling intervals will be selected in this phase.

The table below sets out this split:

Period	**Dates of population**	**Number of sampling intervals selected for period**	**Date of sample selection**
1	September 2014- April 2015 (8 months, contracts only closed in six of those months)	162 (60% of 270)	Start of May 2015
2	May- June 2015 (2 months)	54 (20% of 270)	Start of July 2015
3	July 2015- August 2015 (2 months)	54 (20% of 270)	Start of September 2015

We believe that this split of periods and sampling intervals will have two positive effects:

1. It will allow work to be performed evenly throughout the year;

2. A stable value of sampling intervals is more likely to be maintained from period to period.

In subsequent years, we would expect the work to be performed with a January start. We advocate splitting the population into three even periods of 90 sampling intervals each.

Period	**Dates of population**	**Number of sampling intervals selected for period**	**Date of sample selection**
1	September 2015- December 2015 (4 months)	90	Start of January 2015
2	January 2016- April 2016 (4 months)	90	Start of May 2015
3	May 2016- August 2016 (4 months)	90	Start of September 2015

The example above for 2016 assumes that the value of closed contracts for each of the three periods is broadly similar.

However, this should be evaluated at time of selection for each phase. If there will be a large difference between the values of each phase, different numbers of intervals can be selected at each phase.

Specifically, there should be liaison and discussion with DG NEAR at all stages, including at the start of the study, to enable the performer of the exercise to understand if there are any expected variances in numbers of closed contracts expected. Firstly, the

performer should enquire with DG NEAR what is the likely profile of closed contracts over the year. This profile and variability of the value of closed contracts should be borne in mind when deciding on the split of periods and number of sampling intervals to consider when performing the RER assessment.

Secondly, if the profile of transactions between phases is not constant, but this only becomes clear at the end of the exercise, the performer should consider the possibility of increasing the sample size through 'topping-up' the sample. However, the performer should also consider the statistical purity of the exercise at all times.

Finally, when the population data is made available, there should a close analysis and check of what is provided from Data Warehouse. Any possible problems with the migration of data from DG DEVCO to DG NEAR should be considered and analysed. Furthermore, the data should be carefully examined for completeness, following the procedures set out in the instruction manual.

Error Evaluation

Error evaluation should be performed in accordance with MUS principles. Annex 7 contains a worked example using data derived from a previous closed contracts listing.

The example illustrates the method whereby actual errors detected in the sample are extrapolated across the sampling interval used, and then further to the rest of the population.

The steps taken when evaluating the error rate for the entire DG NEAR B and C are as follows (compare with the example shown in Annex 7):

1. List all of the contracts/transactions where errors have been identified;

2. List the recorded payment amount (column B) and the correct amount (column C);

3. Calculate the difference between B and C for each line (column D);

4. Calculate the Error Rate for each contract/transaction (column E);

5. Calculate the sampling interval- population under scrutiny (H) divided by number of sampling intervals. For the entire DG NEAR B and C Error Rate, the number of sampling intervals is 270 is € 4.7m.

6. Extrapolate the Error Rate for each transaction to the sampling interval to give the projected error (column F). In the first transaction in the given example, the error rate of 2.07% is projected to the sampling interval of € 4.7 million, giving a projected error of € 97,759;

7. Calculate the overall projected error by summing the transaction projected errors in Column F (€1.4 million).

8. The error rate is the sum of the project errors divided by the entire population under scrutiny (J/ H) which is 0.11%.

In order to calculate the residual error for the geographic contracts alone, we repeat the first four steps. However, as the first two errors relate to non- geographic transactions, these are excluded from the projection of errors. The following steps should then be followed:

9. Calculate the sampling interval for geographic contracts. This is the population of closed non-geographic contracts divided by 240 (assuming this is the number of intervals relating to geographic contracts). The sampling interval in our example is L divided by 240 which is € 4.2m.

10. Extrapolate the Error Rate for each transaction to the geographic sampling interval to give the projected error (column Q). The first two transactions are non-geographic and are excluded. In the third transaction in the given example, the error rate of 0.02% is projected to the sampling interval of € 4.2 million, giving a projected error of € 9,445;

11. Calculate the overall projected error by summing the transaction projected errors in Column Q (€0.8 million).

12. The error rate is the sum of the project errors divided by the entire population under scrutiny (N/L) which is 0.08%.

The Contribution of Existing Controls

The results of audits already performed on expenditure selected for examination provide the most important means of obtaining information that will permit the quantity of substantive work performed to be reduced (see section 2).

There is considerable scope for reducing the amount of substantive work that will need to be performed in respect of a selected contract if it has been the subject of demonstrable, detailed previous examination. The contribution made by existing controls would need to be determined shortly after sample selection, and so the ability to identify the previous performance of external audits and ex-post controls is vital (see Annex 9). The extent to which substantive work is reduced will need to be left to the judgement of the auditor. However, the factors to consider in determining the effect should include:

- The competence of the performer of the previous control work. For the DG DEVCO RER, full reliance is generally only placed on work performed under the global audit framework contract or by the European Court of Auditors.

- The entity engaging the control work (EC or beneficiary);

- The terms of reference of the control work (do they consider legality and regularity?). For example, International Organisations often engage audits which make no reference to the contract terms in Contribution Agreements with the EC, and so are of limited value to the RER exercise;

- The level of risk inherent for the contract type in question;

- The coverage of the previous control work;

- The results of the previous control work;

- An assessment of the overall risk of undetected error remaining in the controlled population. This is important where the work relied on has not tested 100% of the expenditure in detail. A disclosure should be made where there is a theoretical and potential undetected residual error which may be at a tolerable level;

- Where the performer is unable to perform statistically significant procedures (such as with International Organisations), the RER auditor should consider extrapolation of the error detected over the entire population and also disclose the possibility that undetected errors are likely to exist in the untested population.

Where the thoroughness or relevance of the previous control work cannot be judged to have reached an appropriate level, it cannot be relied upon, and substantive testing must be performed as if the control work had not taken place. Where the reputation of

the entity performing the work is unknown, it may be possible to place partial reliance on the work and merely test a small proportion of the expenditure to confirm that some assurance can be placed on it.

In order for any reliance to be placed on previous controls, it will be necessary to reliably identify all instances where those controls have operated. There remains a risk that the implementation of previous controls may not be easily identified, particularly where contracts began many years previously.

The Court of Auditors' previous DAS audit work represents a clear source of reliable corroborative evidence concerning individual transactions, where transactions selected have been previously examined by the Court. The methodology includes provision for examining whether a transaction has been previously examined by comparing transaction details with the lists of transactions selected for the Court's audit in previous years (See Illustrative Audit Programme at Annex 9 – Previous Control Work). This approach also provides an opportunity to ensure that errors detected by the Court (and other control mechanisms) have in fact been corrected.

Conclusion

We have set out the principal factors that will affect measurement of DG NEAR's Residual Error Rate, and we have proposed a statistically-based methodology accordingly. The proposed methodology is tailored to suit its specific objectives and characteristics, although it is based upon universal principles.

The output is an estimate of DG NEAR Directorate B and C's Residual Error Rate in respect of contracts closed during the period in question, with separate error rates for the whole of the DG NEAR B and C, and also for B and C geographic only.

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Annex 11.1 :Sample Sizes

The table below shows the sample sizes required given a range of confidence levels, tolerances of misstatement and expected levels of error. The sample size is based on a Poisson Distribution, rounded to the nearest whole number.

Confidence Level	Expected Error Rate Ratio[21]	Tolerable Misstatement as % of Population (≈ Materiality)					
		5%	4%	3%	2%	1%	0.5%
95%	0	60	75	100	150	300	600
95%	0.1	74	92	123	**184**	368	736
95%	0.2	93	116	155	232	463	925
95%	0.3	120	150	200	300	600	1199
95%	0.4	162	203	270	405	809	1618
95%	0.5	231	289	385	577	1154	2308
90%	0	47	58	77	116	231	461
90%	0.1	56	70	93	139	277	554
90%	0.2	69	86	114	171	341	682
90%	0.3	87	109	145	217	433	866
90%	0.4	115	143	191	286	572	1144
90%	0.5	160	200	267	400	799	1597
80%	0	33	41	54	81	161	232
80%	0.1	38	48	63	**95**	189	300
80%	0.2	46	57	76	113	226	405
80%	0.3	56	70	93	139	277	554
80%	0.4	71	89	118	177	354	707
80%	0.5	95	119	159	238	475	949

[21] The expected error rate ratio denotes the expected errors as a ratio of tolerable misstatement. For example, where tolerable misstatement/materiality is 2%, a ratio of 0.1 indicates that expected errors are 0.2%.

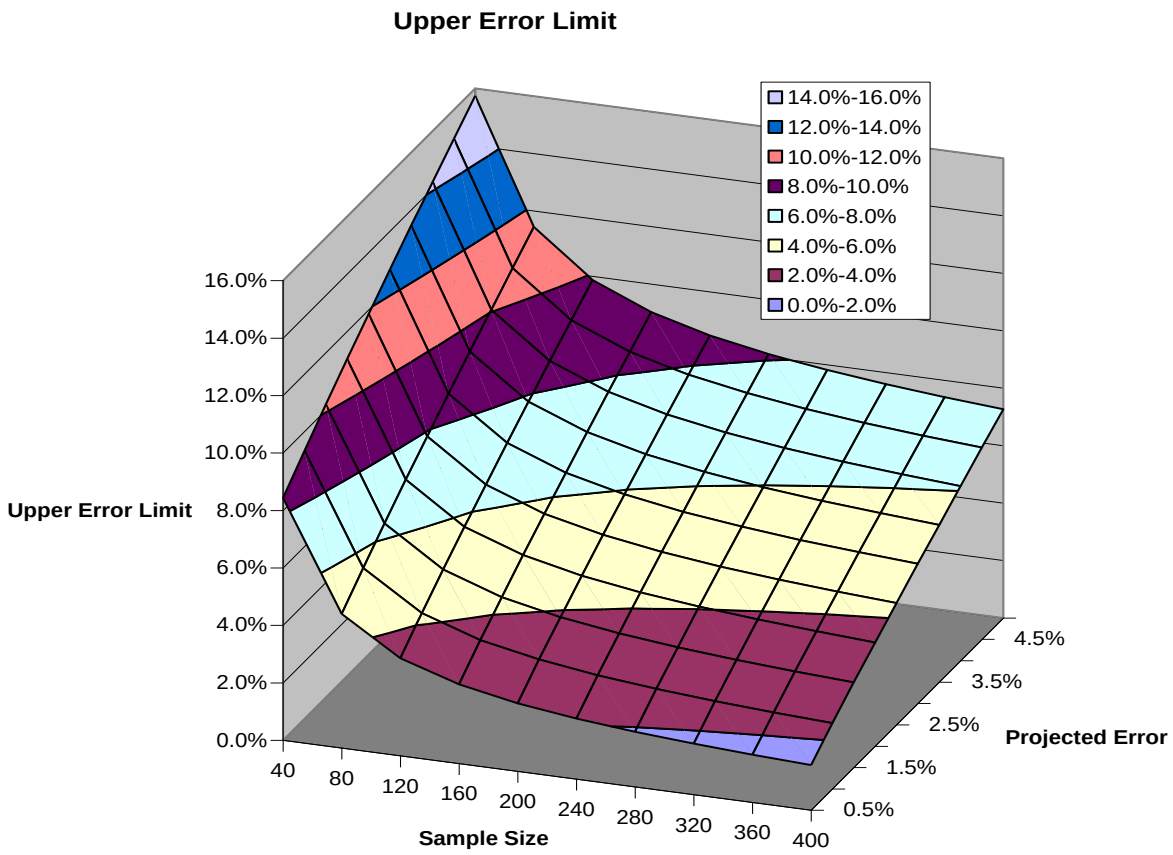
Annex 11.2: Upper Error Limits

The tables below illustrate the effect on the upper error limit dependent upon the projected error that substantive testing has implied, the size of the sample used to perform that substantive testing and the confidence level required. For example, if the projected error following selection of a sample of 160 items is 1%, one can state with 95% confidence that the level of error in the entire population is below 3.6%. Unsurprisingly, upper error limits reduce with larger sample sizes and lower projected errors. It should be noted that it is only with genuinely enormous sample sizes and very low levels of projected error that the upper error limit falls below 2%. Nevertheless, it should be noted that greater sample sizes produce diminishing returns – once sample sizes are greater than around 150 items, the marginal benefit of sampling another item diminishes (if the projected error remains the same). The amounts are based on the gamma distribution, which is a continuous probability distribution associated with the Poisson distribution.

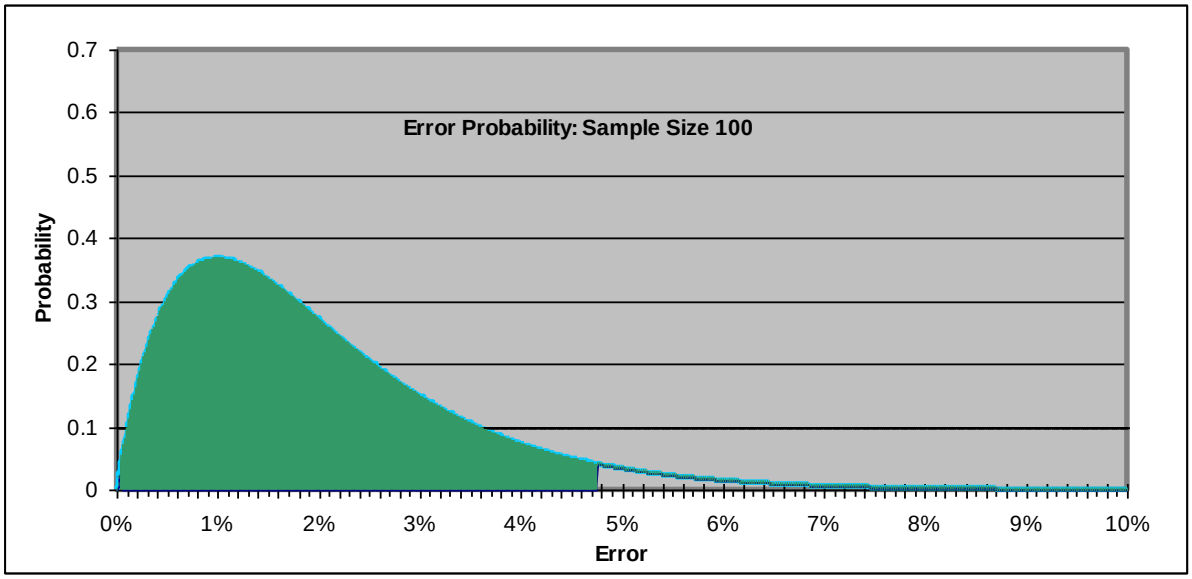
95% Confidence

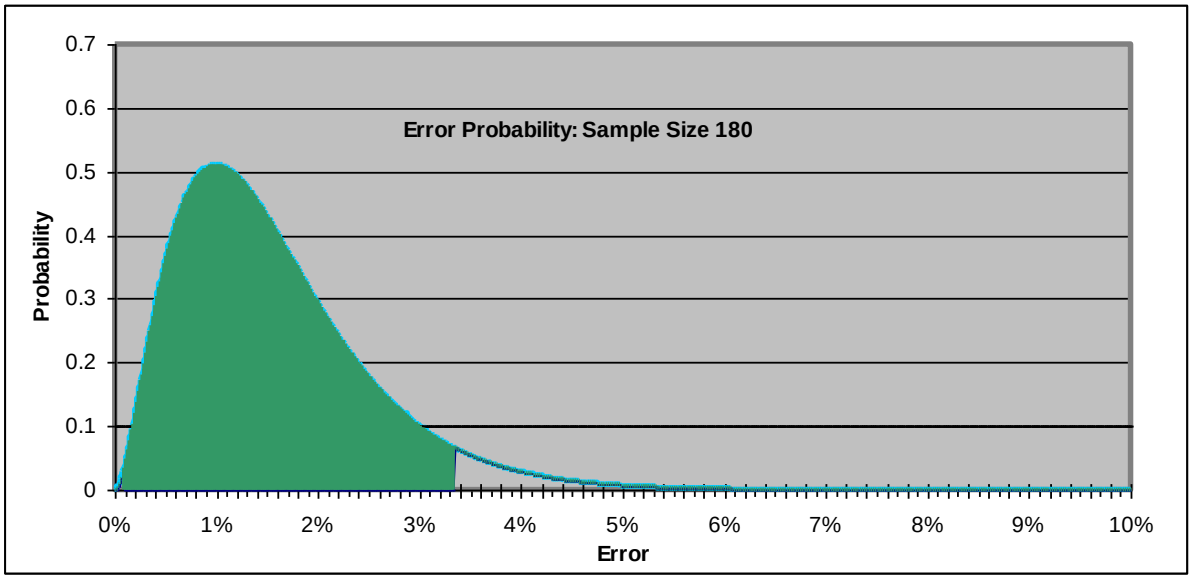
Sample Size	**40**	**80**	**120**	**160**	**200**	**240**	**270**	**280**	**320**	**360**	**400**
Projected Error											
0.0%											
0.5%	8.4%	4.7%	3.4%	2.8%	2.4%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%
1.0%	9.3%	5.5%	4.2%	3.6%	3.1%	2.9%	2.7%	2.7%	2.5%	2.4%	2.3%
1.5%	10.2%	6.3%	5.0%	4.3%	3.9%	3.6%	3.4%	3.4%	3.2%	3.1%	3.0%
2.0%	11.0%	7.1%	5.7%	5.0%	4.6%	4.3%	4.1%	4.0%	3.9%	3.7%	3.6%
2.5%	11.9%	7.9%	6.5%	5.7%	5.3%	4.9%	4.7%	4.7%	4.5%	4.4%	4.2%
3.0%	12.7%	8.6%	7.2%	6.4%	5.9%	5.6%	5.4%	5.3%	5.1%	5.0%	4.9%
3.5%	13.4%	9.3%	7.9%	7.1%	6.6%	6.2%	6.0%	6.0%	5.8%	5.6%	5.5%
4.0%	14.2%	10.0%	8.5%	7.7%	7.2%	6.9%	6.7%	6.6%	6.4%	6.2%	6.1%
4.5%	15.0%	10.7%	9.2%	8.4%	7.9%	7.5%	7.3%	7.2%	7.0%	6.8%	6.7%
5.0%	15.7%	11.4%	9.9%	9.0%	8.5%	8.1%	7.9%	7.8%	7.6%	7.4%	7.3%

