

Special Report

The Facility for Refugees in Turkey: helpful support, but improvements needed to deliver more value for money

(pursuant to Article 287(4), second subparagraph, TFEU)



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ACRONYMS AND ABBREVIATIONS

CCTE	Conditional Cash Transfer for Education
DCI	Development Cooperation Instrument
DG ECHO	Directorate General for European Civil Protection and Humanitarian Aid Operations
DG NEAR	Directorate General for Neighbourhood and Enlargement Negotiations
DGMM	Directorate General of Migration Management (Turkey)
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ESSN	Emergency Social Safety Net
IcSP	Instrument contributing to Stability and Peace
(I)NGO	(International) Non-Governmental Organisation
IPA	Instrument for Pre-accession Assistance
JAP	Joint Action Plan
KfW	Kreditanstalt für Wiederaufbau
MoFSP	Ministry of Family and Social Policies (Turkey)
MoNE	Ministry of National Education (Turkey)
SuTP	Syrians under Temporary Protection
UN	United Nations

EXECUTIVE SUMMARY

I. The Facility for Refugees in Turkey is the EU response to the European Council's call for significant additional funding to support refugees in Turkey. It is a mechanism for coordinating and streamlining an amount of €3 billion from the EU and its Member States. The support covers humanitarian and non-humanitarian activities, with a financial allocation of €1.4 billion and €1.6 billion respectively. The Facility aims to enhance the efficiency and complementarity of support provided to refugees and host communities in Turkey.

II. Our audit examined whether the Facility effectively supported the refugees in Turkey. We focused on the management of the first tranche of the Facility, and on the results achieved so far under its humanitarian strand.

III. We found that, in a challenging context, the Facility for Refugees in Turkey rapidly mobilised €3 billion from the EU budget and the EU Member States to provide a swift response to the refugee crisis. Nevertheless, it did not fully achieve its objective of coordinating this response effectively. The audited projects provided helpful support to refugees; most of them have achieved their outputs, but half of them have not yet achieved their expected outcomes. Furthermore, we identified room for increasing the efficiency of cash-assistance projects. We therefore conclude that the Facility could have been more effective, and that it could achieve more value for money.

IV. The Commission identified the priority needs of refugees based on a comprehensive needs assessment. However, disagreements between Turkey and the EU on how to address the priority needs in municipal infrastructure and socio-economic support resulted in these areas being insufficiently covered.

V. The Facility supported similar type of activities in the health and education sectors through different instruments. This made coordination more complex and resulted in the parallel use of different management structures to fund similar projects.

VI. Although we identified some good examples in the health sector, where the Commission supported the transition from humanitarian to more durable development assistance, this complementarity was not systematically achieved.

VII. We also found room to improve the efficiency of the humanitarian projects funded by the Facility. Firstly, when reviewing project proposals, the Commission did not consistently and comprehensively assess the reasonableness of the budgeted costs. Secondly, even if they were in line with the legal framework, the indirect costs paid to the partners implementing large cash-assistance projects were high, and the level of advance payments was not aligned with the actual cash outflows of the projects.

VIII. The Commission put in place appropriate measures to monitor humanitarian projects. The main limitation was the Turkish authorities' refusal to grant access to beneficiary data for the two cash-assistance projects. In fact, neither the Commission nor the ECA was able to track the project beneficiaries from their registration to the payment.

IX. The Facility results framework, which reports on the consolidated results, was still under development: baselines, milestones or quantified targets for high-level indicators had not yet been completed. Public reporting was limited and its scope did not capture the whole EU assistance to refugees in Turkey.

X. All the audited humanitarian projects helped refugees to meet their needs, mainly through the cash-based assistance. Most of them delivered all or most of their intended outputs. However, half of them have not yet achieved the outcomes expected and nine out of ten had to be extended. The challenging operating environment was the main factor hindering the timely implementation of projects managed by INGOs.

XI. The report sets out six recommendations aimed at improving the efficiency and effectiveness of the second tranche of the Facility's budget. The Commission should:

- better address refugees' needs for municipal infrastructure and socio-economic support;
- improve the streamlining and the complementarity of assistance;
- implement a strategy for the transition from humanitarian to development assistance;
- improve the efficiency of cash-assistance projects;
- address with the Turkish authorities the need to improve the operating environment for (I)NGOs; and
- scale up monitoring and reporting of the Facility for Refugees in Turkey.

INTRODUCTION

1. Turkey and the EU have been linked by an Association Agreement since 1963. The European Council granted the status of candidate country to become a member of the EU to Turkey in December 1999 and accession negotiations were opened in 2005. Turkey is by far the largest beneficiary of the EU Instrument for Pre-accession Assistance (IPA), which the EU uses to prepare candidate countries for membership of the EU, with an allocation of more than €9 billion for the 2007-2020 period¹.

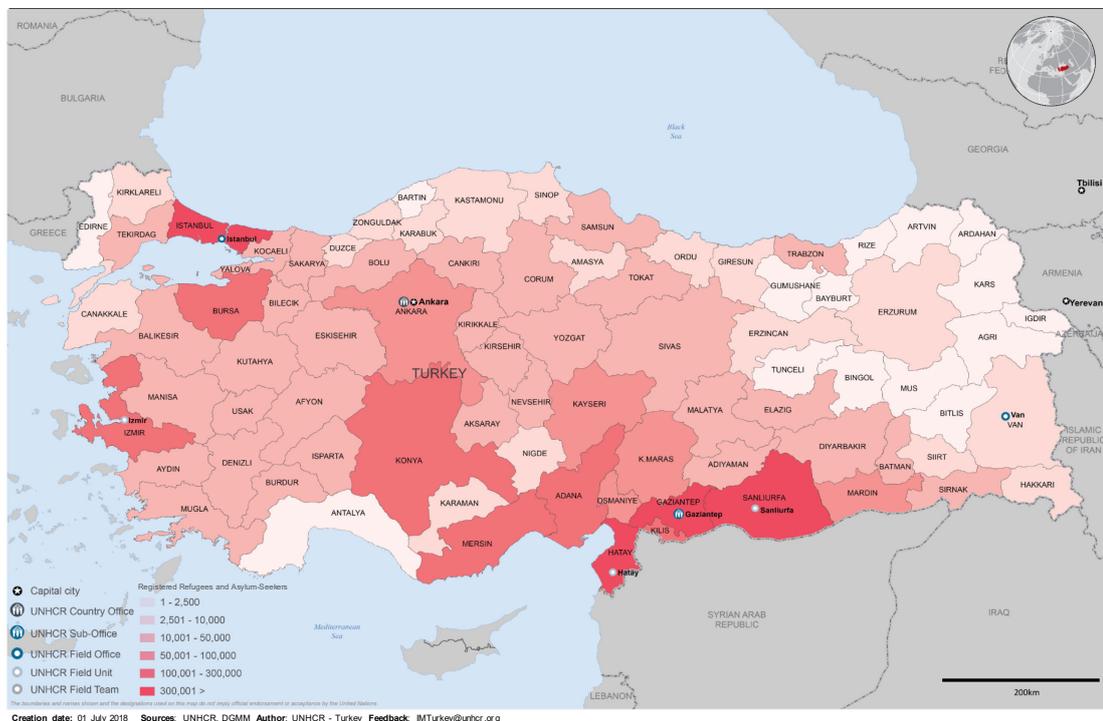
2. Due to its location, Turkey is both a reception and transit country for many refugees. Because of increased migratory flows, mainly due to the Syrian conflict, Turkey hosts the largest refugee population in the world: nearly 4 million people². This includes about 3.5 million Syrians of whom about 94 % are living outside refugee camps³. Since the start of the crisis, Turkey has provided a significant and continued support to refugees.

¹ See ECA Special Report 7/2018 “EU pre-accession assistance to Turkey”.

² *Source:* UNHCR as of 31 May 2018 (<http://www.unhcr.org/tr/en/unhcr-turkey-stats>).

³ Turkey itself only grants the status of refugee to people affected by events occurring in Europe. It granted a special status in 2013 to Syrians giving them the status of ‘Syrian people under Temporary Protection’. Unless otherwise specified, we use the term ‘refugee’ in this report for all people looking for international or temporary protection.

Map 1 – Breakdown of refugees and asylum-seekers by province in Turkey as of June 2018



Source: UNHCR.

3. The Syrian refugee crisis did not just affect Turkey: it also affected the EU Member States. In 2015 alone, some 850 000 refugees crossed the Mediterranean from Turkey to Greece⁴ and sought asylum in EU countries. Following the adoption of the European Agenda on Migration in May 2015, the EU and its Member States took several measures to address the challenges identified.

4. On 15 October 2015, the Commission proposed an EU-Turkey Joint Action Plan (JAP) to assist Turkey in the management of the migration crisis. The JAP identifies measures to be implemented by the EU and Turkey with the aim of (a) providing support to the Syrians under temporary protection (SuTP) and their Turkish hosting communities and (b) improving cooperation with the aim of preventing irregular migration flows to the EU.

5. The first action to be undertaken by the EU under the JAP was to mobilise a substantial amount of funds 'to support Turkey in coping with the challenge represented by the

⁴ ECHO factsheet – Turkey – March 2016.

presence of Syrian people under temporary protection'⁵. The funds were to be mobilised as flexibly and rapidly as possible. As a response to this requirement, the Commission set up the Facility for Refugees in Turkey.

The Facility for Refugees in Turkey

6. The Facility is a coordination mechanism aimed at assisting Turkey in 'addressing the immediate humanitarian and development needs of refugees and their host communities, national and local authorities in managing and addressing the consequences of the inflow of refugees.' Its objectives are to coordinate and streamline actions financed from the Union's budget and bilateral contributions from EU Member States, and to enhance the efficiency and complementarity of support provided to refugees and host communities in Turkey⁶. The Facility is an innovative pooling tool that is different from other pooling mechanisms used in the EU, such as the EU Trust Funds⁷ (see ***Table 1***).

⁵ The full text of the JAP is available at http://europa.eu/rapid/press-release_MEMO-15-5860_fr.htm

⁶ Articles 1 and 2 of the Commission Decision (C (2015) 9500) as amended by the Commission Decision of 10 February 2016.

⁷ A 'Trust Fund' is a 'legal arrangement with a distinct financial structure that pools the funds of several donors to jointly finance an action on the basis of commonly agreed objectives and reporting formats' (source: Working Document XI – EU Trust Fund - Draft General Budget of the European Union for the Financial Year 2018).

Table 1 – Key features of the Facility for Refugees in Turkey compared to EU Trust Funds

	Facility	EU Trust Funds
Within the EU budget	X	
Pooling Mechanism	X	X
Donors' fixed contributions	X	
Open to non-EU donors		X
In charge of project selection		X
Specific results framework	X	X
Specific annual accounts		X

Source: ECA.

7. Established on 1 January 2016, it has a budget of €3 billion to be used in 2016 and 2017⁸. Of this amount, €1 billion is financed from the EU budget and €2 billion from the EU Member States⁹ (Annex I shows the national contributions for the Facility for Refugees in Turkey). The support provided covers humanitarian and non-humanitarian activities, with a financial allocation of €1.4 billion and €1.6 billion respectively. The Facility coordinates financing from different existing instruments (see **Table 2**).

⁸ Articles 4 and 9 of the Commission Decision (C (2015) 9500) as amended by the Commission Decision of 10 February 2016.

⁹ The EU Member States contributed these €2 billion in the form of externally assigned revenue to the EU budget and the €2 billion were assigned to the budget lines of the Instrument for Pre-accession Assistance and humanitarian aid. In legal terms, the Facility is therefore entirely funded by the EU budget.

Table 2 – Sources of the Facility’s funds

Financing instruments (in million euro)	EU Budget line	EU Budget (a)	Contributions from Member States (b)	Total budget under the Facility (a+b)
Humanitarian aid (1)	23 02 01	310	1 090	1 400
Instrument for Pre-accession Assistance	22 02 03	650	910	1 560
Development Cooperation Instrument	21 02	20		20
Instrument contributing to Stability and Peace	19 02 01	20		20
Subtotal Non-humanitarian aid (2)		690	910	1 600
TOTAL (1+2)		1 000	2 000	3 000

Source: European Commission “First annual report on the Facility for refugees in Turkey”.

8. The assistance focuses on six priority areas: (1) humanitarian assistance, (2) migration management, (3) education, (4) health, (5) municipal infrastructure and (6) socio-economic support¹⁰. The projects funded by the Facility are selected and implemented through the underlying instruments (see **Table 2**) and therefore, in accordance with their applicable rules and requirements¹¹. This includes implementation through the EU Regional Trust Fund in Response to the Syrian Crisis – the ‘EUTF Madad’¹². **Annex II** illustrates in more detail how this works.

9. In the EU-Turkey Statement dated 18 March 2016¹³, the Members of the European Council and Turkey confirmed their commitment to implementing the JAP and to ending irregular migration from Turkey to Greece¹⁴. On this occasion, they also agreed that an

¹⁰ Minutes of the second Steering Committee dated 12 May 2016.

¹¹ Article 6(3) of the Commission Decision (C (2015) 9500) as amended by the Commission Decision of 10 February 2016.

¹² The ‘EUTF Madad’ was created in December 2014 with the objective to address long-term economic, educational and social needs of Syrian refugees in neighbouring countries, including Turkey. Following the establishment of the Facility for Refugees in Turkey, a share of the Facility’s funds is implemented via the ‘EUTF Madad’.

¹³ The text of the second EU-Turkey statement is available at: <http://www.consilium.europa.eu/en/press/press-releases/2016/03/18/eu-turkey-statement/pdf>

¹⁴ In April 2018, the Commission reported that ‘the irregular arrivals [from Turkey to Greece] remain 97 % lower than the period before the Statement became operational’. For further

additional €3 billion funding could be added to the Facility's budget before the end of 2018. On 28 June 2018, the European Council agreed to launch the second tranche of the Facility's budget.

The Facility's Steering Committee

10. The Facility is governed by a Steering Committee, which is chaired by the Commission, and includes representatives from all EU Member States. Representatives from Turkey attend its meetings in an advisory capacity and participate to the discussions related to the implementation of the support. The Steering Committee's role is to provide strategic guidance. This involves 'setting overall priorities, [the] types of actions to be supported, the instruments to be used [...] and the coordination of the actions' financed under the Facility¹⁵. It is also in charge of monitoring and assessing the implementation of the actions.

