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#### INFORMATION NOTE

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From: Presidency  
To: Delegations

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Subject: Facility for Refugees in Turkey: Financing of the second tranche  
- Updated Common Understanding

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Delegations will find in the Annex the final clean text of the Common Understanding establishing a governance and conditionality framework for the Facility for Refugees in Turkey, as agreed by the Commission and the Representatives of the Governments of the 28 Member States in the Permanent Representatives Meeting at its 2680th meeting held on 18 July 2018.

**UPDATED COMMON UNDERSTANDING ESTABLISHING A GOVERNANCE AND  
CONDITIONALITY FRAMEWORK FOR THE FACILITY FOR REFUGEES IN  
TURKEY, THE "FACILITY",**

**Hereinafter referred to as "the Common Understanding"<sup>1</sup>**

**between**

**EU Member States (hereinafter the "Member States")**

**and**

**The European Commission (hereinafter the "Commission")**

**Noting the following:**

- A. The representatives of the Governments of the 28 Member States ("Representatives") committed, as stated at the meeting of the Heads of State or Government with Turkey on 29 November 2015, to provide an initial EUR 3 billion of resources to support refugees under temporary protection and host communities in Turkey (the "initial support").
- B. That initial support has been provided by means of pooling financing from the Union budget with national contributions<sup>2</sup> made separately by the Member States, jointly coordinated under a mechanism, the Facility for Refugees in Turkey (the "Facility") and covered by the Common Understanding of 3 February 2016. The EUR 3 billion were fully contracted<sup>3</sup> by the end of 2017.

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<sup>1</sup> This Common Understanding elaborates on and fully respects the Terms of Reference endorsed by the Representatives of the Governments of the 28 Member States on 3 February 2016 and on 18 July 2018.

<sup>2</sup> The contribution from Cyprus was committed to the EU budget for Jordan and Lebanon.

<sup>3</sup> In line with the Financial Regulation, administrative expenditure and technical support, including communication, monitoring, evaluation and audit, may be contracted beyond 2017.

- C. As stated at the meeting of the Heads of State or Government with Turkey on 18 March 2016, once the initial support referred to above is about to be used in full, and provided the relevant commitments are met, the EU will mobilise an additional EUR 3 billion of funding for the Facility up to the end of 2018 (the "additional support").
- D. Due to the exceptional circumstances, Member States will make contributions to the EU budget in the form of external assigned revenues, pursuant to Article 21(2)(b) of the Financial Regulation. The formalisation of the arrangements will continue to be concluded on a separate basis between the respective Member State and the Commission.
- E. It is understood that the contributions to the Facility and the formalisation thereof are conditional upon strict compliance with the governance and conditionality framework set out in this Common Understanding and any additional conditions defined therein.
- F. It is important that the existing framework for the Facility, in particular as regards its governance and the conditionality for executing assistance actions coordinated thereunder, is applied to the additional support. It is therefore appropriate to update the Common Understanding of 3 February 2016.

The Member States and the Commission are understood as follows:

## **GENERAL ASPECTS**

1. The Facility shall have a purely coordinating function. The objective of the Facility is to ensure a proper coordination and streamlining of actions financed with financial contributions from Member States and actions financed from the general budget of the Union which aim at assisting Turkey in addressing the immediate humanitarian and development needs of the refugees and persons eligible for subsidiary protection and their host communities, national and local authorities in managing and addressing the consequences of the inflow of refugees and persons eligible for subsidiary protection.

2. On the basis of the guidance established within the Facility, the Commission shall be responsible for managing the respective contributions in compliance with the applicable rules and procedures, notably the Financial Regulation<sup>4</sup>, its Rules of Application<sup>5</sup> and the relevant EU legislation providing the legal basis for the respective actions and their implementation. Actions providing immediate humanitarian assistance, which are coordinated under the Facility, will be selected and implemented in accordance with the principles laid down in the European Consensus on Humanitarian Aid.
3. The Facility, and notably its Governance Structure, shall not encroach upon the competences of the budgetary authority of the Union nor upon those of the Commission as the institution in charge of implementing the budget.
4. The Facility shall have no legal personality.

## GOVERNANCE

5. The Facility shall be led by a Steering Committee with the following main tasks:
  - i) to provide strategic guidance on the overall priorities and on the types of actions to be supported, on the instruments to be used for the efficient implementation of the action, and on the coordination of the actions;
  - ii) to permanently monitor and assess the implementation of the actions coordinated under the Facility, including respect of the conditionality requirements, having regard to the assessments carried out by the structures established with the purpose of monitoring progress in the implementation of the commitments reflected in the understanding between the European Union and the Republic of Turkey to step up their cooperation in a coordinated effort to address the crisis (as reflected in the "EU-Turkey Joint Action Plan" activated on 29 November 2015 and the EU-Turkey Statement of 18 March 2016).

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<sup>4</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298 of 26.10.2012, p. 1).