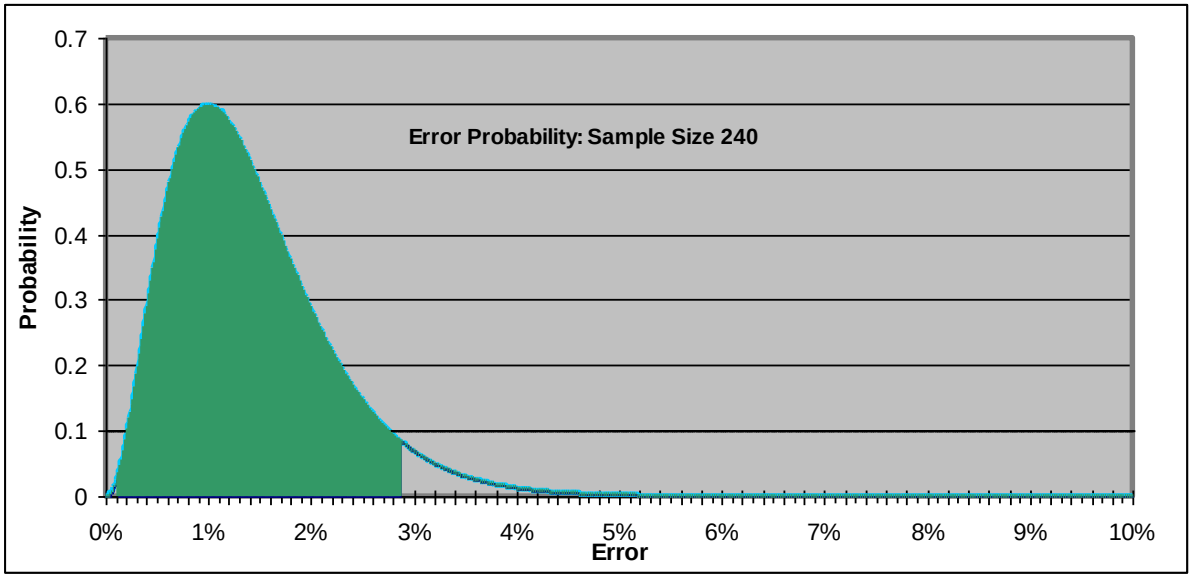
The chart below shows a visual representation of the upper error limits with a confidence level of 95%:



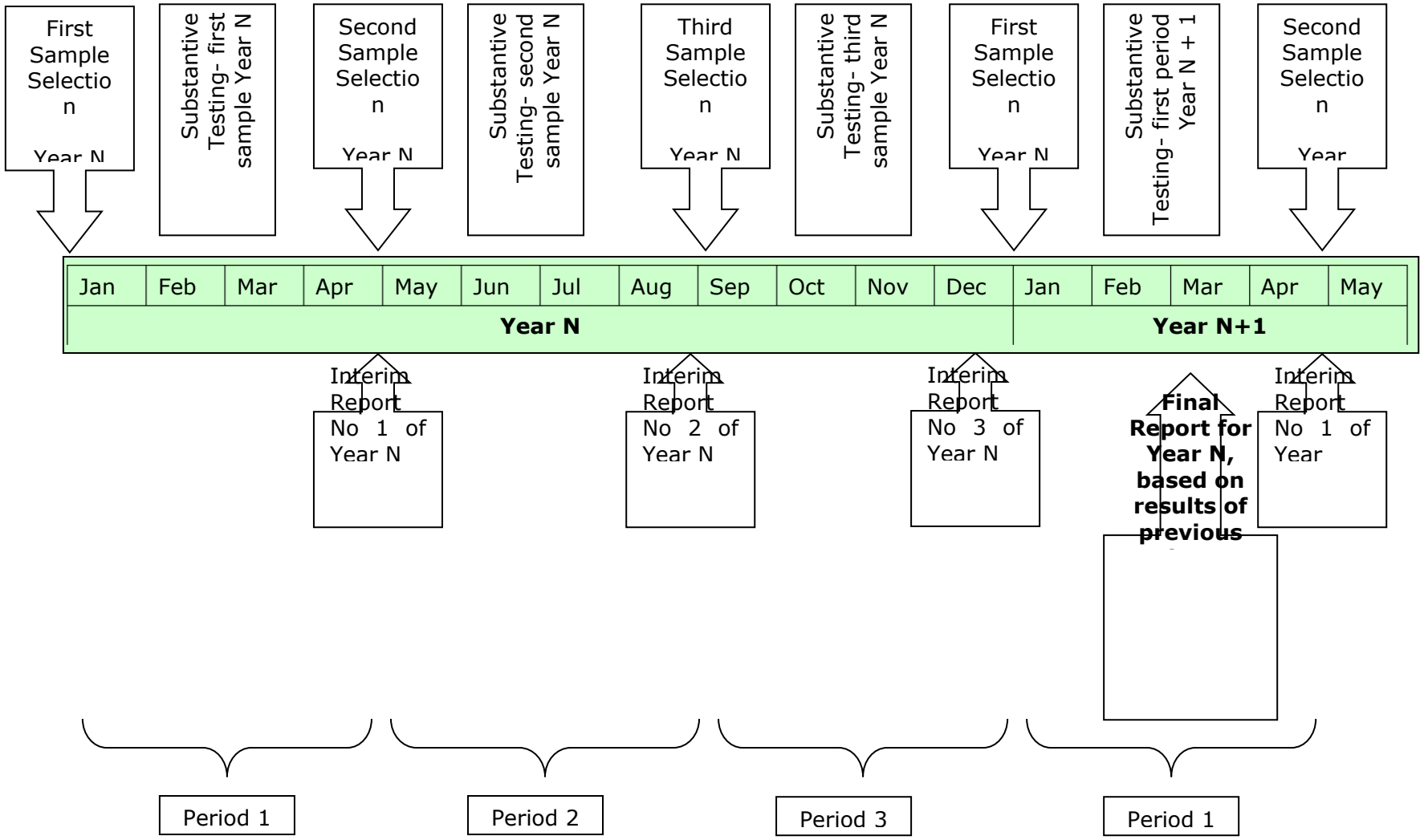
Annex 11.3: Probability and Confidence Level Graphs







Annex 11.4: Suggested Annual Timetable in normal circumstances



Annex 11.5: Illustrative Typology of Errors (non-exhaustive)

1	Lack of documentation for/ incorrect tendering procedures
2	No recovery in response to control detecting error- International Organisation
3	No recovery in response to control detecting error- non-International Organisation
4	Not in budget
5	Overclaim
6	Beneficiary error- inadequate documentation- non- International Organisation
7	Beneficiary error- other non-compliance- non- International Organisation
8	Beneficiary error- inadequate documentation- International Organisation
9	Beneficiary error- other non-compliance- International Organisation
10	Unquantifiable Error
11	No legal basis for payment

Annex 11.6: Explanatory Material Relating to Sample Selection Procedure

Consider the transactions relating to a fictitious contract set out below.

Invoice No	Type	Accepted Amount €	Invoiced Amount €	Paid Amount €	Cleared Amount €
1	Pre-financing	200,000	200,000	200,000	-
2	Interim Payment	150,000	150,000	150,000	-
3	Interim Payment	100,000	100,000	100,000	-
4	Interim Payment	150,000	150,000	150,000	-
5	Final Payment	320,000	350,000	120,000	200,000
		720,000			
	COLUMN TOTAL	**920,000**	**950,000**	**720,000**	**200,000**

Only the four figures surrounded by a bold box are included in the sample population. The total value of these transactions is € 720,000. This is the same as the amount paid. However, the Paid Amount column includes €200,000 pre-financing. For the reasons explained below, pre-financing payments should be wholly excluded from the sample population.

The invoiced amount should not form the sampling population because it includes amounts that the Commission has already identified as ineligible.

The paid amount should not form the sampling population because it includes pre-financing amounts which do not represent completed contractual activity. Consider the effects of using the five invoices under the 'paid amount' as forming the sample population:

- Selection of Invoice No 1 would result in a conclusion being reached relating only to the legality and regularity of the advance payment, since no activity has yet taken place. No conclusion as to the eligibility of contractual activity could be reached.

- Selection of Invoice No 5 would present extrapolation problems. The sample amount would be €120,000, although the value of the contractual work performed amounts to €320,000. Errors could not, therefore, be extrapolated across the sample population without introducing significant complexity, and potential for inaccuracy, into the process.

The table below illustrates the information that would be included in the population from which the sample will be drawn, based on 5,509 contracts closed in the year:

Contract No	Invoice No	Type	Accepted Amount €	Invoiced Amount €	Paid Amount €	Cleared Amount €
0001	1	Pre-financing	200,000	200,000	200,000	-
0001	2	Interim Payment	150,000	150,000	150,000	-
0001	3	Interim Payment	100,000	100,000	100,000	-
0001	4	Interim Payment	150,000	150,000	150,000	-
0001	5	Final Payment	320,000	350,000	120,000	200,000
0002	1	Pre-financing	400,000	40,000	400,000	
0002	2	Interim Payment	350,000	350,000	-	350,000
0002	3	Final Payment	250,000	250,000	200,000	50,000
0003	1	Pre-Financing	50,000	50,000	50,000	-
0003	2	Final Payment	60,000	60,000	10,000	50,000
etc…	…	…	…	…	…	…
etc…	…	…	…	…	…	…
5058	1	Pre-Financing	300,000	300,000	300,000	-
5058	2	Interim Payment	250,000	250,000	250,000	-
5058	3	Final Payment	500,000	500,000	200,000	300,000
5059	1	Pre-Financing	60,000	60,000	60,000	
5059	2	Pre-Financing	90,000	90,000	90,000	
5059	3	Final Payment	300,000	300,000	150,000	150,000
			3,675,000,000			
		GRAND TOTAL	**5,213,000,000**	**5,300,000,000**	**3,675,000,000**	**1,538,000,000**

As in the previous table, only amounts surrounded by a bold box are included in the population. Pre-financing, shown in shaded lines, is excluded.

The value of the population will be approximately equivalent to the 'paid amount' (i.e. €3.675 billion) – this represents the difference between the total accepted amount (€5.213 billion) and the total amount of pre-financing (€1.538 billion, which is approximately equivalent to the 'cleared amount')[22]

[22] The amounts are not exactly equivalent, since some pre-financing will have remained uncleared, and will be the subject of a recovery order. Their inclusion would complicate the illustration unnecessarily.

Annex 11.7: Error Rate Calculation Example

The information below shows a dummy error evaluation of an imaginary set of errors following a statistically derived sample of 270 items drawn from transactions executed under closed contracts. The top two items are thematic transactions. No consideration has been given to the contract type, or nature of the transaction in any way, in determining the error rates for each transaction: they are presented for illustrative purposes only.

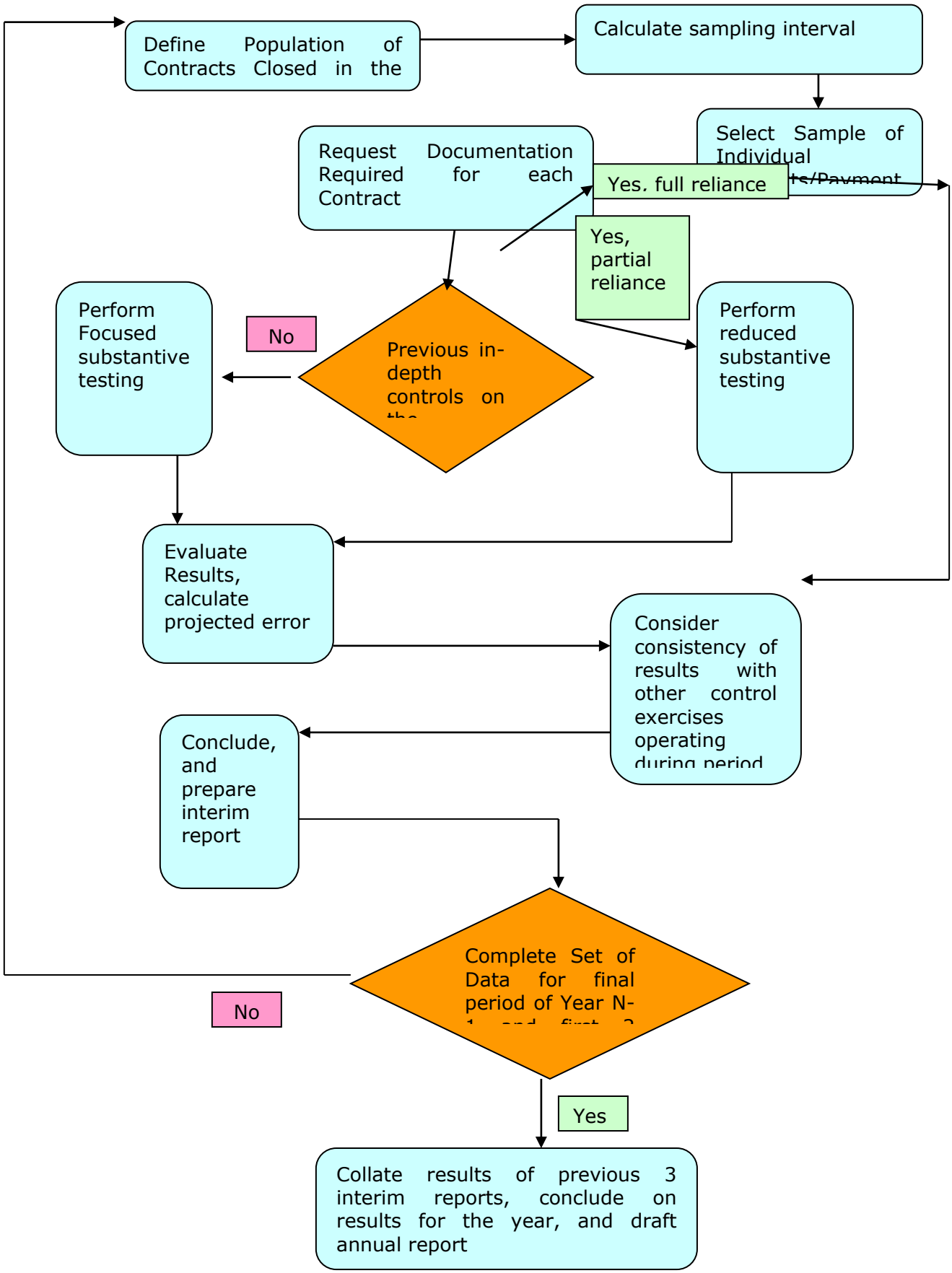
A	B	C	D (B – C)	E (D x B)	F (E x I)	Q (E x M)
Contract and Transaction Ref No	**Recorded Amount**	**Correct Amount**	**Difference**	**Error Rate**	**Projected Error (sample size = 270)**	**Projected Error only geographic (sample size = 240)**
119xxx-121578	3,676,154	3,600,000	76,154	2.07%	97,759	Not recorded
101xxx-038323	12,000,000	11,000,000	1,000,000	8.33%	393,397	Not recorded
106xxx-099123	2,964,425	2,958,424	6,001	0.20%	9,445	8,347
076xxx-045666	2,935,894	2,735,894	200,000	6.81%	321,613	284,210
051xxx-101xxx	1,829,159	1,828,000	1,159	0.06%	2,834	2,504
072xxx-100xxx	947,075	900,000	47,075	4.97%	234,716	207,419
076xxx-135xxx	959,233	958,233	1,000	0.10%	4,723	4,173
101xxx-038xxx	792,287	791,287	1,000	0.13%	6,139	5,425
125xxx-100xxx	790,303	780,000	10,303	1.30%	61,394	54,254
131xxx-098xxx	544,170	542,170	2,000	0.37%	17,474	15,442
112xxx-075xxx	183,701	173,701	10,000	5.44%	256,912	227,034
						808,808

					1,406,406	

Overall error rate				
Sample Size	270		**G**	
Population Value	1,275,116,453		**H**	Total Contracts Closed in year
Sampling Interval	4,722,654		**I**	H/G
Projected Error (€)	1,406,406		**J**	Sum of Individual Projected Errors (column F)
Projected Error (%)	0.11%			J/H

Error rate for geographic contracts only				
Sample size	240		**K**	
Population value (only geographic)	1,001,620,231		**L**	Total geographic contracts closed in year
Sampling Interval	4,173,418		**M**	L/K
Projected Error (€)	808,808		**N**	Sum of Individual Projected Errors (column Q)
Projected Error (%)	0.08%			N/L

Annex 11.8: Suggested Process for Each Fieldwork Phase



Annex 11.9: Illustrative Audit Programme

The audit programme set out below is designed to illustrate the tests that will be applied at an individual transaction level. One similar audit programme will be completed for each transaction selected.