11. The Commission retains ultimate responsibility for managing actions. The Directorate General for Neighbourhood and Enlargement Negotiations (DG NEAR), with the EU Delegation in Turkey, is responsible for implementing projects funded via IPA, whereas the Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) is responsible for the humanitarian strand. The Commission is also in charge of the projects implemented via the EUTF Madad.

AUDIT SCOPE AND APPROACH

12. Our objective was to assess the management of the Facility and the results achieved so far. The audit covered the period from the establishment of the Facility until 31 March 2018. The main audit question was: 'Is the Facility for Refugees in Turkey effectively supporting refugees in Turkey?'. This question was broken down into two sub-questions.

details, see 'EU-Turkey statement - Two years on' at https://ec.europa.eu/home-affairs/what-we-do/policies/european-agenda-migration/background-information_en

¹⁵ Article 5(1) of the Commission Decision (C (2015) 9500) as amended by the Commission Decision of 10 February 2016.

- (a) Did the set-up and functioning of the Facility as a mechanism contribute to a relevant, swift and well-coordinated support?

In order to answer this question, we examined whether the Commission identified the priority needs of refugees and addressed them in a swift and coordinated manner.

- (b) Have the humanitarian projects funded by the Facility achieved their expected results?

In order to answer this question, we examined the implementation, monitoring and results achieved by a sample of projects supported by the Facility. Because most non-humanitarian projects were not yet at a sufficiently advanced stage of implementation at the time of the audit¹⁶, we focused this part of our analysis on humanitarian projects.

13. We audited a sample of 10 humanitarian projects amounting to €458 million (see ***Annex III A***). We selected the sample to have a balanced coverage of projects in terms of financial significance, sectors (basic needs, protection, health, education) and types of implementing partner (UN agencies, INGOs). The sample was selected from a total of 45 humanitarian contracts, and represents 33 % of the total amount of contracted humanitarian assistance.

14. The audit included desk reviews and interviews with various Commission departments, the EU Delegation and ECHO offices in Turkey, some EU Member States' representatives to the Steering Committee of the Facility, the Turkish authorities, international bodies and non-governmental organisations and final beneficiaries¹⁷. We visited eight out of the ten projects in our sample during a visit to Turkey in January 2018¹⁸.

15. The Turkish Ministry of Family and Social Policies (MoFSP) did not grant us access to its database of eligible beneficiaries of the audited cash-transfer projects (the Emergency Social

¹⁶ Non-humanitarian assistance mainly relates to longer-term development aid with a focus on education, health, migration management and socio-economic support. Due to their specific nature, they take time to implement, usually between two (for operational actions such as training, health-related equipment, etc.) and four years (for infrastructure-related actions such as health care centres and schools).

¹⁷ ***Annex III*** lists all the organisations interviewed during the audit visit to Turkey.

¹⁸ The remaining two were in an impractically remote location.

Safety Net (ESSN) and the Conditional Cash Transfer for Education (CCTE)). As a result, we could not track final beneficiaries from their registration to payment. Further details are provided in *paragraph 53*.

OBSERVATIONS

The Facility rapidly mobilised relevant support, but was not fully effective as a coordination mechanism

16. We assessed the following:

- (a) Whether the Facility identified and addressed the main needs of refugees by means of a comprehensive and rigorous needs assessment;
- (b) Whether the Facility's administrative arrangements allowed the €3 billion assistance to be contracted swiftly, i.e. during the period 2016-2017, as laid down in the Commission's decision establishing the Facility; and
- (c) Whether the Facility effectively coordinated the assistance. In particular, we examined whether the procedures in place for selecting and approving actions streamlined the assistance and ensured complementarity between: i) the different EU spending instruments used and, ii) humanitarian and non-humanitarian support.

The Facility appropriately addressed the main needs of the refugees, except those needs related to municipal infrastructure and socio-economic support

17. The allocation of €3 billion in funding was the result of a political decision agreed between EU Member States and Turkey. This amount represented a significant increase in the overall amount of assistance being made available by the EU in Turkey. However, it did not aim to cover the whole cost of support for refugees¹⁹.

¹⁹ The First Stage Needs Assessment carried out by the Turkish authorities estimated the overall needs to be €14 454 million for the period 2016-2018.

A needs assessment with some limitations

18. The EU Turkey Joint Action Plan (see **paragraph 4**) required the EU institutions and Turkey to proceed with a comprehensive joint needs assessment before disbursing the €3 billion budget²⁰. Even though the Turkish authorities were involved in the needs assessment, they did not officially endorse the exercise.

19. The needs assessment was finalised in June 2016. It was comprehensive, as it included an assessment of both humanitarian and development needs and provided relevant information on the situation of Syrian refugees, identifying gaps to be addressed taking into account past, ongoing and planned assistance to Syrian people under temporary protection (SuTP) in Turkey. However, it was not sufficiently rigorous:

- (a) Most of the numerical data (e.g. sector statistics) in the needs assessment was provided by the Turkish authorities. The consultants who carried out the needs assessment were not able to access primary data. They could therefore not validate the estimated cost of the measures needed to address the needs of refugees and host communities.
- (b) There was a lack of up-to-date demographic information broken down by gender, age group and location and a lack of information on vulnerabilities (female-headed households, children, elderly people, etc.). The consultants described this as 'a serious hindrance to assessing needs and designing programmes and interventions'. For example, in the sector of social support and cohesion, the latest nation-wide vulnerability assessment was from 2013.
- (c) The needs assessment targeted SuTP and did not address the needs of the non-Syrian refugee population (mainly Afghans and Iraqis). The vast majority of refugees in Turkey are SuTP (see **paragraph 2**); SuTP were therefore the primary target group supported under the Facility. Nevertheless, this was not in line with the stated aim of the Facility to address the needs of all refugees.

²⁰ Paragraph 3, part 1 of the EU Turkey JAP.

20. The priority areas of the Facility (see [paragraph 8](#)) were largely aligned with the needs assessment. The only exception was ‘migration management’ which the Steering Committee selected as a priority area although it was not included in the scope of the needs assessment. Considering that the main objective of the Facility was to support refugees and host communities, and that migration management in Turkey had already been allocated about €350 million in support under the IPA (outside the Facility), the grounds for identifying it as a priority area are questionable. In fact, after having funded two migration-management projects, the Steering Committee decided not to allocate any more money to this area.

21. The priority areas were broadly defined to ensure the necessary flexibility in a difficult and rapidly changing context. The individual projects were aimed at addressing the specific needs of refugees. We reviewed the rationale for the selection of the 10 audited projects and found that this was indeed the case for all of them (See [Annex III B](#)) for details). When submitting a proposal for funding, the implementing partner of humanitarian projects must describe the problems, needs and risks identified and how the proposed response is adequate and consistent with the Commission’s overall humanitarian strategy in Turkey. [Box 1](#) shows how the EU’s largest humanitarian project funded by the Facility addressed the needs of refugees.

[Box 1](#) – The ESSN: an innovative project design to address the needs of refugees

The Emergency Social Safety Net (ESSN) is the largest-ever humanitarian project funded by the EU, aimed at providing assistance to 1.3 million refugees. The project is being implemented in two phases covering the periods from 2016-2018 and from 2018-2019, with a budget of €348 million and €650 million respectively. The ESSN addresses basic needs (food, non-food items and services) by providing cash assistance. The project is implemented across Turkey by a UN Agency in collaboration with a local implementing partner and the Turkish authorities. It is innovative because it is a hybrid humanitarian aid project embedded in the national social-protection system.

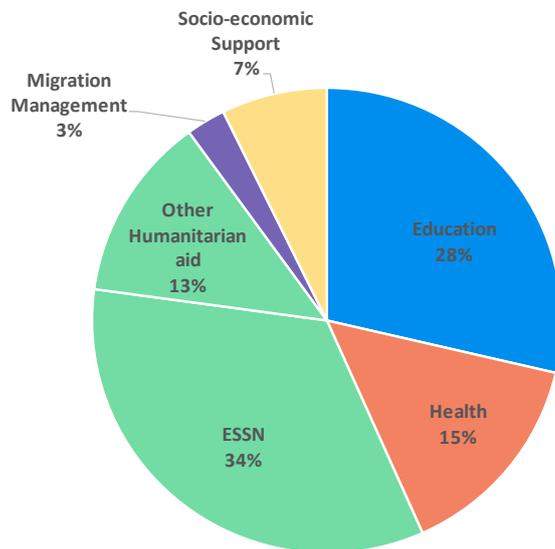
In recent years, despite the perceived risk of misuse of funds, there has been a growing consensus amongst humanitarian stakeholders on the benefits of cash assistance²¹. This was reflected at the World Humanitarian summit in June 2016, where cash transfers were promoted, when appropriate.

The project targets refugees living outside the camps, whose opportunities to enter the national labour market are limited. It provides a stable and predictable source of income to cover their basic needs, mainly accommodation and food. In practice, refugees receive a monthly fixed amount (about €30 per person). They use a debit card to withdraw cash at ATMs or to pay in shops.

Two priority areas were insufficiently supported

22. The Facility focused its spending on the priority areas of education, health and humanitarian assistance (mainly the ESSN). These areas made up approximately 90 % of the total contracted amount (see **Figure 1**).

Figure 1 – Proportion of the Facility’s assistance allocated to each priority area (based on contracted amounts)



Source: ECA based on Commission data.

²¹ See for instance: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc> and <https://www.devex.com/news/for-humanitarian-response-a-cash-based-payment-consensus-88238>.

23. It is difficult to assess whether this distribution of funding is proportionate to the scale of the needs in the priority areas, because the Steering Committee did not set indicative up-front allocations for each priority area. Although this increases flexibility in the allocation of funds, it does not allow an assessment to be made of the differences between planned and actual expenditure for each priority area.

24. We found that the priority area ‘municipal infrastructure’ and ‘socio-economic support’ were not sufficiently addressed. As shown in **Box 2**, the main reason was that the Commission and the Turkish authorities disagreed on how to address them.

Box 2 – Difficulties in the programming of the priority areas ‘municipal infrastructure’ and ‘socio-economic support’

Municipal infrastructure

In July 2016, the Commission allocated €200 million to address needs associated with municipal infrastructure. Expected results were increased capacity in the areas of water and wastewater management, and solid waste collection. Two partners, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), were selected to implement related actions on the ground. The EBRD wished to make its intervention contingent on the inclusion of a loan component in the support it provided; this condition was not accepted by the Turkish authorities. Following extensive negotiations, EBRD had to be replaced by the Kreditanstalt für Wiederaufbau (KfW). Ultimately, both the EIB and the KfW were forced to cancel their projects due to the lack of adequate and sufficiently mature projects put forward by the local institutions and municipalities. As a result, the priority area ‘municipal infrastructure’ was not addressed by the Facility²². The funds allocated to this priority area were transferred to the priority area ‘education’ at the end of 2017.

²² The Turkey Regional Refugee & Resilience Plan (3RP) 2018-2019 in response to the Syria crisis mentioned in that respect that ‘Investments in municipal infrastructure and capacities remain a high priority (p. 5)’.

Socio-economic support (access to the labour market, vocational training, and social inclusion)

The Commission concluded contracts to a total value of €215 million under the priority area ‘socio-economic support’, most of it (68 %) in December 2017, at the end of the contracting period. The conclusion of contracts in this area was delayed because it was initially not a priority for the Turkish authorities and due to disagreements on credit components included in the projects. However, given the increasingly protracted nature of the crisis, most stakeholders we met felt that more funding should be allocated to this area to develop the resilience of refugees, and enhance their participation in the economy and in society.

The Facility achieved its objective of contracting three billion euros in two years

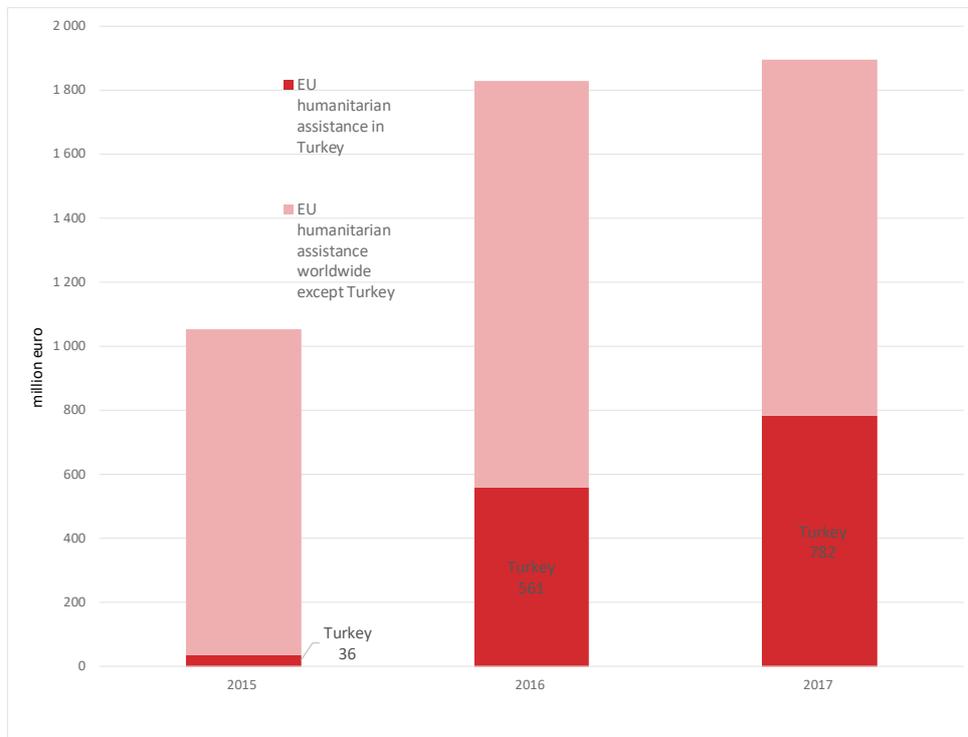
25. The decision to set-up a ‘Facility’ reflected the need to mobilise additional funds. A key benefit of the Facility was that the Member States agreed²³ on their €2 billion contribution in February 2016 immediately after the establishment of the Facility. This provided the basis for swift use of the funds, based on a pre-defined budgeted amount.