<sup>5</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (OJ L 362 of 31.12.2012, p. 1).

- iii) to examine the payment forecasts relating to the implementation of actions submitted by the Commission and, where appropriate propose that the Commission defer all or part of the call related to one or more later instalments due; and
- iv) to monitor contributions made by Member States recalling the agreed total amount of EUR three billion, of which EUR two billion have already been committed by Member States by way of signed contribution certificates under the initial support.

Additional accessory tasks may be defined in the Rules of Procedure of the Steering Committee.

- 6. The Steering Committee shall be composed of one representative of each Member State and two representatives of the Commission. The Commission shall have a leading role in coordinating and steering the work of the Steering Committee. The Commission shall chair the Steering Committee.
- 7. Turkey shall be invited to take part in the meetings of the Steering Committee in an advisory capacity, where necessary to ensure full coordination of the actions on the ground. Turkey shall not participate in the Steering Committee when matters relating to the monitoring of implementation and the respect of conditionality requirements are being discussed. The specific cases shall be defined in the Rules of Procedure of the Steering Committee.
- 8. Each Member State shall have one vote in the Steering Committee. The Commission, as chair of the Steering Committee, shall have two votes. The Steering Committee shall strive at reaching consensus whenever possible, failing which it shall vote by simple majority of its members.
- 9. The Commission shall have a right to veto strategic guidance by the Steering Committee with the sole aim of ensuring the legality of any subsequent decision, including its compatibility with its responsibility for implementing the Union's budget. Where the Commission intends to use this right, it shall justify, upon request, why a draft decision would be inconsistent with any of the aforementioned requirements.
- 10. Upon a proposal by the Commission, the Steering Committee shall draw up and adopt its Rules of Procedure before any assistance actions using national contributions are executed. It shall also draw up rules on the confidentiality of information shared within the Facility.

11. The Commission shall provide the Secretariat of the Facility.
12. The Commission may undertake any necessary coordination actions, other than those expressly attributed to the Steering Committee, in accordance with its competences as laid down in the Treaties. The Commission shall provide the members of the Steering Committee with detailed information on the implementation of the actions coordinated under the Facility and, more particularly, inform them without delay of any circumstances likely to hamper or delay the implementation of those actions.

### **CONTRIBUTIONS FROM MEMBER STATES**

13. Contributions from Member States shall be made pursuant to a contribution certificate and shall be included into the general budget of the Union as external assigned revenue in accordance with Article 21(2)(b) of the Financial Regulation.<sup>6</sup>
14. By delivery of the signed contribution certificate to the Commission, the Member State undertakes to make the contribution described therein available in accordance with the payment schedule contained therein.
15. Following receipt of a signed contribution certificate the Commission shall issue a statement acknowledging receipt. By issuing such a statement, the Commission acknowledges its responsibility to use the funds in full compliance with this Common Understanding.

### **MANAGEMENT OF THE CONTRIBUTION BY THE COMMISSION**

16. The Commission shall issue debit notes to Member States in accordance with the payment schedules contained in the individual contribution certificates referred to in point 13, and having regard to real disbursement needs. The contributions, or instalments thereof, shall be transferred within 45 days of the date of the debit note issued by the Commission, into the account indicated in that note. The total amount requested may under no circumstances exceed the contribution set out in the contribution certificate.

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<sup>6</sup> Noting that the UK's contribution to the additional support under the Facility in the form of external assigned revenue pursuant to Article 21(2)(b) of the Financial Regulation and its financial obligations in that respect should be regarded as relevant as regards its contribution and participation in the Steering Committee, also considering access to Facility-financed funding for entities, without prejudice to the withdrawal agreement.

17. The Commission shall manage Member States' contributions with the purpose of financing the actions referred to in point 1, coordinated under the Facility for Refugees in Turkey.<sup>7</sup>
18. The Commission shall manage the amounts coordinated under the Facility in compliance with the Financial Regulation and legal provisions applicable to the expenditure of the European Union, including those set out in point 2 of this Common Understanding, with the requisite degree of care, efficiency, transparency and diligence, as required by best practice in the field concerned, and in compliance with this Common Understanding.
19. The Commission shall have the sole responsibility for complying with any legal obligation incumbent on it. Member States may not under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Commission while the actions are being carried out or as a consequence of the actions. Therefore, Member States may not accept any claim for compensation or increases in payment in connection with such damage or injury, except for non-compliance with the contractual obligations by Member States.
20. Subject to the rules governing the Commission's privileges and immunities, the Commission shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the actions co-financed under this Common Understanding. The Commission shall discharge Member States of all liability associated with any claim or action brought as a result of an infringement by the Commission or the Commission's staff or individuals for whom these are responsible of rules or regulations, or as a result of violation of a third party's rights.
21. The Commission shall take appropriate measures to prevent irregularities or fraud, as referred to in Article 1 of the Convention on the protection of the European Communities' financial interests of 26 July 1995<sup>8</sup>, as well as corruption, as referred to in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union of 26 May 1997<sup>9</sup>.