SUMMARY[23]		
1	Document Recorded Amount of Transaction	
2	Document Correct Amount	
3	Record Error Rate	
4a	ABB Category of Contract	
4b	Geographic Area of Contract	
4c	EDF or General Budget	
4d	Instrument	
INITIAL EXAMINATION OF TRANSACTION[24]		
1	Verify the suitability of the transaction for review as well as the accuracy, completeness and reliability of the transaction amount recorded in the accounts by:	
a.	Confirming that the contract is closed	
b.	Confirming that the descriptive data relating to the contract and transaction have been correctly recorded in the accounting system (i.e. transaction type, instrument etc)	
c.	Confirm whether there are any recovery orders in respect of the contract and, if so, whether they affect the transaction selected.	
d.	Review all transactions recorded under the contract in order to determine whether any of the transactions have been mis-recorded. Perform a reconciliation of all transactions, and examine the reasons for discrepancies identified. Issues identified by this review may include: uncleared advances; mis-description of transactions; evidence of significant amounts of ineligible expenditure etc.	
2	Obtain a copy of the contract for the project to fully understand the contractual basis of the agreement.	
a	Document the key risks (inherent and control risks) based on a review of the contract	
b	Document the key sources of evidence demonstrating legality and regularity of underlying transactions (this will be determined largely by the contract type, e.g. timesheets and evidence of output, e.g. report, for service contracts)	

[23] The information recorded in the Summary section will be consolidated for all transactions examined. This is the information that enables the overall Residual Error Rate to be determined, once all of the transactions selected have been examined.

[24] The tests in the Initial Examination section are designed to ensure that the sample has been validly selected, and that there are no clear errors in the accounting data that would prevent the results from being extrapolated across the whole population. The review should also allow the auditor to obtain an early understanding of some of the key features of the transaction.

PREVIOUS CONTROL WORK	
1.	Document details of any previous control work carried out on this contract (e.g. audits, ex post control, Court of Auditors audit work,), and consider the effect on the transaction.
1.	Consider and document the extent to which substantive work can be reduced based upon the previous control work undertaken. The factors to be considered are: a) The coverage of the previous control work; b) The results of the previous control work; c) An assessment of the risk of undetected error remaining in the controlled population; d) The competence of the performer of the previous control work; e) The overall level of risk of the contract type in question; and f) Any other matters.
3.	Establish if any subsequent recovery order was issued on this contract/payment and record details as necessary.
4.	Document a clear conclusion on the level of substantive testing to be carried out on the contract/payment. Previous control work has: a) No impact; full detailed substantive testing to be undertaken; b) Some impact; limited substantive testing to be undertaken; or c) Complete reliance; no further substantive testing
SUBSTANTIVE TESTING	
1.	Prepare a detailed testing schedule for underlying transactions based on the eligibility requirements set out in the contract.
2.	Identify the underlying transactions to be examined. Ensure that the selection of items for examination will result in a firm conclusion being capable of being reached in respect of the high level transaction concerned. Obtain necessary documentation.
3.	Perform detailed substantive testing.
	Note: Substantive procedures may include but are not limited to: General: a) Agreeing the Financial Report to the underlying accounting records including the trial balance and general and program ledgers. b) Examining material journal entries and other adjustments made during the course of the closing process of Financial Report. c) Reconciling the Financial Report with the balance of cash-on-hand and/or in bank accounts. The income for the Project (including funds received from the Commission and other income generated by the Project such as bank interest) less the expenditure incurred, after considering any reconciling items, must reconcile with the balance of cash-on-hand and/or in bank accounts. d) Agreeing budget (comparative) figures in the Financial Report to the appropriate sources (e.g. budgets in the Agreement Terms and Conditions). e) Verifying that correct exchange rates have been applied for currency conversions where applicable and in accordance with Agreement Terms and Conditions. f) Reviewing, where applicable, the procedures used to control funds channelled to other implementing entities that have been contracted.

	Assets: a) The purchase and procurement of assets and compliance with Agreement Terms and Conditions. The Auditor examines supplies (e.g. vehicles, equipment, tools, various materials and products, whether procured by the beneficiary or directly procured by the Commission for the beneficiary's use) for compliance with procurement rules as per agreement terms and conditions. b) Verify the existence (e.g. physical inspection of assets), valuation, ownership, recording and classification and disclosure of assets; c) Verify the procedures for the disposal or transfer of assets at the closing of the Project if this is specified in the Agreement Terms and Conditions.
	Cash and Bank: a) Perform tests and procedures with regard to existence, valuation, ownership, recording and classification and disclosure of cash and bank funds held by the Project; b) Review cash and bank reconciliations. c) Review evidence supporting balances at end of contract.
	Implementation of Activities: a) Examine whether the financial aspects of the Project i.e. expenditure incurred and assets purchased can be justified in relation to activities realised, results obtained and the Project budget. b) Review relevant information such as annual work plans, progress reports (both internal and external), evaluation reports etc.
	Eligibility of Expenditure. Verify if expenditure: a) is related to the foreseen contractual activities; b) was incurred during the implementation period; c) is accurately recorded in the financial report and is identifiable, verifiable and substantiated by supporting evidence; *d)* complies with the conditions identified in **(1)** above
	2. Conformity with Budget: a) Ensure that the budget presented in the Financial Report corresponds with the contractual budget and that reported expenditure was foreseen in the budget. b) Ensure that the total amount of expenditure does not exceed any maxima laid down in the Agreement Terms and Conditions. c) Ensure that any amendments to the budget of the action comply with the Agreement Terms and Conditions for such amendments (including requirements for an addendum).
	Accuracy, Recording and Classification a) The Auditor verifies that the expenditure for a transaction is properly classified under the headings and subheadings of the Financial Report, is accurately and properly recorded in the Entity's accounting system, is supported by appropriate evidence and documents and is properly valued (e.g. use of correct exchange rates).
	Reality (occurrence / existence) a) Obtain sufficient appropriate audit evidence as to whether the expenditure has occurred(reality of the expenditure) and - where applicable - assets exist; b) Verify the reality of the expenditure for a transaction or action by examining proof of work done, goods received or services rendered on a timely basis, at agreed quality and prices or costs.
	Compliance with Procurement, Nationality and Origin Rules a) Verify whether the Entity has complied with such rules and whether the expenditure concerned is eligible.

	Notes Concerning Types of Expenditure and Income: Technical Assistance and other services a) Review technical assistance and other services, whether procured by the beneficiary or directly procured by the Commission for the beneficiary's use, for compliance with procurement rules in the Agreement Terms and Conditions. Salaries b) Review direct salary charges to determine whether salary rates are reasonable for the position concerned, are in accordance with relevant rules of the Entity's human resources policies (i.e. employment contracts and other conditions), are supported by appropriate payroll records and in accordance with Agreement Terms and Conditions. c) Review salary related components such as overtime, allowances and fringe benefits received by employees. Travel and transportation d) Review travel and transportation charges to determine whether they are adequately supported and approved in accordance with the Entity's policies and procedures and whether they are in accordance with the Agreement Terms and Conditions. Indirect costs e) Review allocation methods to determine that the indirect cost pool includes only allowable items and that it complies with Agreement Terms and Conditions. Income f) Review whether income for the Project (including grants and funding received from other donors, revenue generated by the Entity such as for example interest income and income in kind) has been added to the EC Project funds in accordance with the Agreement Terms and Conditions, criteria for accuracy, recording, completeness (including proper allocation of income attributable to various activities) and disclosure of income in the Financial Report.
4.	3. Perform and document results of substantive testing and calculate the total error for the contract/payment.
CONCLUSION	
1	Complete the **Summary** information at the front of this audit programme, based on the results of the substantive work performed. Confirm that the evidence assembled supports the conclusions documented. If confirmation is not possible, discuss with assignment manager, and identify the work that needs to be performed to enable confirmation.
2	Attach a summary of errors identified, categorised according to the classifications contained in the typology of errors.

ANNEX 12: Performance tables

IPA II

1 General objective of the IPA II programme statement

General objective 1: Candidate countries and potential candidates ('beneficiary countries') implement the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and progressively align to Union rules, standards, policies and practices with a view to Union membership.	☒ Programme-based: The Instrument for Pre–accession Assistance ('IPA') ☒ Non programme –based : all policy activities

Enlargement policy is based on article 49 of the Treaty on the European Union to support and guide the countries which wish to join the EU on their way to accession under the condition that they respect the fundamental values of the EU and are committed to promoting them.

Impact indicator: Overall progress made in reaching the Copenhagen criteria, as assessed by the Progress reports.

Relevance of the indicator: The indicator assesses how the enlargement countries meet the criteria defined by the Treaty of the European Union and the European Council (so called "Copenhagen criteria", on **political reforms, economic criteria, EU "acquis", civil society dialogue,** as well as the Stabilisation and Association process SAP conditions). Progress in meeting these criteria indicates that the enlargement countries have implemented reforms towards more democratisation and protection of fundamental rights, a better and more competitive functioning market economy, more regional cooperation and the adoption of EU norms and standards in many sectoral areas.

Source: Progress reports produced by DG Enlargement and adopted by the Commission on a yearly basis (see http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm)

Baseline 2013	Milestone[25] 2017	Current situation	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
Candidate countries meet some accession criteria. Potential candidates are not sufficiently advanced to be granted candidate status with the exception of Albania (see Commission	Further progress made by the candidate countries and the potential candidates towards meeting the criteria for	According to the 2015 country reports[27], candidate countries and the potential candidates made some further progress on	Candidate countries closer to meeting all accession criteria. Potential candidates are further advanced in steps towards meeting criteria for candidate status.

[25] In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

recommendation to the Council)[26]. (pages 18-19 of the AMP)	membership.	meeting the Copenhagen criteria; however, in some countries, there has been backsliding in certain areas, in particular linked to the political criteria (i;e. in the judiciary and with the freedom of expression). In addition, in some countries, there has been no progress in one of the two economic criteria.	

2.1 Specific Objective 1 IPA

Relevant general objective: Candidate countries and potential candidates ('beneficiary countries') implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and progressively align to Union rules, standards, policies and practices with a view to Union membership.	
Specific Objective 1: Support for political reforms.	☒ programme-based : **The Instrument for Pre–accession Assistance ('IPA')** ☒Non programme-based : policy activities

<u>Result Indicator 1</u> : Progress made in achieving the political criteria, as assessed by the Progress reports

<u>Relevance of the indicator</u>: The indicator assesses how the enlargement countries meet the criteria defined by the Treaty of the European Union and the European Council (so called "Copenhagen political criteria", as well as the Stabilisation and Association process SAP conditions). It also measures how candidate countries progress in dealing with bilateral disputes among themselves and between them and EU Member States; in

[27] COM(2015) 611 final

[26] The Commission recommendation was issued in October 2012 subject to the completion of a limited number of short term priorities.

this context, it assess if there is sustainable progress in the normalisation of relations between Serbia and Kosovo following the agreements reached under the EU facilitated dialogue. The indicator is also in line with the 2015 Programme statement and the IPA II programming documents, e.g. the Country/Multi- Country Strategy papers 2014-2020. **Source**: Progress reports produced by DG NEAR (ex-DG Enlargement) and adopted by the Commission on a yearly basis (see http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm).			
Baseline 2013	Milestone 2017	Current situation	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
1. Western Balkans: early stage	Advanced NB: In the programme statement 2015, the target is defined as Some Progress	According to the 2015 country reports[28], some progress was made. However, in some countries, there has been backsliding in certain areas of the political criteria (i;e. in the judiciary and with the freedom of expression).	further advanced NB: In the programme statement 2015, the target is defined as Further progress
2. Turkey: early stage	Advanced NB: In the programme statement 2015, the target is defined as Some Progress	According to the 2015 country report, some progress was made on the Public administration reform and on the Fight	further advanced NB: In the programme statement 2015, the target is defined as Further progress

[28] COM(2015) 611 final

		against organised crime. However, there was no progress on functioning of the judiciary and the fight against corruption. Also, there was backsliding with the freedom of expression.	

Main outputs in 2015 **Description (Commission*/final output**)**	**Indicator**	**Current situation**	**Target 2015**
2015 Progress Reports *	Adoption by the College of the Communication on the Enlargement strategy and accompanying Staff working documents on the Country reports	Adoption by the College on 10.11.2015	7 Progress Reports adopted
2015 IPA II country action programmes **	Adoption	Adoption of 8 programmes	8 programmes adopted[29]
Screening reports *	Adoption	12	Progress in the negotiation process.

2.2 Specific objective 2

Relevant general objective: Candidate countries and potential candidates ('beneficiary countries') implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and progressively align to Union rules, standards,

[29] 2 programmes in the case of TR: 2015 Turkey action programme as well as specific programme set in context of Syrian crisis

policies and practices with a view to Union membership.	
Specific Objective 2: Support for economic, social and territorial development, with a view to smart, sustainable and inclusive growth.	☒ programme-based : **The Instrument for Pre–accession Assistance ('IPA')** ☒Non programme-based : policy activities

Result Indicator 1: Progress made in meeting economic criteria, as assessed by the Progress Report

Description and relevance of the indicator: The indicator assesses how the enlargement countries meet the economic criteria defined by the Treaty of the European Union and the European Council, as well as the Stabilisation and Association process SAP conditions. The indicator is also in line with the Country/Multi- Country Strategy papers 2014-2020.

The economic criteria are the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union.

Source: Progress Report, produced by DG NEAR (ex-DG Enlargement) and adopted by the Commission on a yearly basis (see http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm).

Baseline 2010	Milestones 2017	Current situation	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
1. Western Balkans: early stage	some progress	According to the 2015 country reports, some further progress was made in 2015 on meeting the economic criteria; however, in some Western Balkans countries, there has been no progress in one of the two criteria (either on the functioning market economic criterion or on the criterion on the capacity to cope with competition and market forces).	further progress
2. Turkey: early stage	some progress	According to the 2015 country report, no progress was made on the functioning market economy	further progress

		criterion. Some progress was made on the criterion on the capacity to cope with competition and market forces.	

Result Indicator 2: World Bank's 'Doing Business' (distance to frontier-score)

Description and relevance of the indicator: It shows the distance of each economy to the "frontier", that means the highest performance observed on each of the indicators across all economies: 1 (Worst) - 100 (Best). The indicator measures the socio-economic development which is one of the goals of IPA II and is that it is tracked annually for all countries, enabling relevant comparisons. It tracks the absolute performance of a country, which can improve, even if others do better; it is more stable and it shows overall a positive, consistent trend.

The indicator is in line with the 2015 Programme statement and the IPA II programming documents, e.g. the Country/Multi- Country Strategy papers 2014-2020.

Source: World Bank's 'Doing Business report http://www.doingbusiness.org/data/distance-to-frontier.

Baseline 2010	Milestones 2017	Current situation (2015)	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
1. Western Balkans: 59.27	67	68.47	70
2. Turkey: 65.34	68	69.16	72

Following a year (2014) of significant improvement, the indicator remained stable both in Turkey and the Western Balkans, on a level that is already above the milestone set out.