26. The legal and administrative framework of the Facility was also put in place relatively quickly. The Commission and the EU Member States agreed the rules of procedure of the Facility during the first Steering Committee meeting on 17 February 2016. This meant that the Facility became operational less than three months after the EU-Turkey summit of 29 November 2015. **Annex V** presents the key dates and events associated with the set-up and governance of the Facility.

27. The Facility’s funds were disbursed using a mix of existing instruments (see **paragraph 8**) and implementing partners. This allowed the Facility to quickly absorb the significant increase in the EU funds channelled to Turkey and to contract €3 billion in two years. As shown in **Figure 2**, the scale-up in funding was particularly high for humanitarian assistance.

²³ The agreement was concluded on 3 February 2016, at the start of the Facility (see <http://www.consilium.europa.eu/en/press/press-releases/2016/02/03-refugee-facility-for-turkey/>).

Figure 2 – Scale-up of EU humanitarian assistance in Turkey 2015-2017 (based on budgeted EU humanitarian assistance for man-made crises)



Source: ECA based on Commission data.

28. Aside from the rapid set-up of the Facility and effective pooling of funding, the Commission's choice of delivery mechanisms, as described below, was a key factor in enabling the Facility to achieve its objective of delivering assistance swiftly.

- (a) The Commission made three direct grants totalling €660 million available to the Turkish authorities for large-scale projects under the non-humanitarian strand, without calls for proposals. In Turkey, EU direct grants are usually used for much smaller projects with an average amount of €1 million.
- (b) 70 % of the €3 billion budget was channelled to UN organisations and international financial institutions (see **Annex II**). This contributed to increasing the absorption capacity, since organisations of this kind normally have the means to implement large projects; for example, the multi-purpose cash-assistance project, the ESSN, which was implemented as the main vehicle to provide humanitarian assistance, with €998 million in funding (see **Box 1**).

29. The combined features described in **paragraphs 25 to 28**, are not always available to other EU instruments or EU Trust Funds outside the Facility. This explains why the IPA funds channelled under the Facility were contracted up to five times faster than traditional IPA assistance in Turkey. As shown in **Annex VI**, the contracting speed of the Facility was also faster than that of the EU Trust Funds.

The Facility contributed to enhanced coordination but the streamlining and complementarity of the assistance was not systematically achieved

30. We assessed whether the Facility coordinated and streamlined the assistance provided under different instruments to reduce the risk of inefficiencies (e.g. overlapping projects) and whether it enhanced the complementarity of support, with the aim of facilitating a transition from humanitarian to non-humanitarian assistance.

31. We found that the Commission coordinated the strategic direction of the Facility through a common needs assessment, governance structure (the Steering Committee) and results framework covering both humanitarian and non-humanitarian support. This enabled the coordination and the exchange of information between the two main responsible Commission departments (DG NEAR and DG ECHO) and the EUTF Madad.

32. However, the Commission did not set up clear demarcation lines between instruments and implementing partners. In some cases, we found that the funding instruments used by the Facility supported very similar activities in the health and education sectors. This implied the use of parallel management structures for the financing of similar activities, and required comprehensive coordination efforts from the Commission and partners to mitigate the risk of overlaps. This is not in line with the Facility's objective of streamlining EU assistance.

Box 3 presents examples of how the Facility funded similar activities under different instruments.

Box 3 – Examples of similar activities funded under different instruments

Education

In the field of education, implementing partners received funding channelled through three instruments under the Facility and also through IPA funding (outside the Facility) and EU Member States' bilateral contributions. ECHO's key project in education (the Conditional Cash Transfer for Education - CCTE) focuses on formal education. But EUTF Madad and IPA also supported formal and non-formal education activities within and outside the Facility²⁴. This resulted in three different project selection boards from ECHO, IPA and EUTF Madad working in parallel to approve similar projects. In addition, other donors in Turkey also supported the education sector, which complicated coordination. **Annex VII** shows the complexity of the education activities that were funded through and outside the Facility.

Protection

- A project submitted for funding under the Humanitarian priority area in June 2016, worth €40 million, was put on hold and later rejected as the activities proposed were already going to be covered under a contract signed with another partner under the EUTF Madad. That contract was concluded on 31 March 2017, nine months after the initial proposal submitted to ECHO.
- Activities dedicated to women's and girls' safe spaces were implemented simultaneously by the same implementing partner from two different sources of EU funding: (i) under the Facility via ECHO and (ii) outside the Facility, as a subcontractor of an IPA €40 million project. In practice, this entailed both ECHO and the EU Delegation managing and monitoring the same activities in parallel, though in different geographical areas. Also, in this particular case, the activities funded outside of the Facility were not included in the results framework of the Facility, although they are very similar in nature and timing.

33. As noted above, channelling support through different instruments allowed the Commission to speed up the Facility's funding (see **paragraph 27**). On the other hand, it

²⁴ The Commission refers to formal education in the 2017 Humanitarian Implementation Plan for Turkey as 'An educational system with hierarchic structures and a chronological progression through levels or grades with a set beginning and end. Formal education usually takes place in an institution and involves some kind of assessment leading to a certificate of qualification'. On the other hand, non-formal education relates to 'A flexible approach to education using alternative modes of delivery outside the formal system'.

added to the complexity of the management, implementation and supervision of the Facility as a whole. Indeed, these instruments have different mandates and legal frameworks, different delivery mechanisms, different reporting and monitoring requirements, and are managed by different departments. Furthermore, EU funds spent in Turkey outside the Facility also supported some of the same priority areas as the Facility²⁵. Some of the stakeholders we interviewed during our visit to Turkey confirmed that this situation was confusing, notably in terms of the role each instrument was expected to play.

34. The Facility's stated objective of ensuring the complementarity of the assistance includes the link between humanitarian and non-humanitarian support. Although we identified some good examples in the health sector where the Commission ensured that humanitarian aid would give way to more durable development assistance, we found that this complementarity was not systematically achieved. For example, the Commission did not design joint implementation plans between DGs ECHO and NEAR and the EU Member States²⁶ although such plans could have enhanced the overall coherence and streamlining of EU assistance. We consider joint implementation plans to be a good practice, and the Commission used it when designing Joint Humanitarian and Development frameworks for Jordan and Lebanon with the objective of developing a comprehensive and joint response²⁷.

35. In seven out of the ten humanitarian projects we audited, we found no evidence of any agreed transition or exit strategy, whereby humanitarian projects, which are supposed to cover emergency needs, could be taken over by the non-humanitarian strand of the Facility, or by Turkey, when these needs persisted in the medium to long term. In several cases, the audited projects were subject to follow-up actions, still under humanitarian funding and with an implementation period beyond 2018. The indicative deadline set by DG ECHO for the

²⁵ EU projects representing more than €200 million were implemented outside the Facility simultaneously to the support provided to the refugees in Turkey through the Facility.

²⁶ Direct bilateral contribution from EU Member States, in particular Germany with more than €175 million for the year 2017, aimed at funding similar activities and partners as the ones under the Facility (See ***Annex VII*** in the sector of education).

²⁷ The Joint Humanitarian Development Framework in response to the Syrian crisis for Jordan aims at 'addressing the humanitarian, mid-term and development priorities, thus better integrating and aligning DG NEAR, MADAD EU Trust Fund and DG ECHO planned responses'.

transition of humanitarian aid was the end of 2018²⁸. This deadline was later extended.

Box 4 provides examples of good and weak transition strategies from the sample of audited projects.

Box 4 – Examples of good and weak project transition strategies

Project 4, ‘Supporting adapted and culturally sensitive healthcare services to Syrian refugees’, shows how the Commission used the Facility to foster synergies between ECHO and IPA funding to ensure a smooth transition from humanitarian to development assistance.

Following an initial contract of the value of €2 million, DG ECHO provided €10 million to train Syrian medical personnel (doctors and nurses) so that they could work within the Turkish health system from March 2017 to March 2018. After this date, the training activities continued thanks to an additional €11.5 million in funding channelled through EUTF Madad. Once trained, these people were assigned to a migrant health centre. Their salaries were then paid by the Ministry of Health using funding received from the €300 million direct grant under the IPA special measure.

Project 1, the Emergency Social Safety Net (ESSN, see **Box 1**), was designed in 2016 to build on existing national capacities with the objective of ensuring its sustainability through the integration of the refugees supported by the ESSN into the national social protection schemes.

The Commission’s guidelines on cash transfers²⁹ state that cash assistance, especially in a protracted crisis, should be provided with the intention that ‘longer-term development efforts or government interventions [should take] over as soon as possible.’

At the time of the audit, there was no clear exit strategy in place to set out who would take over responsibility for the ESSN after EU funding ended; and discussions were ongoing. Although it was embedded in the national protection system, the ESSN was still totally dependent on EU funding.

²⁸ The ECHO Turkey Management framework dated March 2017 mentions ‘the objective is to have refugee-adapted services transitioned into the [Government of Turkey] system, services of other national actors or other development instruments, as this capacity is developed. Transition is expected to be near complete by the 31st of December 2018, with the possible exception of some specialist services.’

²⁹ Guidance to partners funded by DG ECHO to deliver medium to large-scale cash transfers in the framework of 2017 Humanitarian Implementation Plan.

The extension of this project in 2018 gave the Commission more time to negotiate an exit strategy. Nevertheless, a successful handover is ultimately dependent on the Turkish authorities' willingness to take over the project and to allocate sufficient resources to fund it.

In a challenging context, the humanitarian projects helped refugees to address their basic needs, but did not always deliver the expected value for money

36. We assessed the efficiency and effectiveness³⁰ of the humanitarian assistance provided under the Facility, and considered in particular:

- (a) whether the Commission ensured that the costs of funded projects were reasonable in relation to the expected results, and whether projects were implemented in a timely manner;
- (b) whether the Commission monitored the Facility's spending in a comprehensive manner and produced sufficient relevant information on the results achieved; and
- (c) whether the humanitarian projects delivered their intended outputs (i.e. what was produced or accomplished), and achieved their expected outcomes (i.e. changes arising from the outputs).

37. We reviewed 10 humanitarian projects, implemented under indirect (UN agencies) or direct (INGOs) management (See ***Annex III A***). Despite delays in implementation, nine on-going projects³¹ were sufficiently advanced for us to report on the outputs delivered and the outcomes achieved at the time of the audit.

³⁰ We considered 'efficiency' as the best relationship between the resources employed and the outputs or results produced and 'effectiveness' as the extent to which the objectives have been achieved.

³¹ For project 3, the CCTE, the preliminary project results tracking the school attendance and enrolment were still not available at the time of the audit, preventing us from assessing the outcomes of the project.

There is potential to improve the efficiency of projects

The Commission's assessment of the reasonableness of costs has weaknesses

38. In the Humanitarian Implementation Plans 2016 and 2017 for Turkey, the Commission stated that supported actions should have an 'overarching emphasis on cost efficiency and effectiveness'. We found that the Commission did not consistently and comprehensively assess the reasonableness of the budgeted costs when reviewing project proposals. In particular:

- (a) the ratio of administrative costs to operational costs was not appropriately assessed in five out of ten projects;
- (b) in four out of ten projects, there was no calculation of the cost per beneficiary. When the cost per beneficiary was calculated, it did not always lead to an assessment of whether the ratio obtained was reasonable.

39. We acknowledge that the different environments in which the Commission works when providing humanitarian assistance can make the use of standard costs or quantitative benchmarks difficult. Nevertheless, we consider that these tools could indeed be used, particularly for consecutive projects implemented by the same partners. For the five audited projects in this situation, the Commission did not carry out a thorough comparison between projects. **Box 5** provides examples of the insufficient assessment of the reasonableness of costs by the Commission.

Box 5 - Examples of insufficient assessment of the reasonableness of costs

The Commission neither analysed nor referred to the reasonableness of costs for project 4. For project 10, the Commission assessed the ratio of administrative costs to operational costs as acceptable. However, the Commission did not document the underlying analysis supporting the assessment made.

Project 5 was a follow-up project from two previous grants implemented by the same INGO. It initially aimed at providing several health services in Turkey, such as lifesaving health, physical rehabilitation, mental health, gender-based violence and protection. The Commission calculated that the cost per beneficiary was €19.50 compared with €10.88 and €105.11 for the two previous grants. Even if some activities were not identical, the analysis was not sufficiently documented to identify the reasons for this difference, or to determine whether it was reasonable.

40. For humanitarian projects implemented by UN partners, the Commission did not have a complete overview of the costs associated with subcontracting to (local) implementing partners. Without this overview, the Commission cannot comprehensively assess the reasonableness of costs.

The ESSN has a high efficiency ratio but it could be more efficient

41. Cash-based assistance allows for a better assessment of cost-efficiency as the level of aid that reached the final beneficiaries is easier to establish. The cost-efficiency of the project is measured by comparing the amount directly received by the beneficiaries to other costs of the action ('efficiency ratio').

42. For the ESSN (see **Box 1**), the Commission had set up in 2016 an initial target efficiency ratio of 85:15³². This target ratio was increased to 87.5:12.5 in 2018. We benchmarked this ratio against other Commission-funded basic needs projects in the region and found that, on average, these projects showed an efficiency ratio of 79:21³³.

³² The actual efficiency ratio achieved was not yet known at the time of the audit.

³³ The sample included both actual and budgeted efficiency ratios.

43. On the other hand, we found that the efficiency ratio calculated for the ESSN does not include all of the costs directly associated with the project, and in particular the expenses incurred by the Turkish MoFSP that supports the project's implementation through the Social Assistance and Solidarity Foundations. These Foundations receive the applications from refugees to join the ESSN, assess their eligibility and conduct household visits, acting through around 1 000 offices in Turkey.