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<sup>7</sup> The delivery of the assistance will be made in accordance with ODA.

<sup>8</sup> OJ C 316, 27.11.1995, p. 48.

<sup>9</sup> OJ C 195, 25.6.1997, p. 1.

22. The Commission shall take appropriate measures against any person who is suspected of misuse of funds or corruption.
23. The Commission shall forward to the European Anti-Fraud Office (OLAF) without delay any information relating to possible cases of fraud or corruption or any other illegal activity linked to this Common Understanding and shall inform Member States about this transmission.

### **CONDITIONALITY**

24. The execution of assistance actions under the Facility shall be conditional upon strict compliance by the Republic of Turkey with undertakings reflected in the EU-Turkey Joint Action Plan, the EU-Turkey Statement of 29 November 2015 and the EU-Turkey Statement of 18 March 2016.
25. In order to ensure respect of the conditionality framework described in point 24, the speed of the delivery of the assistance actions shall be reviewed by the Commission in the light of Turkey's implementation of the EU-Turkey Joint Action Plan and the EU-Turkey Statements, on the basis of the monitoring and the assessments carried out by the Steering Committee pursuant to point 5 ii).

### **EVALUATION AND INFORMATION**

26. The Commission shall provide Member States with regular information on the implementation of the actions covered by this Common Understanding.
27. The Commission shall ensure that progress and situation reports, publications, press releases and updates, relevant to the actions covered by this Understanding, are communicated to the Steering Committee as and when they are issued.
28. In any event the Commission shall inform Member States without delay of any circumstances likely to hamper or delay the implementation of the actions covered by this Common Understanding.



## REIMBURSEMENT OF CONTRIBUTIONS

### Exceptional circumstances

29. In the event that the Steering Committee, in the context of its monitoring pursuant to point 5 ii), establishes that the conditions relating to the implementation by Turkey of its commitments under the EU-Turkey Joint Action Plan and the EU-Turkey Statements are not respected, the Commission shall stop undertaking any new legal obligations attributable to the Facility, and debit notes referred to in point 16 shall only be further issued to the extent necessary to cover legal commitments already entered into by the Commission. The Steering Committee may discuss the suspension of financing upon request of a Member State.
30. If, following the further monitoring pursuant to point 5 ii), the Steering Committee establishes that the conditions relating to the implementation by Turkey of its commitments under the EU-Turkey Joint Action Plan and the EU-Turkey Statements are again respected, the issuance of debit notes referred to in point 16 may resume in accordance with the respective payment schedules provided under the individual contribution certificates.
31. In the event that the delivery of the assistance actions coordinated under the Facility cannot continue due to force majeure, the Commission shall stop undertaking any new legal obligations attributable to the Facility, and debit notes referred point 16 shall only be further issued to the extent necessary to cover legal commitments already entered into by the Commission.
32. In the event that the execution of assistance actions coordinated under the Facility for Refugees in Turkey is definitively brought to an end on the grounds set out in points 29 or 31, the Commission shall return to the Member States the amounts of their contribution already called for and not subject to a legal commitment. The general budget of the European Union shall only be reimbursed if any amount is left after Member States have been reimbursed.

## **Reimbursement of unused funds**

33. At the latest six months after the end of the period referred to under point 42, the part of the contribution of each Member State not committed and the related payments collected shall be reimbursed to the Member State. The general budget of the European Union shall only be reimbursed if any amount is left after Member States have been reimbursed.

## **FINAL PROVISIONS**

### **Jurisdiction and applicable law**

34. This Common Understanding is governed by EU law, and, on a subsidiary basis, by Belgian law.
35. The Parties shall enter into consultations at the request of either one of the Parties should any dispute arise concerning the interpretation, application or fulfilment of this Common Understanding.
36. If these consultations fail to amicably resolve such a dispute to the satisfaction of both Parties, any of them may refer the matter to the Court of Justice of the European Union, pursuant to Article 272 of the Treaty on the Functioning of the European Union.
37. Nothing in this Common Understanding shall be interpreted as a waiver of any privileges or immunities accorded to the Parties hereto by its constituent documents or international law.

### **Accounting and Auditing**

38. The Commission shall keep accurate and regular records and accounts of the implementation of the actions financed by the contributions, in accordance with the rules and procedures governing its accounts under the financial rules referred to in point 2.
39. The contributions under this Common Understanding shall be subject to internal and external auditing procedures laid down in the financial rules referred to in point 2.

## ENTRY INTO FORCE

40. This Common Understanding is immediately operational.
  41. The Commission may only undertake budgetary commitments in respect of contributions from Member States in relation to the additional support until 31 December 2019. Payments to honour legal commitments in respect of contributions from Member States under the Facility may be made until 31 December 2021 for the initial support and until 31 December 2025 for the additional support.
  42. Communication, audit and evaluation of the Facility may be implemented up to 31 December 2027.
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