Result Indicator 3: GDP per capita (current prices-PPS) as % of EU level

Description and relevance of the indicator: GDP in purchasing power standards (PPS) – EUR. The indicator measures the socio-economic development which is one of the goals of IPA II and is that it is tracked annually for all countries, enabling relevant comparisons,

The indicator is in line with the IPA II programming documents, e.g. the Country/Multi-Country Strategy papers 2014-2020 where it is conceived as a context indicator.

Source: Eurostat: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc_ecnagdp&lang=en

Baseline 2010	Milestones 2017	Current situation 2014[30]	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
1. Western Balkans*: 32.5%	38%	32.53%	43%
2. Turkey: 50%	60%	52%	65%

* Excluding Kosovo.

Though economic growth has been positive in 2014 (but for Serbia), it has slowed down compared to the previous year, and the catching up process is not progressing. Both for Western Balkans and Turkey the values remain very far from the milestone and 2020 targets.

Result Indicator 4 : Employment rate (20-64 years)

Description and relevance of the indicator: The indicator measures the socio-economic development which is one of the goals of IPA II and reflects the way the dynamism of the economy is impacting on the labour market (people employed, but also people active in the labour market). The indicator is in line with the (Multi) Country Strategy Papers.

Source: Eurostat. Whenever not available yet, the indicator on the age range 15-64 can be used.

Baseline 2012 (%)	Milestones 2017	Current situation 2014[31]	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
1. Western Balkans: 42.98	44	45.02	47
2. Turkey: 48.9	49	49.5	50

The employment rate has slightly improved, thanks to the improved economic situation, and appears already better than the value foreseen for 2017.

[30] Data not available for 2015

[31] Data not available for 2015

Main outputs in 2015 Description (Commission*/final output**)	Indicator	Current situation	Target 2015
2015 Progress Reports *	Adoption by the College of the Communication on the Enlargement strategy and accompanying Staff working documents on the Country reports.	Adoption by the College on 10.11.2015	7 Progress Reports adopted
2015 IPA II country action programmes **	Adoption	Adoption of 8 programmes	8 programmes adopted[32]
Screening reports *	Adoption	12	Progress in the negotiation process.

2.3 Specific objective 3 IPA

Relevant general objective: Candidate countries and potential candidates ('beneficiary countries') implement the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and progressively align to Union rules, standards, policies and practices with a view to Union membership.	
Specific Objective 3: Strengthening of the ability of the beneficiaries listed in Annex I at all levels to fulfil the obligations stemming from Union membership by supporting progressive alignment with and adoption, implementation and enforcement of the Union *acquis*, including preparation for management of Union structural, cohesion, agricultural and rural development funds.	☒ programme-based : **The Instrument for Pre–accession Assistance ('IPA')** ☒Non programme-based : policy activities

<u>Result Indicator 1</u>: Progress made on the implementation of *acquis,* as assessed by the Progress report
<u>Description and relevance of the indicator</u>: Assessment on the overall progress made in the respective area/sector in the perspective of meeting accession criteria, as assessed by the Annual Progress Report.

<u>Relevance</u>: The indicator assesses how the enlargement countries meet the criteria defined by the Treaty of the European Union and the European Council (so called "Copenhagen acquis criteria –alignment with EU standards, ability to assume the obligations of membership ", as well as the Stabilisation and Association process SAP

[32] 2 programmes in the case of TR: 2015 Turkey action programme as well as specific programme set in context of Syrian crisis

conditions). The indicator is in line with the 2015 Programme statement and the IPA II programming documents, e.g. the Country/Multi- Country Strategy papers 2014-2020. **Source**: Progress reports produced by DG NEAR (ex-DG Enlargement) and adopted by the Commission on a yearly basis (see http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm).

Baseline 2010	Milestones 2017	Current situation	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)
1. Western Balkans: early stage	some progress	Some progress (according to the 2015 country reports),	further progress
3. Turkey: early stage	some progress	Some progress (according to the 2015 country report),	further progress

Main outputs in 2015 **Description (Commission*/final output**)**	**Indicator**	**Current situation**	**Target 2015**
2015 Progress Reports *	Adoption by the College of the Communication on the Enlargement strategy and accompanying Staff working documents on the Country reports.	Adoption by the College on 10.11.2015	7 Progress Reports adopted
2015 IPA II country action	Adoption	Adoption of	8

programmes **		8 programmes	programmes adopted[33]
Screening reports *	Adoption	12	Progress in the negotiation process.

2.4 Specific objective 4 IPA.

Relevant general objective: Candidate countries and potential candidates ('beneficiary countries') implement the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and progressively align to Union rules, standards, policies and practices with a view to Union membership.	
Specific Objective 4: Strengthening regional integration and territorial cooperation involving the beneficiaries listed in Annex I, Member States and, where appropriate, third countries within the scope of Regulation (EU) No 231/2014 of the European Parliament and of the Council.	☒ programme-based: **The Instrument for Pre–accession Assistance ('IPA')** ☒ Non programme-based : all policy activities

<u>Result Indicator 1</u>: Number of cross border co-operation programmes concluded between IPA/EU countries and IPA/IPA countries[34]

<u>Description and relevance of the indicator</u>: IPA supports cross-border cooperation between candidate countries, potential candidate countries and EU Member States. The indicator measures the regional integration and territorial cooperation amongst the IPA II beneficiaries and thus addresses and targets the IPA II specific objective 4. The indicator is determined on the basis of the number of cross border co-operation programmes concluded between IPA/EU countries and IPA/IPA countries. The indicator is in line with the IPA II strategic programming documents (Indicative Country and Multi- Country strategy papers 2014-2020).

<u>Source</u>: European Commission Cross-border cooperation programmes, concluded between IPA/EU countries and IPA/IPA countries

Baseline 2010	Milestone[35] 2017	Current situation 2015	Target 2020 (The target is set based on the 2014-2020 programming

[33] 2 programmes in the case of TR: 2015 Turkey action programme as well as specific programme set in context of Syrian crisis

[34] This indicator includes both CBC Programmes IPA/EU (managed by DG Regional Policy) and IPA/IPA (managed by DG Enlargement)

[35] The column should be deleted if only short-and medium term (less than 3 years) targets are set.

			documents)
Western Balkans (9[36]) CBC IPA/EU	9[37]	9	9
Western Balkans CBC intra WB (10[38])	8[39]	8	10[40]
Total Western Balkans	17[41]	17	19[42]
Turkey (1)[43]	2[44]	1	3[45]

Main outputs in 2015 Description (Commission*/final output**)	Indicator	Current situation	Target 2015
TAIEX events organised *	Number of TAIEX events[46]	1624 TAIEX events out of which 810 in IPA region and 363 in ENI region	1400[47]
Multi-Country Programmes *	Adoption	3 (multi-country, multi-country on connectivity and Civil Society Facility and Media)	2

[36] SI-HR,HU-HR, HU-RS,RO-RS, BG-RS, BG-the former Yugoslav Republic of Macedonia, GR- the former Yugoslav Republic of Macedonia, GR-AL, Adriatic CBC programme involving IT/SI/GR/HR/BA/AL/ME (IPA I programmes) – this baseline includes a correction from the data provided in the management plan 2015 of DG NEAR.

[37] HR/BA/ME, HR/RS, HU/RS, RO/RS, BG/RS, BG/the former Yugoslav Republic of Macedonia, GR/the former Yugoslav Republic of Macedonia, GR/AL, IT/AL/ME

[38] XK-the former Yugoslav Republic of Macedonia, XK-AL, BA-ME, the former Yugoslav Republic of Macedonia-AL., AL-ME,RS-ME, RS-BA, HR-BA, HR-RS, HR-ME (IPA I Programmes)

[39] RS/BA, RS/ME, ME/BA, ME/AL, the former Yugoslav Republic of Macedonia/XK, AL/XK, ME/XK, the former Yugoslav Republic of Macedonia/AL

[40] RS/Kosovo, RS/the former Yugoslav Republic of Macedonia in addition to those already adopted

[41] This number is updated compared to the programme statement, and includes 9 expected programmes EU/IPA and 8 expected programmes IPA/IPA

[42] This number is also updated compared to the programme statement, and includes 9 expected programmes EU/IPA and 10 expected programmes IPA/IPA

[43] BG/TR

[44] GR/TK in addition to the existing BG/TR programme

[45] CY/TK in addition to the BG/TR and GR/TR programmes

* Commission output

** final output

[46] The events are organised with funding from programmes established before 2014.

[47] Out of which tentatively 1000 event in the IPA region, 250 in the ENI East region, and 150 in the ENI South region.

CBC Programmes (IPA II) *	Adoption	The current CBC Programme covers the period 2014 – 2017. An application package has been prepared and is being discussed with the Country Coordinators, it will be sent to the Delegations for comment. Call for proposals will be launched during 2016.	Several
7 assessments of the Civil Society (IPA I) enabling environment *	Completion	Completed	7 assessments
SIGMA assessments on Public Administration (IPA I) **	Delivered	Delivered in May 2015	1 per country - April
Surveys on fight against corruption [Justice and Home Affairs (IPA I)] *	Completion	7 surveys completed and shared with EUDs as input for annual country reports	7 surveys
Guidelines on procedural and non-procedural protection measures for judiciary and prosecution services (Cooperation in criminal justice) *	Adoption	Finalised; relevant workshop held in Albania (09/15).	End 2015
Targeted projects and developed action plans on minority protection or inclusive education **	Number of municipalities and schools in the Western Balkans having completed projects and action plans, respectively.	36 municipalities and 49 schools	36 municipalities and 49 schools
Technical assistance studies	Completion	81[48]	From 55 to 80

*Commission output
** final output

under the WBIF (IPA I) **			
Signed Loans under the WBIF	Signature	€3.7 billion	From €2.7 billion to €3.1 billion
	Number of projects at tendering/under construction/completed	64	From 45 to 50
Technical assistance to support energy service companies (ESCO) in the Western Balkans **	Improved legislative framework and launch of new tenders.	Completed[49]	At least 3 beneficiary countries have improved the legal framework for ESCO projects and at least 5 tenders launched by end 2015
Policy dialogue on energy efficiency launched across the region * *	Primary energy efficiency legislation drafted for Albania and Kosovo	Completed: policy dialogue indicator has been met.	End 2015
Projects through the WB sustainable energy direct financing facility (WeBSDEFF)	Number of projects approved	Partially completed[50]	Up to 30 sub-projects approved and signed for at least €35 million; including at least 1 ESCO project by end 2015

[48] In 2015, the Infrastructure Project Facilities had completed their assignments for 81 technical assistance grants approved by the WBIF Steering Committee (since 2008).

[49] Improvements in Bosnia and Herzegovina and Croatia and an ESCO bylaw in Serbia. This includes legislative clarifications for procuring energy efficiency ESCO projects (works and services), including contract templates; 12 ESCO tenders have been prepared and provided to the public project owners (municipalities). Implementation of the energy efficiency investments in 2 projects should be completed in Q1/2016.

[50] 6 sub-projects approved under WeBSEDFF for a total of € 28.1 million. Of these, there are 4 Small Hydro Power Plant (SHPP) projects (in Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Montenegro), 1 biomass Combined Heat and Power (CHP) project (in Bosnia and Herzegovina) and 1 biogas CHP project (in Serbia). There are no ESCO projects yet. This is due to the very long period that is required to adopt all required legislation, build administrative capacity in the municipalities, launch tenders, identify successful ESCO companies that have won such tenders and providing financing to them.

Subscription of shares under the Enterprise Innovation Fund (ENIF) as well as Enterprise Expansion Fund (ENEF) of the Western Balkans Enterprise Development and Innovation Facility (EDIF) *	Amount of shares subscribed	€0	From €0 to 3 million (ENIF); from 0.4 to 5 million (ENEF).
Methodological framework and guidance for introducing entrepreneurial learning as a key competence in the Western Balkans and Turkey in line with the Human Capital Dimension of the Small Business Act for Europe *	Number of pilot schools	106[51]	Number of pilot schools increased from 104 to 112; Framework developed for level 1 to 3 and level 5/6 of the International Standard classification of education (ISCED)
Houses and flats built, purchased or reconstructed and handed over to beneficiaries ** Approved sub-projects that lead to the signature of grant agreements**	Number of units Number of sub projects	327 housing units delivered to final[52] beneficiaries One (1) new sub-project signed[53]	Up to 695 units; Four (4) new sub-projects approved.

Expenditure related outputs

Specific objectives 1 to 3:

Budget line	Programme	EU contribution
COUNTRY ACTION PROGRAMME FOR ALBANIA		
Objective 1 - budget line 22.02 01 01	Sector 1 Democracy and Governance	46,900,000
	Action 1 Sector reform contract for public administration reform	32,000,000

[51] As at December 2015, ISCED 1 – 30, ISCED 2 – 31, ISCED 3 – 31, ISCED 5/6 – 14, TOTAL: 106. The figure includes 8 teacher training authorities (1 per country) who actively participate in the process of introducing the entrepreneurial learning as a key competence; Total planned for period 2013-2016: 115 (ISCED 1 – 32, ISCED 2 – 33, ISCED 3 – 32, ISCED 5/6 – 18.

[52] The lower than foreseen delivery of housing solutions stems from the delay of implementation by the Partner Countries. The Commission has taken various mitigating measures to expedite implementation.

53 The Commission, as the lead donor, decided to reduce the number of new approvals, in order to allow for the Partner Countries to focus on the implementation of the already previously approved sub-projects rather than on the preparation of new sub-projects.

	Action 2 EU integration facility	13,900,000
	Action 3 Support to participation in Union Programmes	1,000,000
	Sector 2 Rule of Law and Fundamental Rights	13,000,000
	Action 4 Consolidation of law enforcement agencies	13,000,000
Objective 2 - budget line 22.02 01 02	Sector 3 Education, employment and social policies	30,000,000
Total		89,900,000
COUNTRY ACTION PROGRAMME FOR BiH		
Objective 1 Support for political reforms and related progressive alignment with the Union acquis - budget line 22.02 01 01	1) Democracy and Governance	14 700 000.00
	1 Improving Public Internal Financial Control (PIFC)	2 000 000.00
	2 Support to the Public Administration Reform and the Reform of the Statistics system	3 500 000.00
	3 European Integration Facility	4 589 800.00
	4 Support to participation in EU Programmes	4 610 200.00
	2) Rule of Law and Fundamental Rights: local development strategies	22 500 000.00
	5 Enhanced Justice Sector and cooperation in Rule of Law	16 500 000.00
	6 Support to law enforcement agencies	6 000 000.00
	Total Programme	37 200 000.00
Annual action programme for the former Yugoslav Republic of Macedonia		
Objective 1 - budget line 22.02	Sector 1 Democracy and Governance	10,825,719.10
	Action 1 EU Integration Facility	4,000,000.0

01 01		0
	Action 2 Participation in Union Programmes	6,825,719.10
Objective 2 - budget line 22.02 01 02	Sector 8 Agriculture and Rural Development	13,300,000.00
	Action 3 Agriculture, Rural Development and Food Safety, Veterinary and Phytosanitary Policy	13,300,000.00
	TOTAL	24,125,719.10
Annual action programme for Kosovo		
Objective 1 - budget line 22.02 01 01	Sector 1 Democracy and Governance	EUR 8 000 000
	Action 1 EU Approximation Facility	EUR 5 000 000
	Action 2 Facility for implementation of political priorities, including the Pristina-Belgrade dialogue	EUR 3 000 000
	Sector 2 Rule of Law and Fundamental Rights	EUR 23 000 000
	Action 3 Further Support to Judicial Reform in Kosovo	EUR 11 000 000
	Action 4 Further Support to Home Affairs in Kosovo	EUR 12 000 000
Total Budget for Objective 1- budget line 22.02 01 01		EUR 31 000 000
Objective 2 - budget line 22.02 01 02	Sector 5 Energy	EUR 33 000 000
	Action 5 Construction of hazardous waste storage facilities	EUR 12 000 000
	Action 6 Improving district heating in Prishtinë/Priština and Gjakova/Djakovica	EUR 21 000 000
	Sector 8 Agriculture and Rural Development	EUR 14 000 000
	Action 7 Support to Kosovo's Further Development of the Agri-Rural Sector and Creating Prerequisites for the Development and Implementation of an Integrated Approach to Food Safety	EUR 14 000 000