44. We also identified the following potential efficiency gains for the ESSN.

- (a) This project is implemented by a UN organisation that can claim up to 7 % of the total direct project costs to compensate for indirect costs incurred, e.g. management and administration costs incurred at the headquarters level. We found that this percentage, although in accordance with the Financial and Administrative Framework Agreement³⁴ between the Commission and the UN, is normally applicable to projects that have a much lower budget. Because of the large scale of this project³⁵, the budgeted indirect costs for the two phases was €64 million³⁶. Despite the size of this amount, no supporting evidence was provided to demonstrate that this cost was reasonable and had been kept to the absolute minimum³⁷. Instead, it was set to the upper limit.
- (b) The funding of the ESSN is transferred from the UN implementing partner to the bank through a local implementing partner. For the transfer of the funds, the local implementing partner receives a 'cash transfer fee', amounting to €8.9 million (calculated on the basis of 1 % of the total transfers to be made). Considering that funds could be transferred directly to the bank without channelling them through the local

³⁴ Article 19.4 of the general conditions of the Financial and Administrative Framework Agreement.

³⁵ Projects funded by ECHO have an average budget of €9 million under the Facility and €2 million worldwide.

³⁶ The percentage of indirect costs was 7 % under the first phase of the ESSN and 6.5 % under the second phase.

³⁷ This was a requirement under the technical annex of the Humanitarian Implementation Plan 2016 which mentioned 'The ESSN will, at a minimum, include the following distinctive features: (...) Overhead costs should be kept to an absolute minimum and duly justified.'

implementing partner, the need for this fee was not sufficiently demonstrated by the Commission. Besides, no such fees were charged under the second cash-assistance project in our sample (project 3 – CCTE). Furthermore, the local implementing partner charges a further 7 % flat rate for indirect costs.

- (c) The level of pre-financing paid is not appropriate. In accordance with the legal framework governing the partnership between the EU and the UN, the Commission must pay pre-financing of 80 % of the total contracted amount before projects start. We found that this level of pre-financing is not adapted to the specific spending patterns of both of the audited cash-assistance projects (the ESSN and the CCTE). For example, under the ESSN, €278 million for phase 1 and €520 million for phase 2 were paid upfront to the implementing partner. However, the funds were to be disbursed on a linear basis over 16 and 13 months respectively. Under the CCTE phase 2, the Commission paid a €40 million advance in December 2017, whereas the first payment round is expected at the end of September 2018. The eventual interest generated on the advance payments is kept by the implementing partners and is not reinvested in the ESSN or the CCTE.

Implementation delays undermined the efficiency of most audited projects

45. Timeliness is an important aspect of efficiency. It can also have an impact on cost efficiency because when a project is delayed, administrative costs such as rents and salaries may still have to be paid, which could lead to less funding being available for the final beneficiaries. Nine out of ten audited projects were delayed and had to be extended, on average by 60 %³⁸. In one case, the initial budget was revised upwards and in three cases, the budget was reduced because some of the planned activities could not be implemented (see **Annex III A**).

46. We identified several reasons for these delays. In five cases, the delays were mainly caused by technical and administrative constraints associated with the projects, such as the unavailability of the necessary technical equipment or of experienced staff to implement the

³⁸ On average, projects were initially planned for 12 months and were extended by 7 months.

projects. In one case, the Commission granted an extension to allow a better transfer of activities to the national system. In three cases, constraints linked to the legal and regulatory framework imposed by the Turkish authorities on NGOs impeded the timely implementation of the projects³⁹. Consequently, EU projects implemented by INGOs, which had been working in Turkey until that date, experienced significant delays or reductions in the scope of their activities. Where appropriate, the Commission provided a flexible response by granting contract extensions and in some cases by revising the initial targets set.

47. The Commission also faced difficulties in obtaining the Turkish authorities' approval for the involvement of INGOs at funding stage. For instance, the MoFSP did not agree to authorise INGOs to carry out certain key protection activities, namely case management and household visits. The Commission had to cancel four projects with a total budget of €14 million even though they were considered relevant for funding to address the pressing need for protection of the refugee population. **Box 6** presents examples of delays and difficulties faced by projects.

Box 6 – Examples of delays and difficulties faced by projects

Project 2 – Providing protection and durable solutions to refugees and asylum seekers in Turkey

A key activity under project 2 was to assist the Turkish Directorate General of Migration Management (DGMM) with the verification, update and correction of the registration data of 2.7 million Syrian refugees. This project was implemented by a UN Agency. The start of the verification exercise was delayed by seven months. The main reasons for the delays were the consequences of the July 2016 attempted coup, which led to internal changes within government institutions following the suspension of senior officials in the DGMM and additional security constraints. In addition, the timing set at the design phase of the project had been overambitious considering the technical, capacity and administrative constraints, which existed at field level. For

³⁹ Many NGOs have been closed through governmental decrees or saw their activities significantly restricted through much stricter application of existing legal requirements or by imposition of new ones. For example, some INGOs had difficulties renewing their registration, opening bank accounts and obtaining work permits or the newly introduced cooperation permit for an INGO to work with local implementing partners.

instance, the project initially suffered from a lack of experienced staff in the verification centres, problems with the performance of the DGMM database and internet connectivity issues.

These difficulties led to two modifications of the contract providing a 12-month extension followed by a €8 million budget increase.

Project 8 - Mitigating risks of key protection concerns of refugee population

The audited project is aimed at improving the protection of vulnerable refugees through case management, individual protection assistance and the provision of information and legal assistance. It was launched in 2017 and is a continuation of a previous project already funded by the Commission and implemented by the same INGO since 2015. From the beginning, the implementing partners faced difficulties in obtaining authorisations from the Turkish authorities to operate in the initially planned locations (Gaziantep, Ankara and Sanliurfa) and in obtaining the cooperation permits necessary to work with local NGOs. Consequently, the project was extended from 13 to 22 months, its activities were restructured and its budget was reduced by 20 %, as the implementing partner was unable to operate in Ankara.

Project 10 - Support to most vulnerable refugee women and girls

The aim of the project was to provide enhanced access to safe spaces and specialised services for women and girls by establishing and running dedicated centres. A local implementing partner in charge of 6 of the 20 ECHO funded centres was closed down by a governmental executive order. The UN Agency, as the main implementing partner, asked DG ECHO to partially suspend the project's activities for five months, with the aim of transferring the activities to other local partners.

There were shortcomings in monitoring cash-assistance projects and in measuring results

48. Monitoring is the regular examination of expenditure, activities and results, which provides up-to-date information on whether projects are progressing as intended. We assessed the Commission's monitoring of the Facility at two levels. Firstly, we examined whether the monitoring of humanitarian projects was comprehensive and timely. Secondly, we examined whether the Facility results framework, a dedicated tool designed by the Commission to show aggregated data on the results achieved by the Facility, provided relevant and quantifiable performance information.

49. The Commission put in place an appropriate framework for monitoring humanitarian projects. It visited all audited projects, at least once, in accordance with its own guidelines. The project monitoring allowed Commission staff in the field and in headquarters to follow project operations continuously.

Lack of access to primary data for cash assistance programme

50. However, we found that monitoring of the two cash-assistance projects was limited because the Commission and its UN implementing partners did not have access to original beneficiary data (i.e. list of eligible beneficiaries with their names, ID numbers and addresses). The MoFSP holds this data, but refused to share it with the UN and the Commission, citing Turkish data-protection legislation. Instead, the UN implementing partner received anonymised data, where each beneficiary's name and ID number had been replaced by a unique number generated by the local implementing partner.

51. Indeed, a key role of the UN partners implementing humanitarian projects on behalf of the Commission is to be responsible for the supervision of the payment process and for monitoring project implementation. This lack of access to primary data held by the MoFSP limited the UN partners', and thus the Commission's, capacity to carry out their monitoring and oversight functions efficiently and effectively.

52. The UN implementing partners were obliged to adapt their internal control framework to the lack of access to key primary data. They put in place additional triangulation controls to substantiate the anonymised data received and reconcile them with the anonymised payments data received from the bank. Despite these additional controls, the UN implementing partners were unable to track beneficiaries from registration to payment. We consider this to be a significant weakness in the monitoring of the cash-assistance program.

53. As part of our audit procedures and in accordance with our audit rights, we requested access to the primary ESSN and CCTE data from the MoFSP. This access was denied and we could only access the anonymised data held by the UN implementing partners. Consequently, we could not establish the full audit trail from the registration of eligible refugees to the payments made under these two projects. ***Annex VIII*** shows the data-access limitations for the different stakeholders involved.

Weaknesses in the Facility results framework

54. As regards the Facility results framework, we identified the following weaknesses:

- (a) Baseline and target values for high-level indicators of the Facility, to allow an objective measurement of the progress achieved, had not been established yet. In addition, there were no intermediate milestones to track progress at mid-term;
- (b) The actual contribution of the Facility towards the aggregated high-level indicators⁴⁰ will be difficult to isolate. The main reason for this is that additional EU funds outside the Facility, the Turkish government, some EU Member States and other donors are supporting the same objectives (see the example of project 10 in **Box 3**);
- (c) The results framework does not provide a complete overview of the performance of EU assistance for refugees in Turkey, because it does not include EU assistance provided outside the Facility;
- (d) There were no aggregated indicators measuring progress with regards to sexual and gender based violence, school dropouts, or child protection due to disagreements with the Turkish Government. However, these aspects were important components of some humanitarian projects. In addition, some specific objectives and indicators only referred to SuTP and did not cover refugees of other nationalities;
- (e) The results framework of the Facility did not yet present an up-to-date picture of the performance achieved. In May 2018, the latest available monitoring report covered output indicators (e.g. number of primary health care consultations) for the period from January to July 2017. It did not report on outcomes (e.g. proportion of refugees who have access to health services);
- (f) The results framework of the Facility was not available to the public.

⁴⁰ Such as 'Percentage of school-age refugees receiving education' or 'Rate of main communicable diseases among refugees and host communities'.

Audited projects have positive effects on refugees but half of them have not yet achieved their expected outcomes

55. We based our assessment of the effectiveness of the audited humanitarian projects on an analysis of the monitoring indicators, implementing partners' progress reports, monitoring visit reports from ECHO field officers, site visits⁴¹ and interviews with the Commission, Turkish authorities and the project implementing partners and beneficiaries. Our conclusions are summarised in **Annex III B)**.

56. The Commission's selection procedures ensured that projects were relevant to the needs of refugees (see **paragraph 21)**. Consequently, all the audited projects helped refugees to meet their basic accommodation, food, health, education and protection needs. Six projects out of ten delivered all or most of their intended outputs. However, half of the audited projects, some of which were still on-going, have not yet achieved their expected outcomes, as defined at the time they were approved for funding⁴².

57. The two cash-assistance projects representing 83 % of our sample managed to deliver cash aid to a higher number of beneficiaries than initially planned. Based on the data reported by the UN implementing partners, the ESSN reached 1.2 million beneficiaries in March 2018, compared to an initial target of 1 million refugees and by March 2018, more than 330 000 pupils had received at least one CCTE payment since the project was launched, compared to an initial target of 230 000 children⁴³.

58. The preliminary results of the ESSN reported in May 2018 indicate that the project contributed positively towards helping the refugees to meet their basic needs. For instance, one of the key indicators for the ESSN is the coping strategy index. It aims at measuring the

⁴¹ We visited all projects in our sample except projects 5 and 7.

⁴² More concretely, two projects were fully effective (projects 4 and 10), two were mostly effective (projects 1 and 6) and five projects did not yet achieve their initially planned outcomes (2, 5, 7, 8 and 9).

⁴³ The CCTE implementing partner reported that about 81 % of the CCTE beneficiaries were also enrolled in the ESSN, demonstrating a strong complementarity between the two projects.

use of negative coping behaviours⁴⁴ by refugees to meet their basic needs. The preliminary results achieved under ESSN show that the target of 30% decrease in the coping strategy index has been achieved⁴⁵.

59. The impact of the ESSN in improving the living standards of refugees depends on the targeting of the assistance (who is eligible) and the amount of cash transferred. The targeting was based on basic demographic criteria⁴⁶ to direct the assistance to the most vulnerable refugees. The use of these criteria was justified by the need for swift implementation as they are easier to verify compared to socio-economic criteria, such as household income.

60. On the other hand, the use of demographic criteria is less precise and may lead to refugees being wrongly included in or excluded from the project. This is measured in terms of exclusion errors (vulnerable families considered ineligible) and inclusion errors (eligible families meeting demographic criteria, but not poor). Based on the latest available monitoring data⁴⁷, the ESSN achieved its planned objectives in terms of exclusion errors (4 % compared to an initial target of below 10 %) but not in terms of inclusion errors (18 % compared to an initial target of 5 %).

61. Concerning the amount of cash transferred, the primary objective of the project was to fully cover the basic needs of the most vulnerable refugees. The funding necessary to cover these basic needs was initially estimated to be 180 Turkish Lira⁴⁸ per person per month. Following discussion with the Turkish authorities, the amount of cash transferred was set at

⁴⁴ Negative coping behaviours range from less serious (such as food rationing) to very serious (such as child labour).

⁴⁵ Interim ESSN report dated 31 May 2018.

⁴⁶ The households matching the following criteria are eligible for assistance: 1. Single adult (between 18 and 59) females with no other people in the family. 2. Single parents with no other adults in the family and at least one child under 18. 3. Elderly people, 60 year or above, with no other adults in the family. 4. Families with one or more disabled people. 5. Families with four or more children 6. Families that have at least 1.5 dependents for every able bodied adult.

⁴⁷ Post-distribution monitoring round one from UN implementing partner.

⁴⁸ About €50 at the end of 2016.

100 Turkish Lira⁴⁹. It was increased to an average of 133 Turkish Lira in June 2017⁵⁰, corresponding to 74 % of the initial estimated need. Despite a context of high inflation in Turkey, the value has not been updated since June 2017. This continuously lessens the impact of the project on the most vulnerable beneficiaries.

62. Example of projects achieving most of their expected results are described in **Box 7**.

Box 7 – Positive results of some projects

Project 4

By providing training to Syrian medical staff, the project strengthened their capacity to work within the Turkish health system in the 15 Turkish provinces with the highest numbers of refugees. The project therefore improved refugees' access to primary health care in their own language, and resulted in more than 140 000 consultations.

Project 10

The project achieved its objective of significantly increasing the percentage of refugee women and girls who have access to women's and girls' safe spaces in their own province and in their own language. Overall, 337 525 beneficiaries accessed sexual and reproductive health services and received hygiene kits through 20 EU funded women's and girls' safe spaces in 2017. In addition, 194 719 beneficiaries accessed sexual and gender based violence services and hygiene kits. Eight out of ten planned outputs were delivered.