Total Budget for Objective 2 - budget line 22.02 01 02		EUR 47 000 000
	TOTALS	EUR 78 000 000
MONTENEGRO ACTION PROGRAMME FOR 2015		
Objective 1 Democracy and Rule of Law - budget line 22.02 01 01	Sector 1 - Democracy and Governance	4,135,235.00
	Action 1 - EU Integration Facility	2,450,654.66
	Action 2 - Participation in Union Programmes and Agencies	1,684,580.34
	Sector 2 - Rule of Law and Fundamental Rights	21,000,000.00
	Action 3 - Support to implementation of IBM Strategy	20,000,000.00
	Action 4 - Protection of the rights of Roma, Egyptians	1,000,000.00
	TOTAL	25,135,235.00
Multi-annual Action Programme for Montenegro on Employment, Education and Social policies for the year 2015-2017		
Objective 2 Competitiveness and Growth - budget line 22.02 01 02	Action 1 Improving the Labour Market and Increasing Employability	2,300,000.00 (2015 EU contribution)
	Action 2 Enhancing the Education System	1,200,000.00 (2015 EU contribution)
	Action 3 Improving Social Inclusion and Social and Child Protection System	1,200,000.00 (2015 EU contribution)
	Action 4 Technical Assistance	300,000.00 (2015 EU contribution)
Country action programme for Serbia		

Democracy and Rule of Law - budget line 22.02 01 01	Democracy and Governance	111,190,000 .00
	AD 1 – European Integration Facility	11,000,000. 00
	AD 2 – Support to Participation to EU Programmes	12,090,000. 00
	AD 3 –Negotiations and Communication facility	8,100,000.0 0
	AD 3 – Sector Budget Support for PAR	80,000,000. 00
	Rule of law and fundamental rights	20,600,000. 00
	AD 5 – Support to Justice Sector	12,100,000. 00
	AD 6 - Home Affairs	8,500,000.0 0
	TOTAL	131,790,000 .00
Competitive ness and Growth - budget line 22.02 01 02	Transport	64,810,000. 00
	AD 7 - Support to the development of Transport sector	64,810,000. 00
	TOTAL	64,810,000. 00
	TOTALS	196,600,000 .00
Western Balkans – migration crisis		
budget line 22.020101	Special measure on strengthening the response capacity of the most affected countries in the Western Balkans to cope effectively with increased mixed migration flows under the Instrument for Pre-Accession Assistance (IPA II) for the year 2015	EUR 10 million
TURKEY COUNTRY ACTION PROGRAMME 2015		
Budget line 22 02 03	Democracy and governance	29 150 000
	AD 1 — Civil Society	23 700 000

01	AD 2 — Local Administration reform	5 450 000
	Rule of law and fundamental rights	167 450 000
	AD 3 — Judiciary	17 900 000
	AD 4 — Fundamental rights	18 941 489
	AD 5 — Home affairs	125 883 961
	AD 6 — Stand-alone action: Internally displaced people	4 724 550
	TOTAL	196 600 000
Budget line 22 02 03 02	Energy	26 600 000
	AD 7 — Energy	26 600 000
	Agriculture and rural development	31 900 000
	AD 8 — Agriculture	31 900 000
	TOTAL	58 500 000
	G TOTAL	255 100 000
Support to Turkey - European Union Regional Trust Fund in response to the Syrian crisis		
22 02 03 02	Contribution to the European Union Regional Trust Fund in response to the Syrian crisis, "the Madad Fund	EUR 18 000 000

Specific objective 4

Budget line	Programme	EU contribution
Multi-country Action Programme 2015 under the Instrument for Pre-accession Assistance		
22.02.04.01 Multi-country programmes, regional cooperation, and territorial ccoperation	Horizontal support	57 700 000
	Action 1 Statistics	16 000 000
	Action 2 Econ. governance & competitiveness	16 700 000
	Action 3 CoE facility	20 000 000
	Action 4 Western Balkans Youth Window under Erasmus +	3 000 000

	Action 5 European Inte-gration Facility	2 000 000
	Regional structures and networks	16 755 000
	Action 6 Regional School of Public Administration (ReSPA),	3 500 000
	Action 7 Witness protection	5 000 000
	Action 8 Disaster risk	3 000 000
	Action 9 South East Europe Transport Observatory (SEETO)	755 000
	Action 10 Technology transfer	1 500 000
	Action 11 Employment platform	3 000 000
	Regional investment support	48 100 000
	Action 12 WBIF - TA	30 000 000
	Action 13 JASPERS	4 000 000
	Action 14 Enterprise Development and Innovation Facility	5 100 000
	Action 15 GGF & EFSE	9 000 000
	TOTALS	122 555 000

MULTI- COUNTRY ACTION PROGRAMME FOR CONNECTIVITY 2015-2016		
22.02.04.01	Action 1 Co- financing of connectivity projects in the Western Balkans	Total EUR 144 900 000 EUR 108 900 000 from 2015 EUR 36 000 000 from 2016
	Action 2 Technical Assistance to Connectivity in the Western Balkans	EUR 10 354 000 from 2015
	Total	155 254 000 EUR 119 254 000 from 2015 EUR 36 000 000 from 2016
Cross-border cooperation action programme between Montenegro-Kosovo for the years 2015-2017		
22.02.04.01	CBC operations	3,240,000 EUR 1,200,000 from 2015.

		EUR 1,200,000 from 2016. EUR 840,000 from 2017.
Cross -border cooperation action programme between Montenegro - Albania		
22.02.04.01	CBC operations	EUR 4,590,000. EUR 1,700,from 2015. EUR 1,700,000 from 2016. EUR 1,190,000 from 2017.
Cross-border cooperation action programme between Bosnia and Herzegovina - Montenegro		
22.02.04.01	CBC operations	EUR 3,240,000. EUR 1,200,000 from 2015. EUR 1,200,000 from 2016 . EUR 840,000 from 2017.
Cross-border cooperation action programme between Serbia and Bosnia and Herzegovina		
22.02.04.01	CBC operations	5,400,000.00. EUR 2,000,000.00 from 2015. EUR 2,000,000.00 from 2016. EUR 1,400,000 from 2017
CROSS-BORDER COOPERATION ACTION PROGRAMME SERBIA – MONTENEGRO FOR THE YEARS 2015, 2016 AND 2017		
22.02.04.01	CBC operations	EUR 3,240,000.00, EUR 1,200,000.00 from 2015. EUR 1,200,000.00 from 2016. EUR 840,000.00 from 2017.
Cross-border cooperation action programme between Albania and Kosovo		
22.02.04.01	CBC operations	EUR 3,240,000. EUR 1,200,000 from 2015. EUR 1,200,000 from 2016. EUR 840,000 from 2017.

cross-border cooperation action programme between the former Yugoslav Republic of Macedonia and the Republic of Albania		
22.02.04.01	CBC operations	EUR 4,590,000. EUR 1,700,000 from 2015. EUR 1,700,000 from 2016. EUR 1,190,000 from 2017.
Cross-border cooperation action programme between Kosovo and the former Yugoslav Republic of Macedonia		
22.02.04.01	CBC operations	EUR 3,240,000.00 EUR 1,200,000.00 from 2015. EUR 1,200,000.00 from 2016. EUR 840,000.00 from 2017.
Support measure -Audit Programme for the year 2015		
22.02.04.01	Support measure -Audit Programme for the year 2015	EUR 2,000,000
TAIEX		
22.02.04.01	Technical Assistance and Information Exchange (TAIEX) Action Programme 2015-2017	EUR 38 million EUR 13 million from 2015, EUR 12 million from 2016, EUR 13 million from 2017.
Individual measure- Office of the High Representative (OHR) in Bosnia and Herzegovina		
22.02.04.01.	Individual measure on annual contribution in support for the Office of the High Representative (OHR) in Bosnia and Herzegovina	EUR 9 557 235 EUR 3 410 725 from 2015 EUR 3 249 879 from 2016 EUR 2 896 631 from 2017

ENI

1 General objective of the ENI

General objective 2: An area of shared prosperity and good neighbourliness involving the Union and	☒ programme-based (please name the

the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the rule of law and respect for human rights in accordance with the Treaty on the EU[54].	related spending programme) ☒Non programme based

<u>Impact indicator 1</u> - Overall progress made in reaching the political and economic reforms, as assessed by the annual ENP Progress reports or similar documents

<u>Relevance of the indicator</u>: The indicator assesses how the Neighbourhood countries progress towards the objectives of the Action Plans/Association Agendas as well as towards meeting the commitments set in other bilateral legal frameworks.

<u>Source</u>: Progress reports produced by EEAS and the Commission on a yearly basis (see: **http://eeas.europa.eu/enp/documents/progress-reports/index_en.htm)**

Baseline 2013	Milestone 2017	Current situation	Target 2020
ENI countries have made some progress in implementation of recommendations in 2014 Progress Reports (covering 2013)	ENI countries are advanced in implementation of recommendations	According to the annual reports adopted on 25 March 2015[55], some ENI countries have made some progress in reaching political and economic reforms. In other countries, ongoing conflict or instability led to backsliding or stagnation in political and economic reforms.	ENI countries are well advanced in implementation of recommendations.

<u>Impact indicator 2</u>: Comprehensive agreements and individual ENP Action Plans in place with interested neighbouring countries.

<u>Relevance of the indicator</u>: it shows the political will of Neighbourhood partners to establish closer relations with the EU. It sets the framework to assess mutual accountability and shared commitment.

<u>Source</u>: Documents from European External Action Service and DG Trade.

Baseline 2012	Milestone	Current situation (2015)	Target 2020 (This level of target comes

[54] Indicator 2 "GDP per capita" under this General Objective was dropped as this indicator is presented under the General Objective of the policy area and monitored at EUROPEAID global level.

[55] JOIN(2015) 9 final

	Latest known result 2014	Milestone 2017		from the objectives of European Neighbourhood Policy and takes into account the 16 Neighbourhood countries – 10 in the South and 6 in the East)
Neighbourhood East[56] 5 Partnership and Cooperation Agreements in force, one Association Agreement (Ukraine) initiated on 30.03.2012 Negotiations for Association Agreements ongoing with 4 countries: Republic of Moldova (launched in January 2010), Armenia, Azerbaijan & Georgia (July 2010). 5 Action Plans in force.	Neighbourhood East Three Association Agreements signed (Ukraine, Georgia and Moldova)	The negotiations and conclusions of agreements and ENP action plans show a positive trend.	**Ukraine:** Political chapters of the EU-Ukraine Association Agreement signed on 21 March 2014. Remaining sections of the Association Agreement signed on 27 June 2014. The Association Agreement will enter into force once all EU Member States, in addition to Ukraine, have ratified it.	16 Association or similarly comprehensive Agreements in force and 16 Action Plans or Similar documents adopted by 2020.
• 11 ENPI CBC Programmes		CBC: All ENI CBC programmes adopted	The 2007-2013 ENPI-CBC programmes were under implementation in 2015 (out of which 11 are related to Neighbourhood East	CBC: 900 projects implemented by ENI CBC programmes (there are 950 projects financed under the current ENPI CBC)

[56] Current situation (end of 2013): three Association Agreements initialised (Ukraine -30.03.2012; Moldova – 29.11.2013; Georgia –

29.11.2013)

			countries). 14 out of the new 17 ENI CBC 2014-2020 identified programmes were adopted in 2015 (covering countries in East and South Neighbourhood)[57]. One of these programmes, Baltic Sea, remains an Interreg programme implemented by DG REGIO More than 900 project under whole ENPI-CBC implemented	
Neighbourhood South: • ***Association Agreements in force with 8 of the 10 southern partners*** (i.e. excluding Libya and Syria). • ***3 first generation Action Plans (or equivalent documents) adopted or in place: Israel, Egypt, and*** Palestine. • ***Second***	Neighbourhood South: ENP action plans adopted with Algeria, Jordan, Lebanon, Morocco, Palestine and Tunisia.	Neighbourhood South: New EU-Egypt Action Plan in place (to be started in 2015) Decision taken on down-grading / updating / upgrading the Action Plan with IL (suspended since 2009) The Deep and	EU-Egypt Action Plan was extended until December 2015. (In the context of the revised European Neighbourhood Policy, partnership priorities are to be jointly agreed during 2016.) Algeria action plan is no longer relevant. (Partnership priorities will be negotiated	

[57] Due to political reasons the **2014-2020 ENI-CBC Lithuania Russia and Poland Russia** programmes were not submitted to the Commission by the legal deadline of 30 June 2015. It is possible to submit these programmes (deducting the budget for 2015) in 2016 (by the deadline of 30 June 2016). The ENI CBC Mid-Atlantic programme was submitted but was not adopted because of political problems related to the conflict on Western Sahara

generation action plans for Jordan, Lebanon and Morocco approved. Political agreement on the second generation of Action Plan for Tunisia but formal adoption by the Council pending. • ***Since 2012 negotiations with Algeria on an ENP action plan.*** Comment: Libya: Discussions ongoing on the possibility to re-start negotiations for a Framework Agreement. The ratification of Association Agreement with Syria suspended.	Pursuit of negotiations on the EU-Algeria ENP Action Plan Comment: Libya: Discussions on the negotiations for a Framework Agreement are stalled due to the crisis situation since June 2014 CBC: adoption of ENI CBC implementing rules	Comprehensive Free Trade Area (DCFTA) with Morocco and Tunisia will have been concluded and possibly ratified. The EU-Algeria ENP Action Plan will have been adopted. Resumption of negotiations on the EU Libya Framework Agreement.	in 2016.) Tunisia: DCFTA Negotiations are on-going Morocco: DCFTA Negotiations suspended since 2014	
2 ENPI CBC Programmes			The 2007-2013 ENPI-CBC programmes were under implementation in 2015 (2 of them in the Neighbourhood South countries). As	

			mentioned above, 14 out of the new 17 2014-2020 ENI CBC identified programmes were adopted in 2015 (covering countries in East and South Neighbourhood)	

2.1 Specific objective 1 ENI

Relevant general objective: An area of shared prosperity and good neighbourliness involving the Union and the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the rule of law and respect for human rights in accordance with the Treaty on the EU.	
Specific Objective 1: Promoting human rights and fundamental freedoms, the rule of law, principles of equality, and fight against discrimination in all its forms, establishing deep and sustainable democracy, promoting good governance, fighting against corruption, strengthening institutional capacity at all levels and developing a thriving civil society including social partners.	☒ Non-programme based: policy activities ☒ Programme based: ENI

<u>Result Indicator 1</u> : Progress made in achieving political reforms, as assessed by the Progress reports

<u>Relevance of the indicator</u>: The indicator assesses how the ENP partner countries progress in implementing the political reforms agreed in the bilateral action plans/Associations agendas and in other bilateral legal frameworks.

<u>Source</u>: Progress reports produced by DG NEAR and adopted by the Commission on a yearly basis.

Baseline 2013	Milestone 2017	Current situation	Target 2020 (The target is coherent with 2014-2020 programming period and is based on the past trend, the baseline value and the benchmarks)

1. Eastern Partnership countries	Some Progress	According to the annual reports adopted on 25 March 2015, some ENI Countries have made some progress in reaching political and economic reforms. In other countries, ongoing conflict or instability led to backsliding or stagnation in reforms.	Further progress
2. Southern Mediterranean countries	Some Progress		Further progress

Baseline 2010	Milestone 2017	Current situation 2014[58]	Target 2020
38	>42	40.30	>44

The indicator has remained stable in 2014. Only Georgia and Palestine have shown significant improvements.

2.2 Specific objective 2 ENI

Relevant general objective: An area of shared prosperity and good neighbourliness involving the Union and the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the rule of law and respect for human rights in accordance with the Treaty on the EU.			
Specific Objective 2: Achieving progressive integration into the Union internal market and enhanced sector and cross-sectoral cooperation, including through legislative approximation and regulatory convergence towards Union and other relevant international standards, and improved market access, including through deep and comprehensive free trade areas, related institution building and investments, notably in interconnections.			☒ ENI programme-based
Result Indicator 1: Value of ENI countries export to EU-28 in relation to baseline data in year 2010. **Relevance of the indicator:** integration into the Union internal market can only be measured on a real basis by studying the evolution of ENI countries export to EU-28. Increase of the real value of ENI countries products exported to EU-28 internal market would show progress in terms of market integration. **Source:** Eurostat figures			
Baseline 2010 (EU 27)	Milestone 2017	Current situation 2014[59]	Target 2020 (For the Neighbourhood

[58] No data available for 2015

			East the target is based on an estimation of a 2.5% growth per year, which is above the average rate registered in the period 2000-2010, as expectations are that trade flows with the East will slightly increase over the period; for Neighbourhood South the target is based on an estimation of a 5% growth per year, which is the average rate registered in the period 2000-2010). To be noted that many factors will impact this indicator, in particular EU economic growth.)
East: EUR 25 billion.	**East**: EUR 29 billion.	**East:** EUR 31 billion	**East**: EUR 32 billion.
South: EUR 62 billion. (N.B: EUR 41 billion excluding Egypt, Tunisia, Lebanon, Syria, Libya)	**South**: EUR 83 billion.	**South:** EUR 55.2 billion (excluding Egypt, Tunisia, Lebanon, Syria, Libya as such information was not available for these countries)	**South**: EUR 101 billion.