⁴⁹ One of the main reasons was that the Turkish authorities did not want to provide a higher level of assistance to refugees than to Turkish citizens, as this could fuel tensions.

⁵⁰ This represented about €33 in June 2017.

Picture 1 – Women’s and girls’ safe spaces in Gaziantep (project 10)



Source: European Court of Auditors.

63. On a less positive note, we found that four out of the five audited projects that have been implemented by INGOs have not yet achieved their initially planned outputs or outcomes. The difficult and changing operating environment for (I)NGOs in Turkey led to the suspension, modification or cancellation of planned activities (see [paragraph 46](#)) and the revision of initial targets. Although the Commission provided flexible support, notably through advocacy and deadline extensions, the difficulties faced during implementation had a direct negative impact on the level and timely achievement of the results (see [Annex III B](#)).

CONCLUSION AND RECOMMENDATIONS

64. We found that, in a challenging context, the Facility for Refugees in Turkey rapidly mobilised €3 billion from the EU budget and the Member States to provide a swift response to the refugee crisis. Nevertheless, it did not fully achieve its objective of coordinating this response effectively. The audited projects provided helpful support to refugees; most of them have achieved their outputs, but half of them have not yet achieved their expected outcomes. Furthermore, we identified room for increasing the efficiency of cash-assistance

projects. We therefore conclude that the Facility could have been more effective, and that it could achieve more value for money.

65. The Commission identified the priority needs of refugees based on a comprehensive needs assessment. However, disagreements between Turkey and the EU on how to address priority needs in municipal infrastructure and socio-economic support resulted in these areas being insufficiently covered. Furthermore, the inclusion of migration management as a priority area was not clearly justified.

66. It was difficult to assess whether the funds spent in each priority area were proportionate to the scale of the needs, because the Steering Committee did not set up-front indicative allocations for each priority area. Although this increases flexibility, it hinders accountability, since planned and actual expenditure in each priority area cannot be compared (**paragraphs 18 to 24**).

Recommendation 1 – Better address refugees’ needs for municipal infrastructure and socio-economic support

For the second tranche of the Facility’s budget, the Commission should:

- (a) ensure that the Facility contributes better to address the needs in the priority areas ‘*municipal infrastructure*’ and ‘*socio economic support*’;
- (b) reassess the need to keep Migration Management as one of the Facility’s priority areas;
- (c) set an indicative allocation of funds for each priority areas before spending begins.

Target implementation date: 31 December 2019.

67. The Commission and Member States set up the Facility’s administrative arrangements quickly. In addition, the effective pooling of funding and the Commission’s choice of delivery mechanisms, with a mix of instruments and partners to implement large projects, allowed the Facility to reach its objective to conclude contracts to the value of €3 billion by the end of 2017 (**paragraphs 25 to 29**).

68. While the Commission coordinated the strategic direction of the Facility through a common needs assessment, governance, and a results framework covering both

humanitarian and non-humanitarian support, the assistance could have been streamlined better. The Facility supported the same type of activities in the health and education sectors through different instruments. This made coordination more complex and resulted in the parallel use of different management structures to fund similar projects. Furthermore, EU funds spent in Turkey outside the Facility also supported some of the same priority areas as the Facility (***paragraphs 31 to 33***).

Recommendation 2 – Improve the streamlining and the complementarity of assistance

For the second tranche of the Facility's budget, the Commission should develop a joint strategy with a clear division of tasks between the different instruments and the EU Member States, in order to enhance the coherence and the streamlining of the assistance.

Target implementation date: 31 December 2019.

69. The stated objective of the Facility to ensure complementarity of the assistance also concerns the links between its humanitarian and non-humanitarian strands. Although we identified some good examples in the health sector, where the Commission supported the transition from humanitarian to more durable development assistance, this complementarity was not systematically achieved. At the time of the audit, the conditions for a transition from humanitarian to development assistance were not yet in place for most audited projects (***paragraphs 34 to 35***).

Recommendation 3 – Implement a strategy for the transition from humanitarian to development assistance

The Commission should develop and implement a transition strategy, with the final objective of handing over both humanitarian and non-humanitarian activities to the national authorities.

Target implementation date: 31 December 2021.

70. We also found room to improve the efficiency of the humanitarian projects funded by the Facility. Firstly, when reviewing project proposals, the Commission did not consistently and comprehensively assess the reasonableness of the budgeted costs. Secondly, even if in line with the legal framework, the indirect costs paid to the partners implementing large cash-assistance projects were high and insufficiently justified and the level of advance

payment was not aligned with the actual cash outflows of the projects (paragraphs 38 to 44).

Recommendation 4 – Improve the efficiency of cash-assistance projects

The Commission should strive to increase the efficiency of large cash-assistance projects to better reflect their specific nature and scale, in particular by:

- (a) negotiating a reduction in the percentage of indirect costs charged by the UN implementing partner for the implementation of the ESSN;
- (b) ensuring that the cash transfer fee (for the ESSN) is paid only when duly justified and necessary;
- (c) negotiating with partners a reduced level of pre-financing that is better aligned with the projects' expected cash outflows.

Target implementation date: 31 December 2020.

71. The efficiency of projects is also dependent on their timely implementation. When a project is delayed, costs such as rents and salaries may still have to be paid for longer. Nine out of the ten audited projects had to be extended; they required, on average, a 60 % time extension. The challenging operating environment was the main factor hindering the timely implementation of projects for INGOs (paragraphs 45 to 46).

Recommendation 5 – Address with the Turkish authorities the need to improve the operating environment for (I)NGOs

The Commission should use policy and high-level political dialogue with the Turkish authorities to improve the operating environment for (I)NGOs in Turkey.

Target implementation date: 31 December 2019.

72. The Commission put in place appropriate measures to monitor humanitarian projects, and was well aware of whether projects were progressing as intended. The main limitation was the Turkish authorities' refusal to grant access to the original list of eligible beneficiaries for the two cash-assistance projects. This prevented us and the Commission from tracking

beneficiaries from their registration to payment for this substantial share of the Facility's humanitarian strand (**paragraphs 49 to 53**).

73. The Facility results framework reported on the consolidated results, but has some weaknesses: the aggregated indicators have no baselines, milestones or quantified targets. Public reporting was limited and its scope did not capture the whole EU assistance to refugees in Turkey (**paragraph 54**).

Recommendation 6 – Scale up monitoring and reporting of the Facility for Refugees in Turkey

The Commission should:

- (a) insist that the Turkish authorities grant implementing partners of the cash-assistance projects full access to the data on eligible beneficiaries, in order to improve the accountability and efficiency of the monitoring framework of these flagship projects;
- (b) improve the design of the Facility results framework, notably by including milestones, targets and baseline data for the aggregated result indicators;
- (c) report on EU instruments spending supporting refugees in Turkey outside the Facility.

Target implementation date: 31 December 2019.

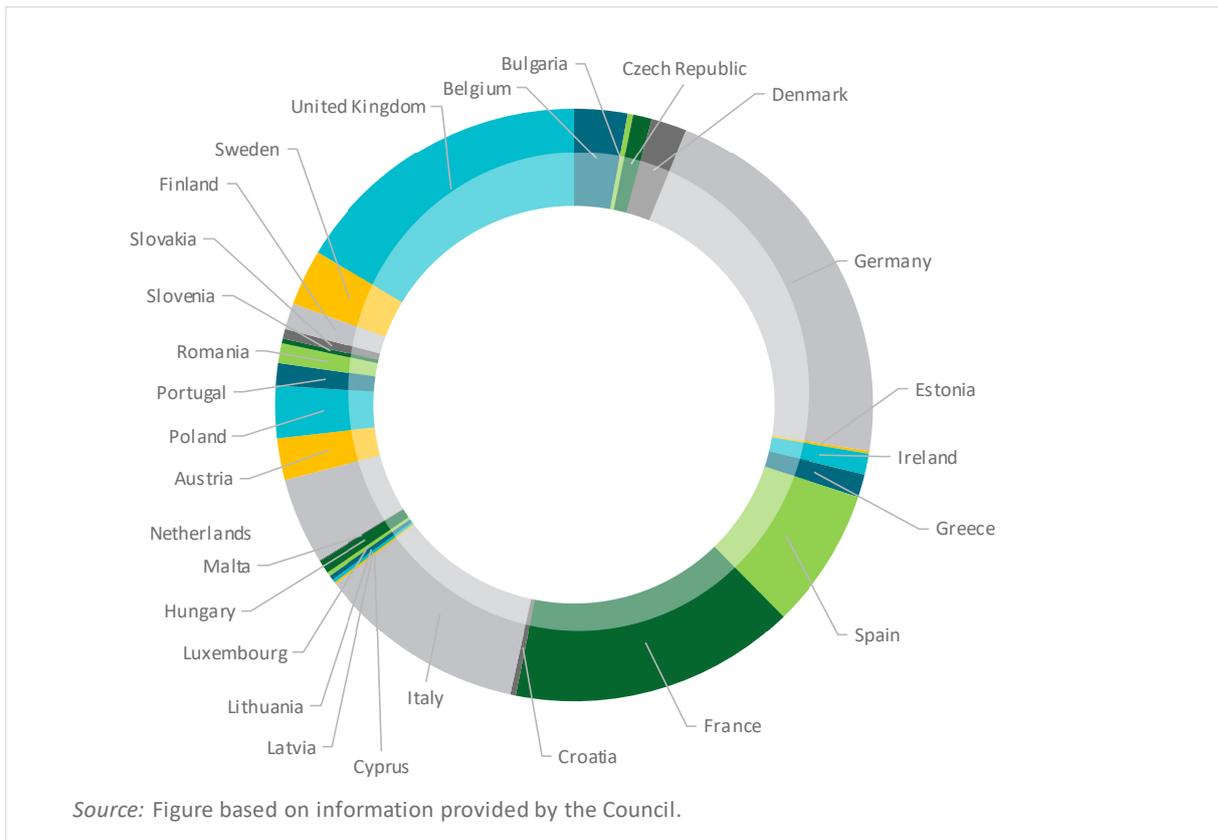
74. All the audited humanitarian projects helped refugees to meet their main accommodation, food, health, education and protection needs. Six projects out of ten delivered all or most of their intended outputs. However, half of the audited projects, some of which are still on-going, have not yet achieved their expected outcomes, as defined at the time they were approved for funding (**paragraphs 56 to 63**).

This Report was adopted by Chamber III, headed by Mrs Bettina JAKOBSEN, Member of the Court of Auditors, in Luxembourg at its meeting of 2 October 2018.

For the Court of Auditors

Klaus-Heiner LEHNE

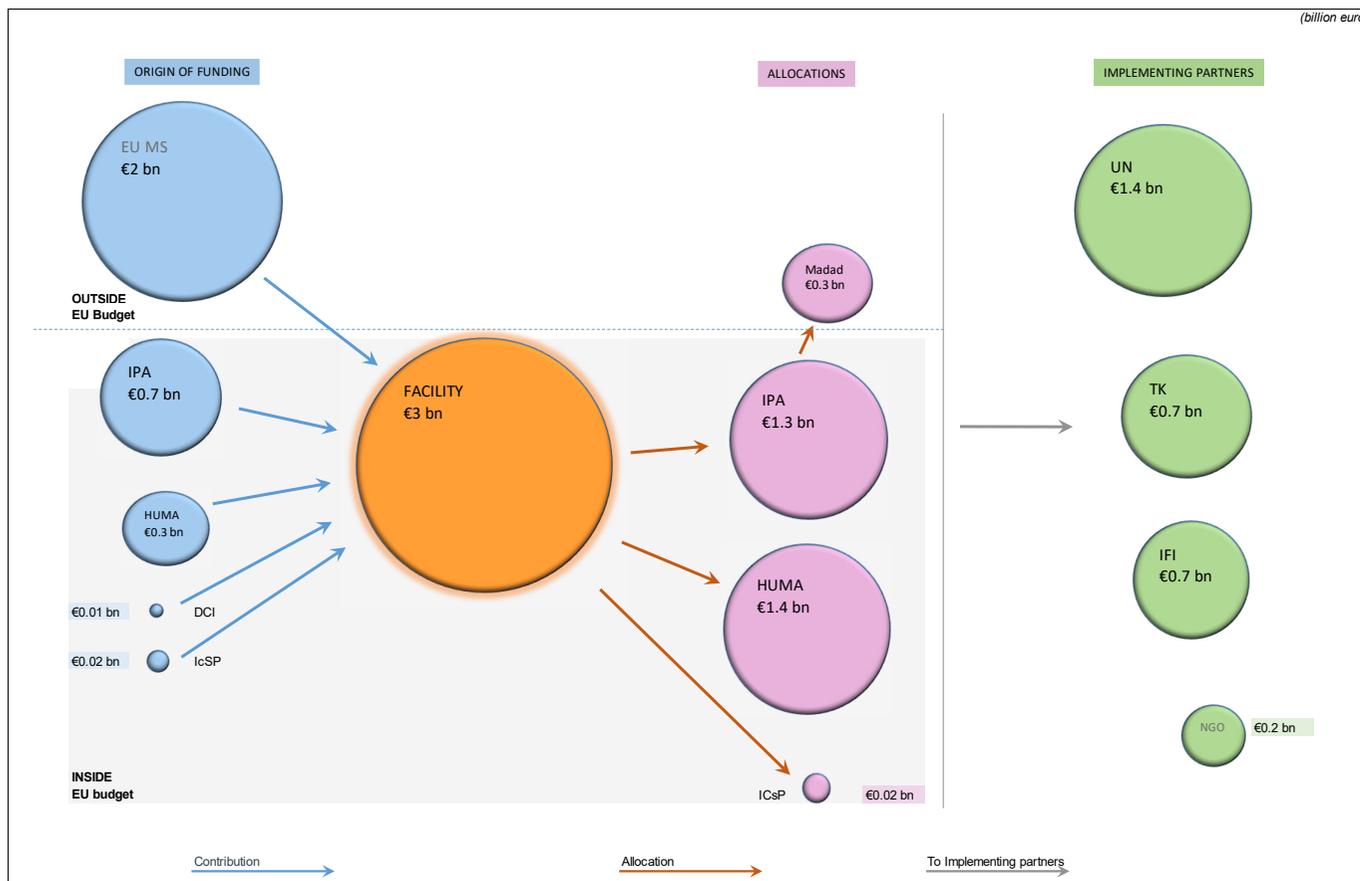
President

National contributions for the Facility for Refugees in Turkey

National contributions for the Facility for Refugees in Turkey (million euro)			
Belgium	57.6	Lithuania	5.2
Bulgaria	5.9	Luxembourg	4.3
Czech Republic	20.4	Hungary	14.7
Denmark	38.4	Malta	1.1
Germany	427.5	Netherlands	93.9
Estonia	2.8	Austria	45.6
Ireland	22.9	Poland	57.0
Greece	25.1	Portugal	24.4
Spain	152.8	Romania	21.6
France	309.2	Slovenia	5.2
Croatia	5.9	Slovakia	10.5
Italy	224.9	Finland	28.4
Cyprus	2.3	Sweden	61.3
Latvia	3.5	United Kingdom	327.6

Source: ECA based on information provided by the Council of the European Union.

The Facility for Refugees in Turkey: a coordination mechanism



DCI	Development Cooperation Instrument
HUMA	Humanitarian aid
IcSP	Instrument contributing to Stability and Peace
IFI	International Financial Institutions
IPA	Instrument for Pre Accession
EU MS	EU Member States
NGO	Non Governmental Organisations
TK	Turkish authorities
UN	United Nations Agencies

Source: ECA based on Commission data.

ANNEX III A**Overview of the audited humanitarian projects**

Nr	Project Title	Sector	Type of Partner	Financial information (million euros)					Time			
				Allocated amount (euro)	Contracted amount (a) (euro)	Revised contracted amount (b) (euro)	Difference (b-a) (euro)	Paid amount (euro)	Start date	Initial end date	Extended end date	Difference (months)
1	The Emergency Social Safety Net (ESSN) is a multi-purpose cash transfer system to address the everyday needs of refugees in Turkey	Basic needs	UN Agency	348.0	348.0	348.0	-	278.4	09/2016	12/2017	08/2018	8
2	Providing protection and durable solutions to refugees and asylum seekers in Turkey	Protection	UN Agency	43.3	35.0	43.3	8.3	34.6	08/2016	07/2017	07/2018	12
3	Providing conditional cash transfer for Education with the aim to increase enrolment and improve attendance for refugee children	Education - Protection	UN Agency	34.0	34.0	34.0	-	27.2	03/2017	02/2018	07/2018	5
4	Supporting adapted and culturally sensitive healthcare services to Syrian refugees	Health	UN Agency	10.0	10.0	10.0	-	8.0	03/2017	12/2017	03/2018	3
5	Provision of life-saving primary health care to the most vulnerable populations and strengthening of their resilience through MHPSS, rehabilitation activities, and protection support to GBV survivors	Health - Protection	INGO	2.4	8.0	2.4	-5.6	2.4	04/2017	12/2017	05/2018	5
6	Facilitation of access to health and psycho-social services for refugees	Health	INGO	3.0	3.0	3.0	-	2.4	04/2017	12/2017	06/2018	6
7	Emergency Humanitarian Response for Syrian Refugees in Turkey	Education - Protection	INGO	3.0	3.0	3.0	-	2.4	09/2016	08/2017	05/2018	9
8	Mitigating risks of key protection concerns of refugee population through targeted awareness raising, strengthening of referral systems and provision of specialized protection assistance	Protection	INGO	3.7	4.6	3.7	-0.9	3.7	04/2017	04/2018	01/2019	9
9	A multi-stakeholders and multi sectoral response mechanism improves the access to inclusive and quality services for the most vulnerable Syrian and non-Syrian refugees including people with disabilities in Turkey (Izmir and Istanbul city)	Health	INGO	2.0	2.5	2.0	-0.5	2.0	09/2016	08/2017	01/2018	5
10	Support to most vulnerable Refugee women and girls to access Sexual Reproductive health (SRH) and Sexual and Gender Based Violence (SGBV) Services	Health - Protection	UN Agency	9.0	9.0	9.0	-	7.2	08/2016	12/2017	12/2017	-

Source: ECA based on Commission data (April 2018).

ANNEX III B

Performance of audited projects

Nr	Project Title	Sector	Type of Partner	Design	Implementation		Effectiveness		Transition / exit strategy
				Relevance	On time	Budget	Outputs delivered	Outcomes achieved	
1	The Emergency Social Safety Net (ESSN) is a multi-purpose cash transfer system to address the everyday needs of refugees in Turkey	Basic needs	UN Agency	Green	Green	Green	Green	Green	Yellow
2	Providing protection and durable solutions to refugees and asylum seekers in Turkey (Result 1 : verification exercise)	Protection	UN Agency	Green	Red	Red	Yellow	Yellow	Not applicable
	Providing protection and durable solutions to refugees and asylum seekers in Turkey (Results 2 to 4: registration and protection activities)			Green	Green	Green	Green	Yellow	Green
3	Providing conditional cash transfer for Education with the aim to increase enrolment and improve attendance for refugee children	Education - Protection	UN Agency	Green	Green	Green	Green	Not available	Yellow
4	Supporting adapted and culturally sensitive healthcare services to Syrian refugees	Health	UN Agency	Green	Green	Green	Green	Green	Green
5	Provision of life-saving primary health care to the most vulnerable populations and strengthening of their resilience through MHPSS, rehabilitation activities, and protection support to GBV survivors	Health - Protection	INGO	Green	Red	Yellow	Yellow	Yellow	Yellow
6	Facilitation of access to health and psycho-social services for refugees	Health	INGO	Green	Red	Green	Green	Green	Yellow
7	Emergency Humanitarian Response for Syrian Refugees in Turkey	Education - Protection	INGO	Green	Red	Green	Green	Yellow	Yellow
8	Mitigating risks of key protection concerns of refugee population through targeted awareness raising, strengthening of referral systems and provision of specialized protection assistance	Protection	INGO	Green	Red	Yellow	Yellow	Yellow	Yellow
9	A multi-stakeholders and multi sectoral response mechanism improves the access to inclusive and quality services for the most vulnerable Syrian and non-Syrian refugees including people with disabilities in Turkey (Izmir and Istanbul city)	Health	INGO	Green	Red	Yellow	Yellow	Yellow	Green
10	Support to most vulnerable Refugee women and girls to access Sexual Reproductive health (SRH) and Sexual and Gender Based Violence (SGBV) Services	Health - Protection	UN Agency	Green	Green	Green	Green	Green	Yellow

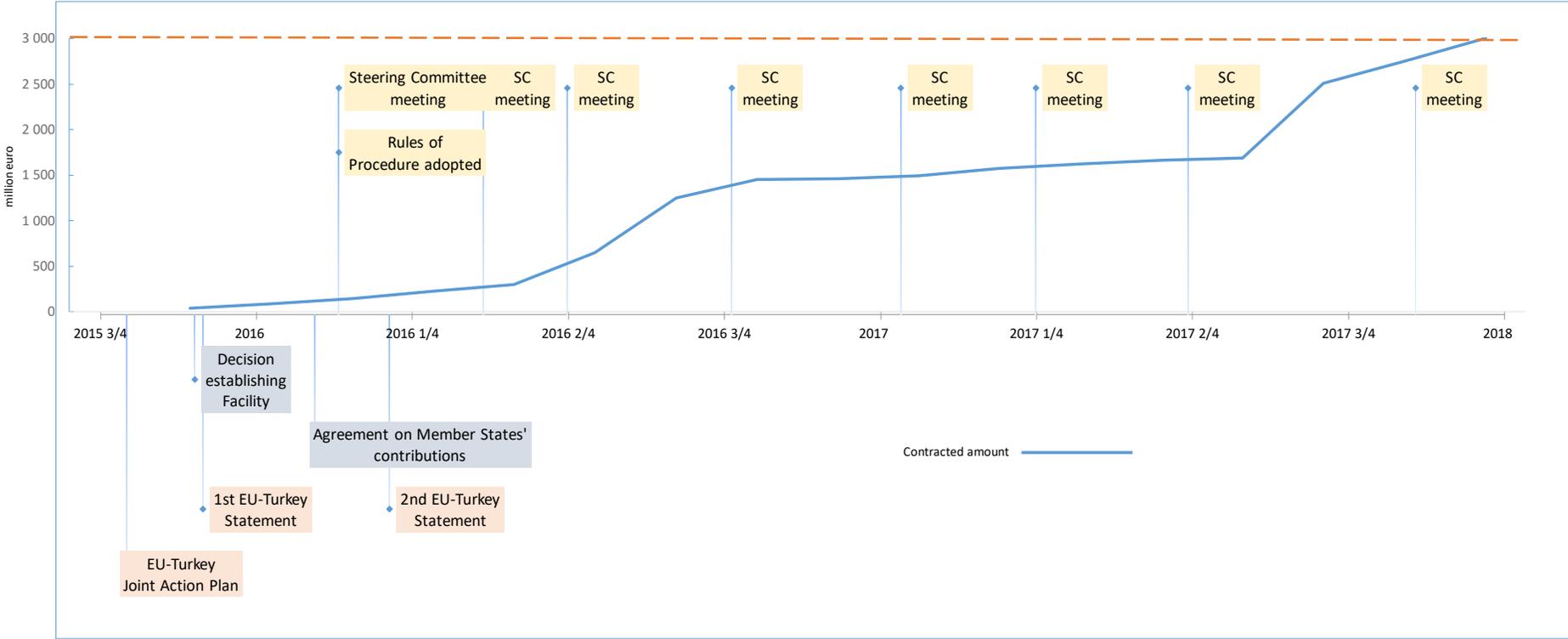
Relevance	Time	Budget	Outputs	Outcomes	Transition
Satisfactory	No extension	>80% consumption	Fully achieved	Fully achieved	Done and over
Mostly satisfactory	Extended with no impact on activities	Not applicable	Mostly achieved	Mostly achieved	Agreed
Mostly unsatisfactory	Not applicable	Low budgetary consumption	Mostly not achieved	Mostly not achieved	Under discussion
Unsatisfactory	Extended with impact on the activities	Additional funding provided	Not achieved	Not achieved	Plans not set

Source: ECA.

ANNEX IV**List of audit interviews conducted in Turkey in 2018**

Visits	Name of entity visited
22 January	EU Delegation, Ambassador, ECHO office
22 January	World Food Programme (WFP)
23 January	Joint Management Cell ESSN
23 January	World Health Organisation (WHO)
23 January	Ministry of Health
24 January	Ministry of Family and Social Policies
24 January	United Nations Population Fund (UNFPA)
24 January	Ministry of Interior - Directorate General of Migration Management (DGMM)
24 January	International Medical Corps
24 January	Ministry of National Education
25 January	United Nations High Commissioner for Refugees (UNHCR)
25 January	KfW Development Bank
25 January	The World Bank
25 January	Disaster and Emergency Management Presidency (AFAD)
25 January	United Nations Children's Fund (UNICEF)
25 January	Handicap International
25 January	United Nations Population Fund (UNFPA)
25 January	ECHO Office Istanbul
26 January	CCTE and ESSN beneficiaries
26 January	Social Assistance and Solidarity Foundation (SASF)
26 January	Médecins du Monde
26 January	World Health Organisation (WHO)
29 January	Turkish Red Crescent (TRC) service center
29 January	United Nations High Commissioner for Refugees (UNHCR)
29 January	Social Assistance and Solidarity Foundation (SASF)
30 January	CCTE and ESSN beneficiaries
30 January	Cooperative for Assistance and Relief Everywhere
30 January	ECHO office Gaziantep

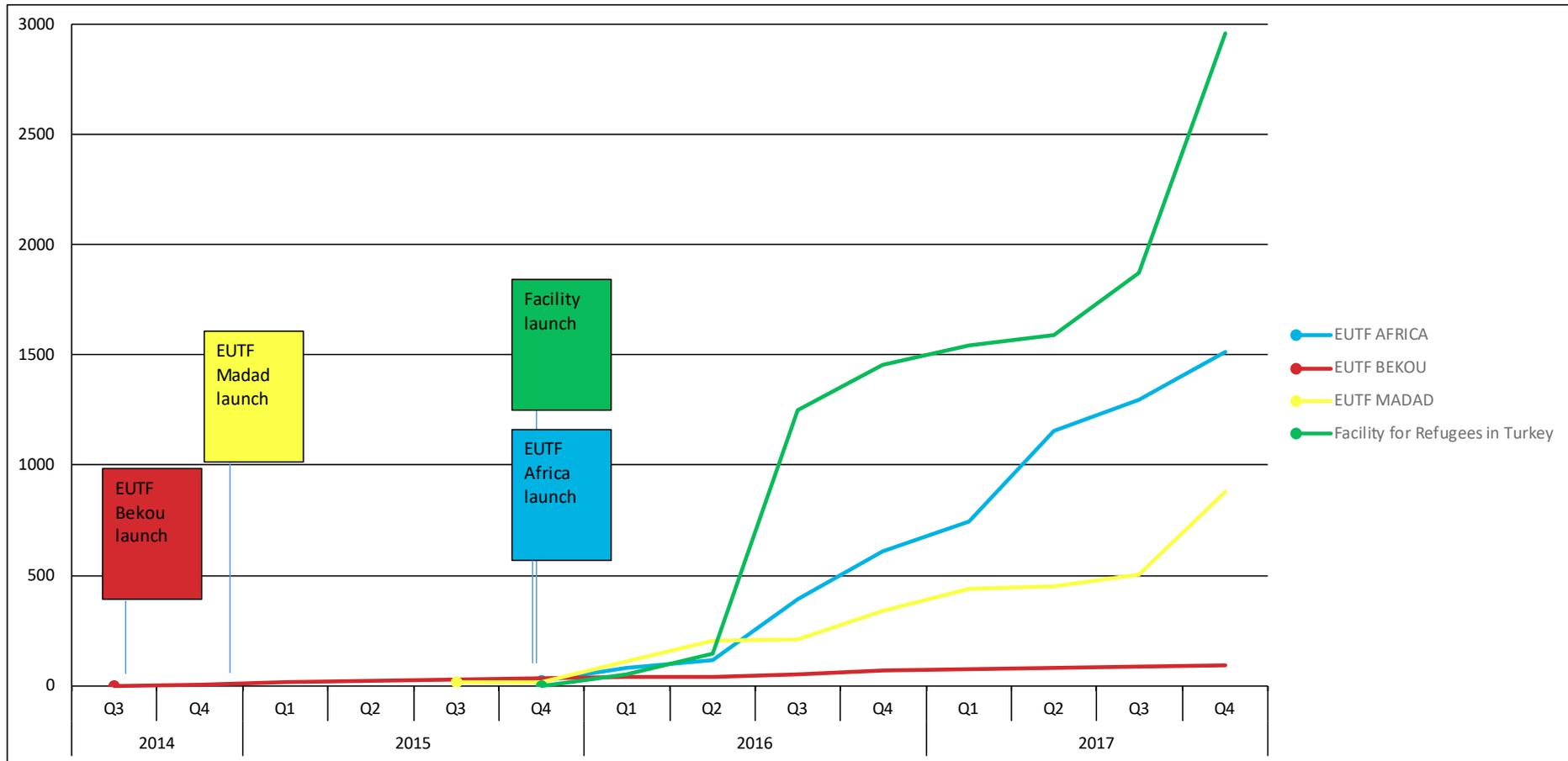
Key dates and events associated with the Facility



Source: ECA.