Result Indicator 2: Number of Deep and Comprehensive Free Trade Agreements (DCFTA) and Agreements on Conformity Assessment and Acceptance of industrial products (ACAA) **Relevance of the indicator:** the second pillar of this specific objective is achieving enhanced sector and cross-sector cooperation. In practice, this cooperation is enshrined in DCFTAs and ACAAs. Therefore the number of those agreements signed is a relevant indicator of progress in cooperation in these fields. **Source:** DG TRADE			
Baseline 2010 (EU 27)	Milestone 2017	Current situation (2015)	Target 2020 (Target based on state of play of ongoing

[59] No data available for 2015

			negotiations)
East: o No DCFTA and ACAA signed; o 4 DCFTA under negotiation.	**East:** 4 DCFTA in place.	DCFTAs are in place with Moldova and Georgia. The DCFTA with Ukraine is provisionally applied since 1 January 2016	**East:** DCFTA in place with all interested ENI countries.
South: o 0 DCFTA o 1 ACAA; o 0 Agreements on liberalisation of trade in agriculture; o 1 Memorandum of Understanding on Energy. o 1 Agreement on Air Transport;	**South**: o 2 DCFTA in place and 2 in negotiations; o 1 ACAA in place and 4 under negotiation; o 1 Agreements on liberalisation of trade in agriculture in place o 2 Agreements on Air Transport in place; o 2 Memorandum of Understanding on Energy in place.	**South:** Tunisia: DCFTA Negotiations are on-going Morocco: DCFTA Negotiations suspended since2014 1 ACAA in place with Israel Support to reforms leading to the opening of ACAA negotiations ongoing in three countries	**South:** o 4 DCFTA in place; o 5 ACAA in place; o 2 Agreements on liberalisation of trade in agriculture in place; o 3 Agreements on Air Transport in place; o 2 Memorandum of Understanding on Energy in place.

2.3 Specific objective 3 ENI

Relevant general objective: An area of shared prosperity and good neighbourliness involving the Union and the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the rule of law and respect for human rights in accordance with the Treaty on the EU.	
SPECIFIC OBJECTIVE 3: Creating conditions for the better organisation of legal migration and the fostering of a well-managed mobility of people, for the implementation of existing and future agreements concluded in line with Global	☒ ENI programme-based

Approach to Migration and Mobility, and for promotion of people-to-people contacts, in particular in relation to cultural, educational, professional and sporting activities.

Result Indicator 1: Number of Mobility Partnerships in place

Relevance of the indicator: Mobility Partnerships (MP) declarations are the instrument through which the EU and its partners in the Neighbourhood intend to set a framework to manage migration flows with commonly agreed objectives and programmes. MP's follow the Global Approach to Migration and Mobility guidelines. Thus, they are a good measure of the achievements in this field.

Source: DG HOME

Baseline 2010 (EU 27)	Milestone 2017	Current situation (2015)	Target 2020 (Target based on current state of play of negotiations)
East: 3 Mobility Partnerships in place and none under negotiation (2012).	**East:** 1 under negotiation.	1 Mobility Partnership with Belarus in negotiation	**East:** 4 Mobility Partnerships in place.
South: Mobility Partnership signed with one country in 2013. Preparatory Discussions launched with two countries.	**South**: o 3 in place; o 2 under negotiation.	One mobility partnership with Lebanon under negotiation	**South**: 4 in place.

Result Indicator 2: Number of readmission/visa facilitation agreements and Visa Liberalisation Action Plans (VLAP) in place

Relevance of the indicator: Based on visa facilitation/ liberalisation agreements, both the EU and the non-EU citizens benefit from facilitated procedures for issuing visas. Visa facilitation/liberalisation agreements are linked to readmission agreements which establish the procedures for the return to the EU or to the partner non-EU country of persons (own or third country nationals or stateless persons) in irregular situation. Readmission and visa facilitation/liberalisation agreements are key elements to assess progress regarding mobility and the promotion of people to people contacts.

Source: DG HOME

Baseline (2012)	Milestone (2017)	Current situation (2015)	Target 2020 (Target based on current state of play of negotiations)
• ***East:*** ***o 1 readmission/visa facilitation agreements in place and 2 under negotiation;*** • ***o 2 Visa Liberalisation Action***	• ***East: 3 readmission/visa facilitation agreements.***	**Ukraine**: 6th VLAP Progress report (December 2015) recommends visa-free regime **Georgia:** Positive appraisal in December 2015 of benchmarks under	• ***East: 4 Visa Liberalisation Action Plans.***

Plan in place.		Visa Liberalisation action plan **Moldova:** visa free regime since 28 April 2014 2 readmission/visa facilitation agreements in place and 1 under negotiation;	
South: No agreements/Visa Liberalisation Action Plans in place.	**South**: 2 readmission/visa facilitation agreements in place.	No readmission/visa facilitation agreements in place.	**South**: 5 readmission/visa facilitation agreements in place.

2.4 Specific objective 4 ENI

Relevant general objective: An area of shared prosperity and good neighbourliness involving the Union and the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the rule of law and respect for human rights in accordance with the Treaty on the EU.	
SPECIFIC OBJECTIVE 4: Supporting smart, sustainable and inclusive development in all aspects; poverty reduction, including through private-sector development and reduction of social exclusion; promoting of capacity building in science, education and in particular higher education, technology, research and innovation; promotion of internal economic, social and territorial cohesion; rural development; public health; environmental protection, climate action and disaster resilience.	☒ ENI programme based

Result Indicator 1: Number of partner countries with an Inequality-Adjusted Human Development Index equal to or above 0.655 (East) and 0.590 (South)
Relevance of the indicator: the Inequality-Adjusted Human Development Index takes into account not only the average achievements of a country on health, education and income, but also how those achievements are distributed among its population. In this sense, the inclusiveness of development can be measured.
Source: UNDP

Baseline 2011	Milestone 2016	Current situation 2014[60]	Target 2020 (Target taking account of baseline situation and current potential for progress in partner countries)

[60] No data available for 2015

East: 2 countries with an indicator equal to or above 0.655 on the scale of 1 (between high and very high human development). **South**: 1 country with an indicator equal to or above 0.590 on the scale of 1 (high human development). *N.B: Countries with no data are considered below threshold.*	**East:** 4 countries with an indicator equal to or above 0.655 **South:** 2 countries with an indicator equal to or above 0.590. [the objective of 2 countries has been reached already (PAL and Lebanon are 0.606)]	**East:** 5 **South**: 5 (no data for Libya)	**East:** 5 countries with an indicator equal to or above 0.655 **South:** 4 countries with an indicator equal to or above 0.590
<u>Result Indicator 2</u>: Ease of doing business index (1=most business-friendly regulations): number of partner countries ranking among the first 100 **<u>Relevance of the indicator</u>:** the sustainability of development highly depends on the capacity of our countries to facilitate the creation of a productive tissue, i.e. the creation of local business that can ignite a virtue circle of economic growth on a sustainable basis. **<u>Source</u>:** World Bank			
Baseline 2012	Milestone 2017	Current situation 2015	Target 2020 (Target taking account of baseline situation and potential for progress in partner countries)
East: 5 (out of 6)	**East:** 5 (out of 6)	**East** : 6	**East:** 6 (out of 6)
South: 3 (out of 10)	**South:** 4 (out of 10)	**South**: 3	**South:** 5 (out of 10)

2.5 Specific objective 5 ENI

Relevant general objective: An area of shared prosperity and good neighbourliness involving the Union and the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the rule of law and respect for human rights in accordance with the Treaty on the EU.

SPECIFIC OBJECTIVE 5: Promoting confidence building, good neighbourly relations and other measures contributing to security in all forms and the prevention and settlement of conflicts, including protracted conflicts.	☒ ENI programme based		
Result Indicator 1: Political stability and absence of violence: number of countries in a percentile rank above 0-10 (lowest rank) [61] [62] **Relevance of the indicator:** see specific objective 1 **Source:** Worldwide Governance Indicators (WGI) project (WB group).			
Baseline 2011	Milestone 2017	Current situation 2014[63]	Target 2020 (Target set on baseline situation and current evolution trends in partner countries)
• ***East: 4 countries in a*** percentile rank above 0-30 (Armenia, Belarus, Moldova, Ukraine). • ***South: 6 countries in a*** percentile rank above 0-10 (Jordan, Morocco, Tunisia, Libya, Egypt, Israel).	• ***East: 5 countries.*** • ***South: 8 countries (6 +*** Algeria, Lebanon).	**East:** 4 **South:** 5	• ***East: 6 countries.*** • ***South: 9 countries (8+ Syria).***

2.6 Specific objective 6 ENI

Relevant general objective: Establishing an area of shared prosperity and good neighbourliness involving the Union and the partner countries by developing a special relationship founded on cooperation, peace and security, mutual accountability and shared commitment to universal values of democracy, the

[61] This indicator measures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. Higher values in percentile rank indicate better governance ratings.

[62] This indicator replaces the indicator "Crisis Watch (source: International Crisis Group) presented in the Working Documents accompanying the Draft Budget 2014 as the methodology is not suitable in cases of protracted crisis (methodology assesses the continuity of a situation and not the crisis situation itself).

[63] No data available for 2015

rule of law and respect for human rights in accordance with the Treaty on the EU.
SPECIFIC OBJECTIVE 6: Enhancing sub-regional, regional and Neighbourhood wide collaboration as well as Cross-Border Cooperation. ☒ ENI programme based
<u>Result Indicator 1</u>: Number of Cross-Border Cooperation (CBC) programmes in place **Description and <u>relevance</u> of the indicator**: The indicator shows the progress in building cooperation among EU Member States on one side and **Neighbourhood partner countries and the Russian Federation on the other side,** in border regions**. Relevance:** Given that these CBC cooperation programmes are agreed among the EU member States and the partner countries, the adoption and implementation of the programme is a good indicator of the willingness of all parties to cooperate in the border regions. Each CBC programme contains a multiplicity of smaller projects benefiting the socio-economic development of the area's population. **Source:** based on the number of programmes identified in the CBC Programming Document.

Baseline 2012	Milestone 2017	Current situation 2015	Target 2020 (17 programmes are foreseen in the CBC Programming Document)
13 ENPI CBC programmes adopted and implemented.	All ENI CBC programmes (17) are adopted.	14 of the 17 identified 2014-2020 ENI-CBC programmes were adopted in 2015, covering countries in Neighbourhood East and South. Due to political reasons, 2 programmes (Lithuania Russia and Poland Russia) were not submitted to the Commission in 2015. It is possible to submit these programmes (deducting the budget for 2015)	All 17 programmes foreseen in the CBC Programming Document are fully under implementation and all available funds are committed.

		in 2016. One of the programmes adopted, Baltic Sea, remains an Interreg programme implemented by DG REGIO with ENI financial contribution.	

<u>Result Indicator 2</u>: Number of on-going regional technical policy dialogues supported in the Southern Neighbourhood countries
Description and <u>relevance</u> of the indicator: The indicator is in line with the 2015 Programme Statement, ENI Regional South Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)
<u>Source</u>: Annual Action Programme.

Baseline (2013)	Milestone 2017	Current situation (2015)	Target 2020 (Target set based on comparison with previous years)
30	40	50	50

<u>Result Indicator 3</u>: Number of on-going regional programmes covering 3 or more Eastern Partnership countries.

Description and <u>relevance</u> of the indicator: the indicator shows the progress in building cooperation among the Eastern Partnership countries within the Eastern Neighbourhood region itself and between the region and the EU.

Source: Commitments - CRIS

Baseline (2013)	Milestone 2017	Current situation (2015)	Target 2020 (Target set in comparison with previous years)
80	85	86 active projects/ programmes	90

Expenditure-related outputs ENI

Neighbourhood South

Budget line(s)		**Programme**	**EU contribution**
Annual Action Programme 2015 part 1 in favour of Palestine			
budget line 21 03 01 04	Annex 1: PEGASE Direct Financial Support to Recurrent Expenditures of the Palestinian Authority 2015 – part 1;		EUR 130,000,000
	Annex 2: Contribution to UNRWA's 2015 Regular Budget.		EUR 82,000,000
Total			EUR 212 million
Annual Action Programme 2015 part 2 in favour of Palestine			
21 03 01 04	– Annex 1: "Support to Governance at local and national levels";		EUR 10 million
	– Annex 2: "Support to the Private Sector in Gaza";		EUR 10,000,000
	– Annex 3: "Short-Term Low volume Sea Water Desalination Plant for the Southern Governorates of the Gaza Strip – Phase II";		EUR 10,000,000
	– Annex 4: "Support to East Jerusalem".		EUR 10,000,000
Total			EUR 40 million
Annual Action Programme 2015 part 3 in favour of Palestine			
21 03 01 04	Annex : PEGASE Direct Financial Support to Recurrent Expenditures of the Palestinian Authority 2015 – Second tranche		EUR 48 million
Total			EUR 48 million
Annual Action Programme 2015 part I in favour of the Republic of Lebanon			
21.030102	Annex 1: "Supporting Lebanon Inclusive		EUR 10,000,00

	and Sustainable Socio-Economic Development through Mine Action"	0
	Annex 2: "Improvement of housing of the most vulnerable Palestine refugees in Lebanon"	EUR 5,000,000
Total		EUR 15 million
Annual Action Programme 2015 part II in favour of the Republic of Lebanon		
budget lines 21.030101 (EUR 5 million) and 21.030102 (EUR 20 million)	Annex 1: "Supporting the private sector development in Lebanon"	EUR 15,000,000
	Annex 2: "Technical Assistance for the Government of Lebanon"	EUR 5,000,000
	Annex 3: "Civil Society Support to Reform and Local Development in Lebanon"	EUR 5,000,000
Total		EUR 25 million
Annual Action Programme 2015 in favour of Egypt		
– budget line 21.03.01.01 for an amount of EUR 10 million, and – budget line 21.03.01.02 for an amount of EUR 49 million.	Annex 1: Citizen Rights Project	EUR 10 million
	Annex 2: Promoting Inclusive Economic Growth in Egypt	EUR 15million.
	Annex 3: Upgrading Informal Areas Infrastructures	EUR 26 million
	Annex 4: Fostering Reforms in the Egyptian Renewable Energy and Water Sectors through Developing Capacity Building	EUR 8 million.
Total		EUR 59 million
Annual Action Programme 2015 and Annual Action Programme 2016 part 1 in favour of Jordan		
21.030102	Annex 1: EU Support to the Private Sector Development in Jordan;	EUR 45 million
	Annex 2: Renewable Energy and Energy Efficiency Programme in Jordan (REEE II).	EUR 90 million
Total		EUR 135,000,0

		00
Neighbourhood Investment Facility (NIF).		
21.03.02.02 (East) and 21.03.01.02 (South)	Action document for the contribution from the 2015 general budget of the European Union to the Neighbourhood Investment Facility (NIF).	EUR 105 540 000 for budget line 21.03.02.02 (East) and EUR 189 500 000 for budget line 21.03.01.02 (South)
Total		EUR 295.04 million
Programme d'action annuel 2015 - partie I en faveur de la Tunisie		
21.03.01.02 (75 000 000 EUR), 21.03.01.03 (23 000 000 EUR) et 21.03.03.03 (18 800 000 EUR)	Annexe I : Initiative régionale d'appui au développement économique durable (IRADA) ;	32 000 000 EUR
	Annexe II : Programme d'appui à la réforme et à la modernisation du secteur de la sécurité de la République tunisienne ;	23 000 000 EUR
	Annexe III : Programme d'appui au secteur de la culture en Tunisie ;	6 000 000 EUR
	Annexe IV : Cap vers la décentralisation et le développement intégré des territoires (CAP 2D);	43 000 000 EUR:
	Annexe V : Programme d'appui à l'accord d'association et à l'intégration (P3AI).	12 800 000 EUR
Total		116 800 000 EUR
Programme d'action annuel 2015 - partie II en faveur de la Tunisie		
21.03.01.01 (17 000 000 EUR) et 21.03.03.03 (53 000 000 EUR)	«Cinquième programme d'appui à la relance» (PAR V)	70 000 000 EUR
Programme d'action annuel 2015 et programme d'action annuel 2016 (partie 1) en faveur du Maroc		

21.03.01.01 et 21.03.01.02	Annexe 1: Programme d'appui à la réforme pénitentiaire au Maroc ;	5 millions d'euros
	Annexe 2: Programme d'appui à la croissance et la compétitivité du Maroc ;	100 millions d'euros
	Annexe 3: Programme d'appui à la formation professionnelle / Développement du capital humain au Maroc.	60 millions d'euros
Total		165 millions d'euros:
Programme d'Action Annuel 2015 en faveur de l'Algérie		
21.030101, et 21.030102	Annexe 1: «Programme de renforcement des capacités des acteurs de développement local / communes modèles (CapDeL): démocratie participative et développement local»;	8 millions d'EUR
	Annexe 2: «Programme d'appui à la diversification industrielle et économique et à l'amélioration du climat des affaires en Algérie (PADICA)».	17 millions d'EUR
Total		25 millions d'EUR
Annual Action Programme 2015 and Annual Action Programme 2016 part 1 in favour of Libya		
21 03 01 02 and 21 03 01 02	Annex 1: Improving health information system and supply chain management in Libya;	EUR 5,000,000
	Annex 2: Pilot Project: Towards resilience and social inclusion of adolescents and young people in Libya.	EUR 3,000,000
Total		EUR 8 million
Special measure 1 - Syria Trust Fund		
21 03 01 03	A financial contribution of the European Union to the Union Regional Trust Fund in response to the Syrian crisis	EUR 49 000 000

2nd special measure for the 2015 ENI contribution to the European Union Regional Trust Fund in response to the Syrian crisis, to be financed from the general budget of the European Union		
21 03 01 03	A financial contribution of the European Union to the Union Regional Trust Fund in response to the Syrian crisis	EUR 312 000 000

2015 special measure for the Syrian population,		
21 03 01 03	Annex 1: Restoration and stabilisation of livelihoods of affected Syrian populations inside Syria;	EUR 23,000,000
	Annex 2: Joint comprehensive EU framework for cross-border operations in Syria from Turkey ;	EUR7,000,000
	Annex 3: Strengthening the resilience of Palestine refugees communities in Syria.	EUR 10 million.
Total		EUR 40,000,000

Special measure 2015 in favour of Israel,		
21 03 01 02	Special measure 2015 in favour of Israel	EUR 2,000,000

Individual Measure 2015 on the Support to the European Endowment for Democracy		
21.03.01.01 and 21.03.02.01	Support to the European Endowment for Democracy for the period 2015 – 2018	EUR 12 million

ENI South countries		
21.03.01.01; 21.03.01.02; 21.03.01.03; 21.03.03.03	Annex 1: Community Resilience Initiative to support the Regional Development and Protection Programme in the North of Africa;	EUR 3,000,000
	Annex 2: Enhancing Investment, Innovation and Growth in South Neighbourhood;	EUR 10 000 000
	Annex 3: Support to the Regional Transport Action Plan (Maritime and Rail);	EUR 9 million

	Annex 4: Neighbourhood South Civil Society Facility 2015;	EUR 3 000 000
	Annex 5: EU Peacebuilding Initiative 2015;	EUR 5,000,000
	Annex 6: MedFilm Regional Programme;	EUR 4,500,000
	Annex 7: EU support to the Secretariat of the Union for the Mediterranean in 2016;	EUR 4.21 million
	Annex 8: Southern Neighbourhood global allocation for 2015-2017.	EUR 35,000,000.
Total		EUR 73,71 million

2015 special measure in favour of the European Neighbourhood South countries		
21 03 01 03	action on countering radicalisation and Foreign Terrorist Fighters (FTF).	EUR 10 million

Neighbourhood East

Annual Action Programme 2015 in favour of Azerbaijan		
budget line 21 03 02 02	Integrated Regional Development of Azerbaijan (IRDA).	13 500 000
Annual Action Programme 2015 in favour of the Republic of Belarus		
21 03 02 02	Strengthening Air Quality and Environmental Management in Belarus (SAQEM)	EUR 14.5 million
Annual Action Programme 2015 in favour of the Republic of Moldova		
budget line 21 03 02 01: EUR 85 million & budget line 21 03 02 02: EUR 5 million	Support to Public Administration Reform (PAR);	EUR 20 million
	Support to Police Reform;	EUR 57 million
	Civil Society Facility (Moldova);	EUR 8

		million
	Technical Cooperation Facility.	EUR 5 million
Total		EUR 90 million
Annual Action Programme 2015 in favour of the Republic of Armenia		
– budget line 21 03 02 01: EUR 15 million – budget line 21 03 02 02: EUR 15 million	Better Qualifications for Better Jobs	EUR 15 million
	Public Finance Policy Reform Programme in Armenia	EUR 10 million
	Civil Society Facility (Armenia)	EUR 5,000,000
Total		EUR 30 million
Annual Action Programme in favour of Georgia		
– budget line 21 03 02 01: EUR 36 000 000; – budget line 21 03 02 02: EUR 50 000 000; – budget line 21 03 02 03: EUR 4 000 000; – budget line 21 03 03 03: EUR 10 000 000;	Support to Public Administration Reform	EUR 30 000 000
	European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II (ENPARD Georgia II)	EUR 50,000,000
	Civil Society Facility (Georgia)	EUR 6 000 000
	Technical Cooperation Facility	EUR 14 million
Total		EUR 100 million
ENI East Regional Action Programme 2015 Part 1		
budget line 21.03.02.01 for an amount of EUR 2.128 million; budget line 21.03.02.02 for an amount of EUR 13 million; budget line 21.03.03.03 for an	Eastern Partnership Integrated Border Management Flagship Initiative: Support to the development of Red Bridge Border crossing point between Georgia and Azerbaijan;	EUR 2,128,000
	E@P Connect;	EUR 13 000 000
	ENI-East Global Allocation 2015;	EUR 6,000,000

amount of EUR 10 million	Implementation of the Eastern Partnership multilateral dimension and support to the implementation of the Black Sea Synergy.	EUR 4,000,000.00
Total		EUR 25.128 million
ENI East Regional Action Programme 2015 Part 2		
General budget of the European Union for 2015: budget line 21 03 02 01 budget line 21 03 02 02 budget line 21 03 02 03 General budget of the European Union for 2016: budget line 22 04 02 02 budget line 22 04 02 03	Regional Programme in the Neighbourhood in support of the Eastern Partnership Flagship Initiative on Municipal Development	EUR 4.5 million from the general budget of the European Union for 2015; and EUR 15.5 million from the general budget of the European Union for 2016
	European Union Water Initiative Plus for Eastern Partnership (EUWI+ 4 EaP);	EUR 23.5 million: EUR 10.0 million from the general budget of the European Union for 2015; and EUR 13.5 million from the general budget of the European Union for 2016
	Neighbourhood Civil Society Facility Regional Actions 2015	EUR 5,000,000
	European Union Border Assistance Mission to the Republic of Moldova and Ukraine (EUBAM 11).	EUR 16 million EUR 8 million from the general budget of the European Union for 2015; and EUR 8 million from the general budget of the European Union for 2016
Total		EUR 64.5 million

ENI East Regional Action Programme 2015 Part 3		
General budget of the European Union for 2015: budget line 21.03.02.02 General budget of the European Union for 2016: budget line 22.04.02.02	Action Document for Energy Policy in Eastern Partnership countries and Central Asia	EUR 20 million The contribution is for an amount of EUR 14 708 172.60 from the general budget of the European Union for 2015 and for an amount of EUR 5 291 827.40 from the general budget of the European Union for 2016
Total		EUR 20 million
Technical Assistance And Information Exchange (TAIEX) action programme 2015-2017 ("the programme") under the European Neighbourhood-wide measures		
General budget of the European Union for 2015: budget lines 21.03.01.02 and 21.03.02.02 General budgets of the European Union for 2016 and 2017: 22.04.01.02 and 22.04.02.02	Technical Assistance and Information Exchange (TAIEX) action programme 2015-2017 under the European Neighbourhood-wide measures	EUR 21.0 million, of which for Eastern Partnership countries EUR 10.5 million (2015: EUR 3.5 million - 2016: EUR 3.5 million – 2017: EUR 3.5 million) for Southern Neighbourhood countries EUR 10.5 million (2015: EUR 3.5 million - 2016: EUR 3.5 million – 2017: EUR 3.5 million)
Total		EUR 21 million
Cross border cooperation		
budget lines 21 03 03 01, 21 03 03 02 and 22 02 04 01	Joint Operational Programme "Black Sea Basin Programme 2014-2020" for the ENI Cross-Border Cooperation 2014-2020	EUR 49,038,597
21.03.03.01 and 21.03.03.02	Joint Operational Programme Karelia 2014-2020 for the ENI Cross-Border Cooperation	EUR 21,501,054
21.03.03.01 and 21.03.03.02	Joint Operational Programme Kolarctic 2014-2020 for the ENI Cross-Border Cooperation 2014-2020	EUR 24,718,090
21.03.03.01 and	Joint Operational Programme South-East Finland - Russia 2014-2020 for the	EUR 36,146,782

21.03.03.02	ENI Cross-Border Cooperation programme for the years 2014-2020	
21.03.03.01 and 21.03.03.02	Joint Operational Programme Mediterranean Sea Basin 2014-2020 for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 209,057,812
21 03 03 01 and 21 03 03 02	Joint Operational Programme "Estonia-Russia 2014-2020" for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 16,807,524.
21 03 03 01 and 21 03 03 02	Joint Operational Programme "Latvia-Russia 2014-2020" for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 15,875,028
21 03 03 01 and 21 03 03 02	Joint Operational Programme "Latvia-Lithuania-Belarus 2014-2020" for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 74,000,000
21.03.03.01 and 21.03.03.02	Joint Operational Programme Poland-Belarus-Ukraine 2014-2020 for the ENI Cross-Border Cooperation for the years 2014-2020	EUR 183,078,184
21 03 03 01 and 21 03 03 02	Joint Operational Programme Italy-Tunisia 2014-2020 for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 33,354,820
21 03 03 01 and 21 03 03 02	Joint Operational Programme Hungary-Slovakia-Romania-Ukraine 2014-2020 for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 73,952,000
21 03 03 01 and 21 03 03 02	Joint Operational Programme Romania-Republic of Moldova 2014-2020 for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 81,000,000
21 03 03 01 and 21 03 03 02	Joint Operational Programme Romania-Ukraine 2014-2020 for the ENI Cross-Border Cooperation programme for the years 2014-2020	EUR 60,000,000.
Special Measure 2015 for Decentralisation Reform in favour of Ukraine		
budget lines 21 03 02 01 (EUR 17 million) and 21 03 03 03 (EUR 73 million) of the general budget of	U-LEAD with Europe: Ukraine Local Empowerment, Accountability and Development Programme.	EUR 90 million

the European Union for 2015.		
Special Measure 2015 for Private Sector Development in favour of Ukraine		
budget line 21 03 02 02 of the general budget of the European Union for 2015.	EU Support to Ukraine to Re-launch the Economy (EU SURE);	EUR 55 million.
	Technical Cooperation Facility.	EUR 15 million
Total		EUR 70 million

Horizontal activities

Policy Strategy and Co-ordination

Specific Objective 1: To define appropriate strategies and policies and manage risks

Specific objective 1 : To define appropriate strategies and policies and manage risks		**Current situation**
Result Indicator 1: Degree to which Council decisions and conclusions endorse Commission's strategic input **Source: Enlargement Package**		
Baseline 2013	Target 2015	
Enlargement Package adopted	Key enlargement strategy recommendations issued by the Commission endorsed by Council	Council conclusions on Enlargement and Stabilisation and Association Process adopted on 15 December 2015
Output Indicator 2: Delivery rate (adoption by the College) of enlargement initiatives included in the Commission Work Programme and in the Catalogue items of the Commission's Agenda planning		
Baseline 2013	Target 2015	
100% CWP + 100% for Catalogue items	100% for CWP and 90% for Catalogue items	No Enlargement initiative included in the CWP 2015. Three enlargement related items in the catalogue adopted in 2015, as planned.
Indicator 3: Reservations issued		
Baseline 2013	Target 2015	
ELARG: n.a. ENI: 1 reservation	No reservations	No reservation issued in NEAR 2015 AAR

MAIN OUTPUTS 2015	Current situation
Enlargement package, including strategy paper and progress reports; Guidelines and guideline updates on enlargement policy strategy matters;	Enlargement package including strategy paper and country reports adopted on 10 November 2015. New reporting methodology developed and introduced in the 2015 package".
Briefings and speeches;	Briefings and speeches prepared for Commissioner Hahn and other Members of the College on NEAR issues. For Commissioner Hahn, 55 speeches were prepared
SPP cycle documents, monitoring tables;	SPP cycle documents done in line with Central Services instructions. In addition, DG NEAR internal reporting cycle was harmonized between practices of ex-ELARG and ex-DEVCO-F by taking the best from the two entities. Monthly reporting has been done to monitor financial execution and hot financial management issues.
Risk assessment in AMP, risk register and risk monitoring tables.	Risk assessment done in AMP NEAR 2015; the risk policy of the DG is being revised.

Specific Objective 2: Monitoring and evaluation

Management plan 2015		Current situation at end 2015
Specific objective 1: Enhancing the relevance, effectiveness, efficiency, impact and sustainability of assistance through a regular review of the actions and the progress made towards delivering expected results, results and outcomes		
Result Indicator 1: Quality of the Result oriented monitoring (ROM) system, measuring by a satisfaction rating on response sheets **Source: ROM Contract, Response sheets**		
Baseline 2013	Target 2015	

88% satisfaction ratings on ROM response sheets	>80% minimum satisfaction ratings on ROM response sheets	ENI: Final OM Feedback = 41 reports Satisfaction level = 100% (3 stars = 33; 2 stars = 8) WBT: Final OM Feedback = 24 reports Satisfaction level = 96% (3 stars = 18; 2 stars = 5)[64]
Result Indicator 2: Scope of the ROM system, measured by the percentage of number and value of eligible projects covered by ROM per year **Source: ROM contract, ROM annual reports**		
Baseline 2013	Target 2015	
77% of eligible projects covered by ROM per year	>90% of eligible projects covered by ROM per year	ENI:Missions planned = 145 Missions conducted = 134 % eligible projects covered = 92% WBT Missions planned = 39 Missions conducted = 39 % eligible projects covered = 100%[65]
Specific objective 2: Support the decision-making process and the implementation of the Commission's Smart Regulation policy in DG Enlargement by robust evaluations, impact assessments and studies		
Output Indicator 1: Degree of implementation of the annual and multi-annual evaluation plan **Sources: Annual evaluation programmes, CRIS and MIS databases, etc**		

[64] ROM response sheet are replaced by stars under the new Methodology

[65] eligible projects for a ROM mission are those projects actually put into the workplan

Baseline 2013	Target 2015	
100% of planned evaluations contracted/launched/completed according to timetable	>90% planned evaluations contracted/launched/completed according to timetable	(18/31) 58.06%[66][67]
Output Indicator 2: Quality of the evaluation reports, measured by the internal quality assessment grids **Sources: Evaluation reports, Quality assessment grids, CRIS database, etc.**		
Baseline 2013	Target 2015	
>80% of the reports rated "satisfactory or good" or above	>85% of the reports rated " very good" or above	100 %[68]
Result Indicator 3: Level of acceptance by the addressees of the recommendations of the evaluation reports **Sources: A follow-up action plan presenting the level of acceptance of evaluation results and envisaged follow-up actions on each completed evaluation; AOSD report, etc.**		
Baseline 2013	Target 2015	
>70% of the recommendations accepted and as a result follow-up actions are envisaged	>75% of the recommendations accepted and as a result follow-up actions are envisaged	80.34%[69]
Result Indicator 4: Visibility of the monitoring and evaluation actions, measured by % of reports disseminated via wider stakeholders meetings, workshops, other forums and platforms		
Baseline 2013	Target 2015	
> 40% of reports disseminated	> 60% of reports disseminated	69.23%[70]

[66] 31 evaluations were in the plan. Of these 14 were the responsibility of NEAR A3, of these one has been postponed (Study on World Bank), all other 13 are advancing roughly according to schedule

[67] In addition an evaluation not foreseen for 2015 was contracted, not calculated in these figures: IPA/IPA cross border cooperation programmes

[68] Of the 18 contracted evaluations, 13 final reports were produced 9 by A3, 3 by B2, 1 by C1; all roughly according to schedule

[69] Of the B2 and C1 did not produce formal follow up tables but recommendations were taken on board in their work otherwise. As for the evaluation managed by A3, 8 of the final reports were completed in the latter half of the year , as a result the follow up tables are due early 2016

[70] Concerning the 9 evaluations managed by A3 during 2015: All reports were presented in different fora and published on the DG NEAR website. No special workshops were organised by B2 or C1.

via wider stakeholders meetings, workshops, other forums and platforms	via wider stakeholders meetings, workshops, other forums and platforms	