ANNEX VI

Contracting speed of the Facility compared to EU Trust Funds (in million euro)



Source: ECA based on Commission data.

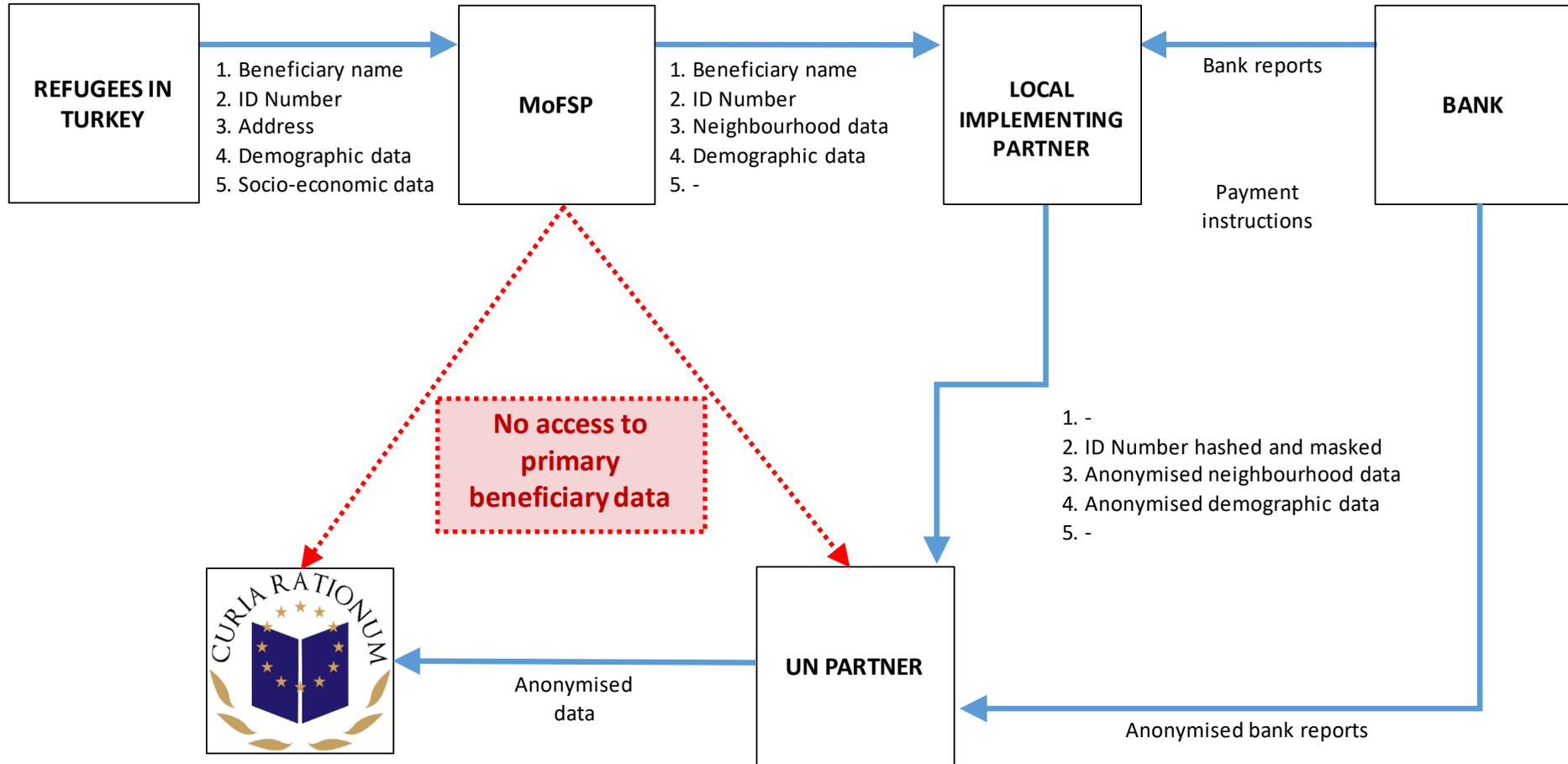
Complexity of EU assistance to refugees in Turkey – the example of the education sector

Source of Funding	Instrument	Non-formal education	Winterisation and basic needs vouchers	Child protection	Conditional cash for education	School bus transportation	Teachers training and employment	Turkish language classes	Early childhood	Higher and vocational training	School infrastructure	School equipment and materials	Sustainable energy for schools	Other (e.g. institutional support)
FRiT Facility	FRiT ECHO	UNICEF, Concern Worldwide	UNICEF, Concern Worldwide	UNICEF	UNICEF	IOM								
	FRiT EUTF MADAD	UNICEF		UNICEF, GiZ	Concern Worldwide	GiZ, Concern Worldwide	UNICEF, GiZ	UNICEF, GiZ, Concern Worldwide	UNICEF	UNHCR, GiZ, Spark	UNICEF, GiZ	UNICEF, GiZ, Concern Worldwide	UNICEF	UNICEF, GiZ
	FRiT IPA	MoNE		MoNE		MoNE	MoNE	MoNE			World Bank, UNICEF	MoNE, UNICEF, World Bank		MoNE
EU Funding (outside FRiT)	MADAD outside FRiT	UNICEF		UNICEF			UNICEF	UNICEF			UNICEF			UNICEF
	IPA outside FRiT			UNHCR			UNHCR			UNHCR				UNHCR
EU MS (outside FRiT)	Example of Germany	GiZ		UNICEF, UNICEF			UNICEF, GiZ	GiZ		GiZ	GiZ	GiZ		GiZ

Source: ECA.

ANNEX VIII

ESSN beneficiary data flow and data access limitations



Source: ECA.

REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS

“THE FACILITY FOR REFUGEES IN TURKEY: HELPFUL SUPPORT BUT IMPROVEMENTS NEEDED TO DELIVER MORE VALUE FOR MONEY”

EXECUTIVE SUMMARY

III. The Facility is at the heart of the EU-Turkey Statement of March 2016. The EU-Turkey Statement has been instrumental in addressing the acute migration crisis that put the European Union under serious strain in late 2015 and early 2016. After the agreement on the EU-Turkey statement, the flow of refugees arriving on the Greek islands stopped almost overnight, and the number of fatalities in irregular crossings fell by more than 95%.

The Facility is the only component of the Statement that became operational immediately and that has shown consistent results over the last two years, thereby providing confirmation of the EU’s capacity to deliver on its commitments that is both tangible and visible to political actors and the general public alike. Over the last two years, the Facility has become the flagship EU initiative and a model for the implementation of coordinated EU assistance in the context of the developing EU migration policy.

The Facility has allowed for the swift mobilisation of EUR 3 billion in EU and Member State assistance to refugees in Turkey, using existing EU instruments in a coordinated way. In a politically volatile period, including a failed coup attempt in Turkey, EUR 3 billion was committed and contracted and close to EUR 2 billion disbursed within the timeframe of 20 months, in full compliance with the EU’s procedural and legal framework.

The Commission would like to highlight that most projects have achieved their expected outputs> The biggest project, the Emergency Social Safety Net (ESSN) which represents 76% of the allocated funding, satisfactorily achieved its objectives. In addition, the Commission notes that only two projects ended within the period audited, since most projects had to be extended, mainly due to the very challenging context.

IV. The Commission notes that both priority areas had indeed been programmed and that municipal infrastructure interventions could not take place since the actual projects submitted by Turkey for financing lacked maturity.

V. The Commission considers that the support of similar type of activities through parallel instruments allowed for complementarity and did not lead to any duplication or overlap, and allowed the Commission to speed up its responses, as different instruments were mobilised at different times.

The Facility is a coordination mechanism that aims to coordinate the mobilisation of EU budget and Member States resources, *and* provides for the mobilisation of existing instruments *in parallel*.

VI. The Commission would like to highlight that there are other examples of complementarity: examples in education include the mobilisation of the direct grant for the Ministry of National Education in complementarity with the Conditional Cash Transfer for Education. In this sector, the support provided to formal education was essentially addressing economic barriers to access to school, and developing alternative curriculum for out of school children.

In the health sector, coordination efforts have resulted in the progressive integration of INGO-run clinics, into the Ministry of Health-led Migrant health centre scheme.

Under the second tranche, the transition of ESSN should be complemented by tailor-made socio-economic support further to a comprehensive profiling of ESSN beneficiaries.

VII. The Commission would like to highlight that, further to an ECA recommendation in a previous audit report, budgets are now systematically analysed when assessing the proposals.

This assessment is adequately reflected since end 2017 in the mandatory dashboard to complete before awarding any grant. Projects sampled for this report were awarded before end 2017.

The Commission is bound by the current FAFA¹ provisions that establish clear pre-financing and indirect cost levels, which can be up to 7%. However, since the UN agency overall reduced its indirect support costs from 7% to 6.5%, the indirect support costs for the second ESSN agreement have also been reduced. The Commission continues urging partners to lower the indirect cost levels for large-scale cash operations, but a reduction is only possible, if the partner agrees.

VIII. Since the Commission cannot contract directly with a governmental entity, the contractual link is between the Commission and the international organisation in line with the FAFA. Therefore, data is not shared directly with the Commission but through the partner for monitoring purposes.

The Commission acknowledges that partners did not have full access to beneficiary data due to legal constraints relating to data protection legislation. However, they have put in place the most robust systems possible given these constraints.

For ESSN, the cash assistance programme, the data shared with the partners through the local implementing partner allow for the performance of robust checks.

Finally, partners and the Commission continue to advocate with Turkish authorities for better access to data. Progress has been made in this field in recent months, with partners being granted access to the financial platform, for example.

IX. Indicators and targets are in the process of being finalised and public reporting was limited because the Facility monitoring was still in its pilot phase.

The legal framework of the Facility requires the Commission to report on the Facility results only. The Commission uses other tools to report on its overall assistance to Turkey.

X. It is important to take into account the ambition, complexity and unprecedented scale of the projects. Adjustments in the timeframe, budget or outputs/outcomes are necessary adaptations in order to achieve the objectives.

The biggest project, ESSN, representing 76% of the allocated funding, satisfactorily achieved its objectives. The rapid scale up of this project as well its effectiveness in reaching the population remains unprecedented.

XI. The Commission accepts all of the recommendations.

Fourth indent: While the ESSN and the CCTE are already very cost-effective by humanitarian standards, the Commission will negotiate with its partners the lowest possible indirect costs (see point VII above and Recommendation 4(a)).

Fifth indent: The Commission will continue to engage with the Turkish authorities with the aim of improving the operating environment for (I)NGOs in Turkey.

INTRODUCTION

7. The Commission would like to highlight that the Facility has two tranches to be programmed and contracted in 2016-17 and 2018-2020 respectively. This means that the Facility transition and exit strategies should be evaluated by taking into account the existence of the second tranche.

¹ FAFA: Financial and administrative framework agreement, signed between the European Community and the United Nations in 2003.

10. The Commission notes that Members of the European Parliament are invited to the meeting of the Steering Committee and regularly attend these meetings, thereby ensuring greater accountability of the Facility.

OBSERVATIONS

19.

(c) The Commission notes that the needs of non-Syrian refugees were accounted for under both strands of the Facility following a "one-refugee" approach not discriminating against different nationalities/origins.

Box 1 – The ESSN: an innovative project design to address the needs of refugees

The Commission would like to highlight the innovative and ambitious nature of the ESSN, which already reaches over 1.3 million beneficiaries and has therefore satisfactorily achieved its objectives.

28.

(a) The Commission would like to confirm that the projects concerned were contracted in line with the current legal framework.

32. The Commission considers that the support of similar types of activities through parallel instruments allowed for complementarity and did not lead to any duplication or overlap. It allowed the Commission to speed up its responses, as different instruments were mobilised at different times, which is of critical importance for interventions in emergency situations.

In addition, the use of different instruments with different implementing partners to do similar activities in the same sectors with the same objective emanates from the very nature of the Facility, which is a mechanism coordinating multiple EU instruments.

Box 3 – Examples of similar activities funded under different instruments

Education

The Commission would like to highlight the fact that, despite the complexities in management and coordination, there have been no cases of overlap or duplication.

Protection

First indent: The Commission considers that the example cited by the ECA actually emphasises the effectiveness of the coordinating mechanism. Rather than having a project receiving double funding, the Commission services worked closely together to ensure the right funding would be made available to the partner for the right type of activities.

Second indent: As per its mandate, the Facility Results Framework covers Facility funded projects exclusively.

33. The Commission would like to highlight that the support of similar type of activities through parallel instruments allowed for complementarity and did not lead to any duplication or overlap, and allowed the Commission to speed up its responses, as different instruments were mobilised at different times.

The Facility is a coordination mechanism that aims to coordinate the mobilisation of EU budget and Member States resources, *and* provides for the mobilisation of existing instruments *in parallel*. The report did not identify any cases of duplication or overlap, which leads the Commission to conclude that the Facility coordination was effective.