MAIN OUTPUTS 2015 – Management plan 2015	**Current situation at end 2015**
In 2015, the objective will be accomplished by several activities among which:	
Updated Monitoring and Evaluation plan for a period 2014-2020;	Done, published as part of AMP
Updated Monitoring and Evaluation guidelines;	Draft exists, to be finalised June 2016
Delivered training on monitoring and evaluation in DG NEAR HQs and to some EU Delegations;	First trainings scheduled for April/May 2016
Set up of a Monitoring and Evaluation network, including relevant monitoring and revaluation managers at EU Delegations and from the HQs levels. Convening a first meeting in Brussels in 2015;	Network has been set up. First meeting due April/May 2016
Designed, launched and steered evaluations (according to Annex 2) addressing the policy side, the instruments and the specific operations;	Mid-term review evaluations for IPA and ENI to be contracted in May 2016; 2 evaluations covering the "fundamental pillars" are on-going: PAR, Economic governance and
Contracted and managed a new ROM contract in 2015;	Done, IPA 6/2015, ENI South and East 12/2014
Provided support and contribution to the quality control on programming and operational documents, performance framework work, guidelines and notes;	NEAR A3 provides inputs to the quality review process of DG
The implementation will be measured by the indicators set up under specific	

objectives.	NEAR

Specific Objective 3: Administrative and legislative Co-ordination of Institutional & Inter-Institutional Affairs

Management plan		**Current situation at end 2015**
Specific objective : Ensure the Administrative and legislative Co-ordination of Institutional & Inter-Institutional Affairs		
Output Indicator 1: Co-ordination of briefings in view of the Commissioner's activities during EP Plenary session and side-meetings; reporting as appropriate		
Baseline 2013	Target 2015	
99 %	> 98%	100%
Output Indicator 2: Parliamentary Questions (source: BASIL and ARES systems) • Assignment of incoming PQs to competent unit within 24 hours delay • Close follow-up on timely delivery and timely circulation of the quality checked reply into the BASIL system for adoption • Coordination of ISC and adoption procedure		
Baseline 2013	Target 2015	
99 %	> 98%	97% assignment of incoming PQs[71]; 100% coordination and follow-up
Result Indicator 3: Parliamentary Questions (source: BASIL system and SP notes circulated by the GRI Secretariat) • Percentage of blacklisted Parliamentary Questions due to		

[71] Based on a sample check of 2 months

delay in replies		
Baseline 2013	Target 2015	
= 0 %	≤ 1%	4% (delays at DG NEAR level)[72]
Output Indicator 4 : Reporting on Meetings in the European Parliament, the Committee of the Regions and the European Economic and Social Committee **(source: weekly note on Activities in the EP, CoR and EESC circulated by A3)** • Percentage of reporting on time and in due form on all relevant meetings in the inter-institutional context		
Baseline 2013	Target 2015	
100 %	> 98%	100%
Output Indicator 5 : Questions and Requests from the European Parliament, the Committee of the Regions and the European Economic and Social Committee **(source: SP notes circulated by the GRI secretariat to the GRI network)** • Percentage of questions and requests from institutions and other bodies that were replied to by the deadline (incl. follow-up requests to reports and opinions received from other bodies/institutions)		
Baseline 2013	Target 2015	
100 %	100 %	100%
Output Indicator 6: Ombudsman Inquiries, (source: formerly MEDIATEUR database, now BASIL database) • Percentage of replies to the Ombudsman inquiries within the given deadlines		
Baseline 2013	Target 2015	
90 %	> 90%	88%[73]
Output Indicator 7: Petitions, (source: PETI committee of		

[72] Due to the volatile situation in some of the partners, e.g. Turkey, Ukraine

[73] Concerns 1 out of 8 cases; i.e. one sensitive case ending before the Court

the EP, and Petition2 database) • Percentage of replies to EP's PETI committee within the given deadlines		
Baseline 2013	Target 2015	
100 %	100 %	N/A
Output Indicator 8: Opinions from National Parliaments, (source: ASAP database) • Percentage of replies to the National Parliaments within the given deadlines		
Baseline 2013	Target 2015	
75 %	100%	100%
Output Indicator 9: Cisnet: • Assignment of incoming ISCs to the competent unit within 24 hours delay • Provide procedural and technical support to users • Implementation of Decide project foreseen for February 2015 • Manage users' accesses		
Baseline 2013	Target 2015	
Delivery rate 100%	Delivery rate > 98%	96% assignment of incoming ISCs[74]; 100% support / implementation
Output Indicator 10: President's mail: • Assignment of incoming President's mail to the competent unit within 24 hours and follow-up on replies within the requested deadline		
Baseline December 2013	Target 2015	
Delivery rate 99%	Delivery rate 98%	98%

Communication strategy

<u>Enlargement countries</u>

[74] Based on a sample check of 2 cases per month

Specific objective : Promote an informed public debate on EU enlargement and the countries in the process, as well as the use and objectives of the EU pre-accession funds		**Current situation at end 2015**
Output Indicator 1: Number of events (conferences, seminars, press trips, study visits) organised		
Baseline	Target 2015	
N/A (new indicator)	60	61
Output Indicator 2: Number of participants to events		
Baseline	Target 2015	
N/A (new indicator)	6000	> 95,000
Output Indicator 3: Number of followers on social media		
Baseline (December 2014)	Target 2015	
55,000	+25%	70,000
Output Indicator 4: Average reach of posts on social media		
Baseline	Target 2015	
N/A (new indicator)	200,000/post	Approx. 100,000/post[75]
Output Indicator 5: Number of journalists participating in seminars		
Baseline	Target 2015	
N/A (new indicator)	> 120	220
Output Indicator 6: Satisfaction rate per journalist seminar (% of participants satisfied)		
Baseline	Target 2015	
N/A (new indicator)	> 80%	> 80%

[75] Due to Facebook's reach limitations: organic reach is getting lower with every post.

Neighbourhood partner countries

Specific objective: Illustrate our policy objectives and show concrete and tangible results and impact of EU support in the Neighbourhood partner countries.		**Current situation at end 2015**
Output Indicator 1: Number of press/web release produced (HQ-level targeting mainly EU audience)		
Baseline	Target 2015	
N/A (new indicator)	20	> 50
Output Indicator 2: Number of case studies produced		
Baseline	Target 2015	
N/A (new indicator)	32	34

Management of the DG

Specific Objectives 1 & 2: Sound and efficient management of Human and Information resources (including IT) and ensure internal communication

Specific objective 1 - Effective Management of Human Resources and internal communication			
Indicator 1: % Average vacancy rate Population: Officials and Temporary Agents in HQ and Delegation Source of data: HR Reporting-dashboard: report from 1 November 2013, report from 1 October 2014, report from 1 December 2015			
Baseline 2013	Milestone 2014	Target 2015	Results 2015
HQ 2,6% EUDs 1,8%	HQ 3,5% EUDs 2,2%	≤ 9%	HQ 5,1% EUDs 0,8%
Indicator 2: Average length of vacancy Population: Officials and Temporary Agents in HQ. Source of data: Sysper – vacant post published between 01/01/15 and 31/12/2015.			
Baseline 2013	Milestone 2014	Target 2015	Results 2015
2,8 months	3,3 months	Less than 3 months	3,9 months
Indicator 3: Annual average number of training days attended			

Population: Officials, Temporary Agents, Contract Agents and Seconded National Experts in HQ (EUDs excluded)
Source of data: HR Reporting-dashboard, report from 1 December 2015 (revising figures from previous years)

Baseline 2012	Milestone 2013	Target 2014	Results 2015
7,5 days	6,3 days	7 days	6,0 days (EC average 6,2 days)

Indicator 4: Number of training days per FTE
Population: Figures taken from B.O report on the MP figures of 31 December 2015.
Source of data: Syslog report from 01.01.2015 to 31.12.2015 on number of training days in Brussels and outside.

Baseline 2013	Milestone 2014	Target 2015	Results 2015
Headquarter: 7,24 Delegations: 2,28	Headquarter: 4,39 Delegations: 1,64	Headquarter: 7 Delegations: 5	Headquarter: 4,44 Delegations: 2,52

Indicator 5: % of staff with job descriptions in occupied posts
Population: Active Officials, Temporary Agents, Contract Agents, Local Agents, Intérimaires and Seconded National Experts in HQ and EUDs
Source of data: B.O. report on screening job listing dated 31/12/2015

Baseline 2013	Milestone 2014	Target 2015	Results 2015
Headquarter FP 96,92 % CA 97,5 %	Headquarter FP 99,06 % CA 95,75 %	100%	Headquarter FP 98,65 % CA 97 %
Delegations FP 100 % CA/LA 73,22 %	Delegations FP 100 % CA/LA 91,66 %	90%	Delegations FP 100 % CA/LA 94,78 %

Indicator 6: Equal opportunities
Population: Senior Managers (Officials & Temporary Agents), Middle Managers and Other AD's Officials only (therefore excluding temporary agents) in activity
Source of data: HR Reporting-dashboard, report from 1 December 2015

Baseline 2013	Milestone 2014	New Target 2015-2019 E.O. strategy	Results 2015
Female Officials AD – non management 32,6%	35,2 % (EC target 43%)	No target for Female non management	35,4 %
Female Middle-managers 29,4%	35,3% (DG target 27,8%)	40 %	38,1%
Female Senior Management 22,2%	28,6% (EC target 25%)	40%	25%

Specific objective 2 - Effective Management of Information Resources		
Indicator 1: Maintain an effective document management system		
Baseline 2014 Nov 2013- Oct 2014	Latest known result January 2015 – December 2015	Target 2016
% of document electronically filed 99.54	99.80%	≥ 95%
% of documents attributed within 24h arrival in CAD 96%	96%	≥ 98%
% Users trained for ARES 95%	95%	≥ 92%
Indicator 2: Level of implementation of IT Master plan (new indicator as of 2014)		
Baseline 2014 Nov 2013- Oct 2014	Latest known result January 2015 – December 2015	Target 2016
95%	95%	100%
Indicator 3: Total number of IT training days		
Baseline 2014 Nov 2013- Oct 2014	Latest known result January 2015 – December 2015	Target 2016
88 training days	521 training days	200 days
Indicator 4: IT Training actions (coachings and local IT training sessions)		
Baseline 2014 Nov 2013- Oct 2014	Latest known result January 2015 – December 2015	Target 2016
4 actions	211 actions	200 actions
Indicator 5: Number of IT assets younger than 4 years		
Baseline 2014 Nov 2013- Oct 2014	Latest known result January 2015 – December 2015	Target 2016
78%	68%	80%
Indicator 7 : Survey results on internal communication (not implemented in 2015, no results)		

Baseline 2013	Target 2015
N/A	> 75% of DG NEAR staff satisfied with internal communication in general

Management plan - MAIN OUTPUTS 2015 for an effective Management of Information Resources	**Current situation**
Integration of Neighbourhood Policy in MIS	• Technical adaptations to MIS were carried out to accommodate specific requirements by the ENI region during the first half of 2015; • Presentations in videoconference with ENI Delegations held during September; • Dedicated MIS training sessions were offered at HQ between September and October; • The MIS guide updated (Q4); including translation in French for Maghreb Delegations; • As of this week (23/11) MIS in production and ENI Delegations/HQ entities may start using it; full roll-out for forecasting by 31/12; • Preparation of the BIP 2016 will be fully MIS based and allow for harmonised budget reporting at DG level;
TAIEX Extension to Other Commission Services	• Database adaptions to TMS to add the new budget lines for FPI and REGIO; • TMS adaptations taking in account these new budget lines; • TMS adaptations to give Read-Only access to REGIO further mentioned as TCC (Access only to their events); • Release of the new application forms for FPI and REGIO at the beginning of the 1st quarter 2015;
Transition to IPA-II: provide support for the new financial instrument in MIS	○ MIS technically ready for encoding of sector information that will lead to generation of sector reports for IPA II; data for 2014 CRIS Decisions encoded mid-2015. ○ Indicator tracking module developed to allow easy adaptation

	to results assessment under ENI;
Twinning Integration into TMS	○ This twinning project has been postponed –in agreement with the business owner- to 2016 due to the prioritisation of the EDB project in February 2015; initial development took place during the last quarter of 2015 and it is expected to have the first release the twinning application in production early Q2 2016
I-Perseus: Transition to accrual-based accounting	○ Following the reorganisation the business owner was transferred to NEAR.D06; a pre-vision document on the work related to the revamping of I-Perseus including the transition to accrual-based accounting was drafted however no further progress was made during the year.

Specific Objective 3: Sound and efficient management of financial resources and Internal Control

Management Plan 2015			**Current situation at end 2015**
Internal control and risk management indicators			
Specific objective: effective and reliable internal control system to ensure that 1) reasonable assurance can be given that resources assigned are used according to the principles of sound financial management, 2) risk of errors in operations is minimised and 3) the control procedures put in place give the necessary assurance concerning the legality and regularity of the underlying transactions.			Control system is in place that allows assurance as regards legality and regularity of the transactions and the sound financial management. Please refer to part 2 of the AAR as regards the control results.
Indicator 1: Number of critical audit recommendations (CoA, IAS, & IAC) overdue for more than 6 months **Source of data**: relevant audit follow-up databases (including RAD, Issuetrack, ARGO)			
Baseline	Latest known result	Target	
2013 AAR (ELARG &	2014: see 2014 AARs	2015: = or less than 2014 AAR	No critical recommendations are overdue for more than 6 months.

DEVCO F) 0			
<u>Indicator 2</u>: Percentage of mitigating measures implemented for critical risks identified in the 2015 MP (i.e. measures foreseen to be implemented within year N / actually implemented within year N)* **<u>Source of data</u>**: management reporting			
Baseline	Latest known result	Target	
2013 AAR (ELARG & DEVCO F: N/A as no critical risks)	2014: see 2014 AARs	2015: 100%	Due to the revision of the risk management policy in the DG, the data is not available at present.
***** Critical risks, notably those arising from instability and conflict and resulting in persisting instability and massive flows of refugees, can affect the DG's capacity to deliver assistance as well as the efficiency and/or impact of our assistance. The DG therefore has to foresee and implement measures to mitigate such risks.			

Anti-fraud indicators	
Specific objective: Mitigate the risk of fraud in the DG through the application of the measures foreseen in the DG's anti-fraud strategy (AFS)	At the beginning of the year DG NEAR's OLAF correspondent function was moved from IAC to the resources directorate. As of February, the new OLAF correspondent was appointed and oversaw the organisation of the DG's OLAF case load following handover from the IAC and the ELARG-DEVCO.F merger. The monitoring database has been further developed over the reporting period, enabling the OLAF team to provide senior management with a clear overview of ongoing cases. In addition, an OLAF manual instructing staff how to report serious irregularities or suspected frauds has been drafted, as well as an online anti-fraud questionnaire. The OLAF team has also assisted DEVCO in the development of an online anti-

			fraud training tool. The report on OLAF cases is delivered separate to this report for reasons of confidentiality.
<u>Indicator 1</u>: Percentage of measures in the DG's anti-fraud strategy (AFS) implemented (i.e. measures foreseen to be implemented in year N / actually implemented by end of year N) **<u>Source of data</u>**: Management reporting			
Baseline	Latest known result	Target	
N/A (new indicator)	N/A (new indicator)	2015: 100%	The Anti-fraud strategy has been revised this year; therefore this indicator is no longer valid. Please refer to the explanations given above for a detail on the activities regarding the Anti-Fraud<u>.</u>
Sound financial management / legality and regularity of transactions[76]			
Specific objective: The resources of DG NEAR are managed according to the principle of sound financial management and its underlying transactions are legal and regular			An analysis of the Sound financial management of the DG has been made in the AAR, on the basis of the KPIs in the EAMR and the AOSD reports. The forecasts are on target
<u>Indicator 1</u>: % of budget execution (commitments) with respect to budget appropriations **<u>Source of data</u>**: CRIS/ABAC			
Baseline	Latest known result	Target	
2013: >90%	2014: >90% (TBC – see 2014 AAR)	2015: >95%	The percentage for commitments in 2015 is 99.10%
<u>Indicator 2</u>: % of budget execution (payments) with respect to budget appropriations **<u>Source of data</u>**: CRIS/ABAC			
Baseline	Latest known result	Target	

[76] NB: Both DG ELARG and DG DEVCO developed indicators relating to sound financial management and legality and regularity that are relevant for internal management purposes. The enclosed list therefore represents a harmonised list of key indicators of relevance at the level of the management plan that can be generated using existing data sources and that shall be reported upon in the 2015 AAR. Nevertheless this does not exclude the use of other indicators for internal management purposes.

2013: >90%	2014: >90% (TBC – see 2014 AAR)	2015: >95%	The percentage for payments in 2015 is 98.77%
Indicator 3: Residual error rates (RER) (for ENI, for IPA direct management, & for IPA IMBC) Source of data: Management reporting (results of the *ex post* control plans)			The Residual Error Rate results both for IPA and ENI are below the materiality threshold**.**
Baseline	Latest known result	Target	
2013: ELARG <2% DEVCO >2%	2014: see 2014 AARs	2015: <2%	RER ENI: 0.64% RER IPA Direct: 1.62% RER IPA IMBC: range of 0.02% - 1.84% [77]

[77] As described in the AAR, the rates mentioned above cover over 90% of the implemented budget for 2015.