34. The Commission has sought to ensure maximum complementarity in all sectors. In addition to health, examples include the mobilisation of the direct grant in education by DG NEAR with the Conditional Cash Transfer for Education by DG ECHO.

The design of joint implementation plans would have been very time-consuming, undermining the objective of quick resource mobilisation. The conditions in Turkey in 2016 and the enormous gaps in the response, dictated the need to focus on speed in achieving results rather than process.

The Commission will look into improving the complementarity and coherence of humanitarian and non-humanitarian assistance .

35. The Commission would like to stress the following points:

(i) Transition and exit from humanitarian assistance are fully integrated in the strategy for the second tranche of Facility. The latter are mainly being discussed at the policy/sector and not at the project level. The Commission acted based on the commitment made in the EU-Turkey statement of 18 March 2016, which was honoured by the Council in June 2018 that there would be a second tranche and therefore an implementation period beyond 2018.

(ii) The Management Framework is an internal planning document that aims to facilitate the monitoring of implementation. As such, it is a living document bound to adjust to the changing circumstances on the ground. The Management Framework clearly identifies contextual risks that could jeopardize implementation and transition. Many of these actually materialized thus delaying this process, despite the mitigating measures taken by the Commission and its partners.

(iii) Transition is only possible once projects are mature enough. For most projects this was not the case during the first 18 months when most of them were just about to be rolled-out. This was particularly the case for the flagship projects.

Box 4 – Examples of good and weak project transition strategies

Fifth alinea: The ESSN is funded until early 2019 (dependant on roll-out and exchange rate). Transition requires a certain level of maturity for the project and capacity of the actors that will be involved in the handover. An early transition would risk a disorderly exit, with potential disruptions in the provision of assistance. Discussions on transition and exit are underway and are planned under FRIT II.

38.

(a) Further to a recent audit report, the Commission took actions to ensure that the analysis of the budgeted costs is done consistently and comprehensively for all project proposals. In addition to the mandatory dashboard, the Single Form includes since end 2017 a new field in which the direct costs of the projects are broken down between operational costs and support cost. Projects sampled in this report were awarded before end 2017.

(b) The Commission would like to highlight that the cost per beneficiary in most of the projects is particularly context and case specific. Therefore, an analysis of the costs and the use of quantitative benchmarks is difficult and a comparative analysis between proposals may not always be relevant due to the nature and evolution of the service provided, the administrative hurdles imposed, and transformation of the business model.

The Commission agrees that establishing benchmarks for the budgets is difficult.

Field experts and Desk officers assess in a concise manner the cost-efficiency of the projects.

As each project is based on specific needs assessment that is time and location bound, the Commission makes project-specific assessments but a comparative analysis between proposals may not always be relevant.

Box 5 - Examples of insufficient assessment of the reasonableness of costs

First alinea: See replies to paragraph 38. a).

Second alinea: For this specific project, the cost per beneficiary cannot be compared from one grant to another since the services provided were very different. The nature of the services provided initially evolved from primary health care services to a significant number of beneficiaries, to post-operative and physical rehabilitation care to a fewer number of beneficiaries.

The business model is also different from one project to another: in this case, the partner's model to integrate both primary and secondary health care services in the same facility has allowed to decrease some support costs, while other health projects were supporting different facilities, adapted to different health care services, with therefore higher support costs.

40. The Commission is bound by FAFA provisions concerning the level of detail it can require of its partners. Changing FAFA conditions is subject to the partners' agreement and cannot be imposed unilaterally by the Commission. The Commission nonetheless insisted on extracting more information, not least regarding transfers to Implementing Partners. This has been done in the context of narrative descriptions of costs.

It should also be noted that humanitarian projects implemented by the UN are implemented under indirect management following a pillar assessment.

42. The ESSN has been an internal benchmark and the key questions during the negotiations on its adoption have informed the Commission cash guidance note, which has been used to varying degrees in all subsequent large scale cash programmes. The context of Turkey is very specific notably for the scale of its operations, far above the threshold of EUR 10 Million referred in the guidance note for large-scale cash transfers.

43. In most humanitarian and development projects across the world, the contribution of national governments as part of their existing systems is not measured against the budget for specific projects but considered as part of the available infrastructure for the implementation of the projects.

In terms of transition, contributions from the national government and taking over costs are welcome. We should not put in question donor contributions.

44.

(a) The Commission will endeavour to reduce indirect costs on cash projects, as already stipulated in the cash guidance note (see also point VII of the Executive Summary and Recommendation 4 (a)).

The Commission negotiated with the partner the level of indirect costs for this project, as demonstrated in the corresponding documentation. It cannot however impose this unilaterally. As FAFA provisions stipulate that the level of indirect costs can reach up to 7%, and as the internal regulations of the partner, which can only be modified by its Executive Board, stipulate that indirect costs should be set at 7% and 6.5% from end of 2017, there was limited room for negotiation.

(b) The added value of the local partnership needs to be highlighted, as it was an essential precondition for the success of the project. The platform developed by the local partners ensures critical aspects related to accountability to the affected population, allowing tracking of beneficiaries and informing them in a timely manner. The platform is also the tool used in order to provide information to the beneficiaries on their specific situation when abnormalities on payment are detected.

The percentage of the platform fee charged from the partner in charge of managing the platform is a normal practice for cash transfer programmes involving a UN agency. Having the same fees

charged to the CCTE programme would entail a duplication of funding: this fee was not included in the CCTE precisely because the Commission would not accept paying for the same service twice.

(c) Every effort was made to negotiate lower pre-financing levels but this was not accepted by the partners and could not be imposed unilaterally. The Commission is bound by FAFA provisions.

45. The Commission would like to reiterate the importance of flexibility when implementing projects, in view of allowing partners to deliver on the ground despite legal/administrative or operational challenges that may occur. No-cost extensions are not necessarily delays as such, but a mechanism for ensuring and adjusting delivery under often adverse and challenging circumstances. Without such extensions, the achievement of the objectives can be seriously hampered, which may lead to a waste of resources, i.e. inefficiency.

Extensions of projects do not systematically affect the efficiency of a project or reduce the funding available for final beneficiaries. Regarding the audited projects, whose duration was extended, the extensions have been carefully monitored. The extensions can have a neutral if not positive impact on the efficiency of the projects.

Generally, the additional administrative costs entailed by a no-cost extension are marginal compared to the benefits obtained by allowing the partner more time to implement its activities in such difficult circumstances, where often the obstacles are outside its remit. Furthermore time extension agreed upon do not translate cumulatively to increased administrative costs as the full structure is not necessarily in place at the beginning of the project.

46. The Commission would like to highlight the importance of convincing partners to opt for ambitious targets and assist them in achieving them. This has been the case for most of the projects and targets have mostly been achieved, even if belatedly in some cases.

The Commission considers that allowing partners to opt for unambitious results provides little incentive for improvement. It is equally important for partners to know that they will not be penalised if they set the bar high but will be allowed to make modifications where necessary in order to achieve their objectives.

Box 6 – Examples of delays and difficulties faced by projects

Project 2 – Providing protection and durable solutions to refugees and asylum seekers in Turkey

The Commission agrees that the partner faced a multitude of administrative and technical difficulties during the implementation of the project. The Commission would also like to stress the ambition and importance of the project, as the verification process at this scale was an unprecedented undertaking, likely to require more time and resources.

The verification exercise started has increased its pace over time. At the beginning of the project, since the recruited staff were not yet experienced, the daily interview rate was 10-15. As the project progressed staff gained experience enabling faster implementation. The current rate has increased to 20-25.

This has brought the number of verified people from around 1 million at the time of the audit to 1.82 million as of July 2018.

Project 10 - Support to most vulnerable refugee women and girls

The Commission has already agreed with the Ministry of Health on a clear transition process to fully integrate women and girls safe spaces into the network of Migrant Health Centres.

51. Access to beneficiaries' personal data is part of the wider debate on data protection rules. The Commission guidance to partners on large-scale cash transfers stipulates that guarantees on the protection of all personal data, respecting international and national data protection standards, need to be put in place.

52. The Commission recognises that there is a weakness in the access to personal data (beneficiaries' name) but would like to stress that, despite the lack of access to beneficiary names, the partners established robust control mechanisms (see reply point VIII). In addition, partners obtained an autonomous access to the bank portal, and developed a system of unique identification to mitigate the risk of any false entry (since each beneficiary's name and ID number had been replaced by a unique number generated by the local implementing partner).

54. The Facility Results Framework was under development at the time of the audit and the Commission continues to develop it. Therefore, there are no inherent weaknesses in the Results Framework but only temporary issues that are being addressed gradually.

(a) The Commission notes that the Results Framework was still under development at the time of the audit. Indicators and targets are in process of being finalised.

(b) The actual contribution of the Facility towards the high-level indicators will be challenging to isolate which is a common concern in the evaluation of all development programmes.

(c) The Facility Results Framework has a mandate to cover assistance provided under the Facility only.

(d) The Commission would like to add that the decision to not include protection indicators in the Facility Results Framework was also based on the rationale that protection is an overriding concern ultimately aiming to facilitate access to services.

(e) The Commission wishes to underline that because a substantial number of Facility-funded interventions only started their implementation in 2018, it is difficult to report on outcomes in a comprehensive and meaningful manner.

(f) The Facility Results Framework was in its pilot phase in 2017 and is currently being reviewed and therefore not yet published.

56. Some of the projects are still ongoing and therefore their effectiveness cannot be fully assessed at this stage. Assessment of their results should factor the contextual challenges encountered by the partners during the implementation.

57. The ESSN has now reached more than 1.3 million refugees.

Based on an analysis of the data and a review of the CCTE 1, the target for the CCTE 2 was even increased to 450,000, based on evidence that the CCTE was indeed a useful instrument to reach out of school children.

60. The Commission would like to highlight the importance of ensuring a swift implementation, whereby the employment of demographic rather than socio-economic criteria was key, due to the availability of data. Additionally, the ESSN system was designed with a view to emulating to the extent possible the provisions of the national social protection system and therefore demographic criteria were privileged, with the agreement of the Turkish Government.

The Commission would also like to highlight that according to studies and evaluations, inclusion/exclusion errors in similar projects are on average much higher.

61. The initial value (100 Turkish Lira) was set on the basis of not exceeding the transfer value typically received by poor Turkish families through the government's social protection system (ISAS) in the interests of social cohesion. Furthermore, the current transfer value has a positive impact as demonstrated by the various outcome indicators being monitored by the partner. It is also worth noting that beneficiaries of the CCTE overlap with ESSN beneficiaries by approximately 80%, effectively increasing the transfer value for many.

In any context, the transfer value for cash transfer programmes has to be benchmarked against the assistance provided to host communities. Despite a transfer value lower than the actual needs, the

PDM showed meaningful impact on the economic situation of the beneficiaries, as well as their food consumption and a clear decrease of the reliance on negative coping mechanism (food consumption as well as livelihood ones). The external evaluation of ESSN 1 showed that according to the beneficiaries, coverage of household mattered more than the adequacy of the transfer value.

CONCLUSION AND RECOMMENDATIONS

64. The Commission would like to highlight that most projects have achieved their expected outputs. The biggest project, the Emergency Social safety Net (ESSN), representing 76% of the allocated funding, satisfactorily achieved its objectives. In addition, the Commission notes that only two projects ended within the period audited, since most projects had to be extended, mainly due to the very challenging context.

65. The Commission stresses that both priority areas had indeed been programmed and that municipal infrastructure interventions could not take place since the actual projects submitted by Turkey for financing lacked maturity.

Recommendation 1 – Better address refugees’ needs for municipal infrastructure and socio-economic support

The Commission accepts this recommendation.

68. The Commission considers that the support of similar type of activities through parallel instruments allowed for complementarity and did not lead to any duplication or overlap, and allowed the Commission to speed up its responses, as different instruments were mobilised at different times.

Recommendation 2 – Improve the streamlining and the complementarity of assistance

The Commission accepts this recommendation.

Recommendation 3 – Implement a strategy for the transition from humanitarian to development assistance

The Commission accepts this recommendation.

Recommendation 4 – Improve the efficiency of cash-assistance projects

The Commission accepts this recommendation.

The Commission notes that the implementation of this recommendation does not depend exclusively on the Commission but also on the willingness of the partners to accept these conditions.

Recommendation 5 – Address with the Turkish authorities the need to improve the operating environment for (I)NGOs

The Commission accepts this recommendation.

72. Despite the lack of access to beneficiary names, the partners established robust control mechanisms. Partners, as well as the Commission, will continue to advocate for better access to primary data to the Turkish Government, with due consideration for the legal framework.

Recommendation 6 – Scale up monitoring and reporting of the Facility for refugees in Turkey

The Commission accepts this recommendation.

(a) The Commission will continue to engage with the Turkish authorities on this issue with the aim to ensure full data access for implementing partners, with due consideration of the applicable legal framework.

(c) The Commission notes that the Facility is not meant to coordinate all EU assistance to refugees in Turkey; its mandate on monitoring and reporting relates to Facility assistance only. The Commission is already preparing, in a separate context, a Global Report on the Implementation of funding related to the migration crisis which will complement the specific reporting of the Facility.

Event	Date
Adoption of Audit Planning Memorandum (APM) / Start of audit	17.10.2017
Official sending of draft report to Commission (or other auditee)	12.7.2018
Adoption of the final report after the adversarial procedure	2.10.2018
Commission's (or other auditee's) official replies received in all languages	9.11.2018

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The Facility for Refugees in Turkey is the EU response to the European Council's call for significant additional funding to support refugees in Turkey. It is a mechanism for coordinating and streamlining aid from the EU and its Member States. Our audit examined whether the Facility effectively supported the refugees in Turkey by focusing on the management of the Facility, and on the results achieved so far under its humanitarian strand. We found that, in a challenging context, the Facility for Refugees in Turkey rapidly mobilised €3 billion to provide a swift response to the refugee crisis. Nevertheless, it did not fully achieve its objective of coordinating this response effectively. The audited projects provided helpful support to refugees; most of them have achieved their outputs, but half of them have not yet achieved their expected outcomes. Furthermore, we identified room for increasing the efficiency of cash-assistance projects. We therefore conclude that the Facility could have been more effective, and that it could achieve more value for money.



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