

I

(Information)

COURT OF AUDITORS

SPECIAL REPORT No 2/2002

on the Socrates and Youth for Europe Community action programmes, together with the Commission's replies*(submitted pursuant to Article 248(4), second subparagraph, of the EC Treaty)**(2002/C 136/01)*

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ABBREVIATIONS

ACPC	Advisory Committee on Procurements and Contracts
DG EAC	Directorate-General for Education and Culture
EFTA	European Free Trade Association
IC	institutional contract
NA	national agency
ODL	open and distance learning
OLAF	European Anti-fraud Office
JEP	joint educational projects
TAO	technical assistance office
YfE	Youth for Europe

SUMMARY

I. The Socrates and Youth for Europe programmes have been allocated budgetary funds of 920 million euro and 126 million euro respectively. They have contributed to a strengthening of cooperation between universities in the European Union and in the other participant countries and have made multicultural exchange activities possible for the benefit of young people.

II. Nevertheless, the Court's audit has revealed weaknesses in the design of the two programmes and shortcomings in the management of their implementation.

Design weaknesses

III. The two programmes Socrates (paragraphs 10 to 14) and Youth for Europe (YfE) (paragraphs 15 to 18) both suffer from shortcomings in their design. The design of the Socrates programme, in particular, is complex, with a heterogeneous array of 38 actions, sub-actions and measures. In consequence the programme was interpreted in different ways and cooperation between the Member States became more complicated. Likewise, the absence of definitions of criteria and parameters has made it difficult to evaluate the results obtained following implementation of the programmes. Furthermore, the design did not include an appropriate framework for producing synergy from the various Community programmes.

IV. The Commission manages a certain number of actions from Brussels, which, for this reason, are referred to as centralised, through a technical assistance office (TAO), while those subject to decentralised management in the Member States and other beneficiary countries are run through national agencies (NAs). In both cases, the management system was marked by various types of shortcomings (paragraphs 25 and 51).

V. The delegation of responsibilities to the TAO gave rise to weaknesses which the Court was to come across repeatedly: irregularities in the delegation of responsibility, both with regard to the principle of delegation and the form its implementation took, various confusions of interest and risks for the Community's assets, and the costly nature of the management. The situations which arose from this were, however, nothing like as serious as those encountered in other Community programmes (paragraphs 25 to 36).

VI. With regard to the decentralised actions, their implementation suffered both from the absence of a legal framework setting out the precise division of responsibilities between the Commission and the Member States and of an appropriate status for the NAs, which, in the majority of cases, did not have adequate means at their disposal to carry out the tasks entrusted to them (paragraphs 39 to 51).

Delays and shortcomings in implementation

VII. Because of the time required by the legislator to adopt the relevant decisions, the start of the two programmes was delayed and there were delays in the implementation of new actions because of the lack of structures and of an appropriate information policy (paragraphs 19 and 21). The cumbersome nature of the management system caused additional delays in implementation of the programmes, the main consequence of which was to make achievement of the general objective of prefinancing the projects illusory. In fact, the beneficiaries sometimes did not receive Community aid until after the projects had been carried out. The accumulated delays made it impossible to close the actions by the deadlines set in the financial framework agreements. The management of these agreements was, in general, inadequate (paragraphs 46 to 50). Implementation was hampered by the use of unsuitable IT network systems (paragraph 51).

VIII. Management shortcomings were found in the majority of the 27 NAs audited and, at the TAO, from the selection of projects to the monitoring of their implementation. These failings were aggravated by the lack of

any genuine control and evaluation culture on the part of the managing bodies, both national (paragraphs 53 to 56) and Community (paragraphs 75 to 83). For instance, the audit identified several projects where the Court notified the European Anti-fraud Office (OLAF) of suspicions of fraud (paragraphs 74 and 98). On a more general level, these weaknesses had negative consequences for the results and the overall impact of the measures (paragraphs 63 to 65, 80 to 83, 91 and 92), although they cannot always be quantified due to the absence of relevant statistical data. This is the case for the Youth for Europe programme, where it is impossible to verify whether the wish expressed by the European legislator, that help should be given to disadvantaged young people, has been fulfilled (paragraphs 17 and 68).

IX. Evaluation reports were delayed and their impact remains questionable. The contracting procedure and the management and monitoring of study and evaluation contracts revealed serious deficiencies and irregularities occurred at both Commission and contractors level (paragraphs 91 to 102).

INTRODUCTION

1. Education, training and youth are some of the European Union's top-priority policy areas, in so far as their objective is to contribute to the development of qualifications and employment and to bring Europe closer to its citizens ⁽¹⁾. In this respect, the Socrates and Youth for Europe (YfE) programmes were a key component of the European Union's strategy for education and cooperation in the field of youth during the period from 1 January 1995 to 31 December 1999. These two programmes, which are open to the countries of the European Free Trade Association (EFTA) and the applicant countries, form part of a corpus of measures designed to further the process of enlargement of the European Union. They have been extended for the period from 1 January 2000 to 31 December 2006. Indicative financial allocations of 1 850 million euro and 520 million euro have been set aside for Socrates and YfE respectively ⁽²⁾. The Socrates programme, and the Erasmus action in particular, have undeniably had a major impact on the student population. The latter action has also made a considerable contribution towards opening up the universities to cooperation in the European context.

Legal framework

2. The Community action programme Socrates was established by Decision No 819/95/EC of the European Parliament and of the Council ⁽³⁾ of 14 March 1995 and amended by Decision No 576/98/EC ⁽⁴⁾ of 23 February 1998. 'Intended to contribute to the development of quality education' and an open European area for cooperation in education, it is mainly aimed at higher education (Erasmus) and school education (Comenius) but also includes horizontal activities. The Community action programme YfE, which was also adopted on 14 March 1995 by Decision No 818/95/EC of the European Parliament and the Council, is the Community's special instrument for encouraging cooperation policy in the youth field and contributing 'to the educational process of young people' by means of five actions involving exchanges and cooperation projects set up by young people from various Community countries, but from third countries as well ⁽⁵⁾.

Financial allocations

3. The budget for the implementation of the Socrates programme, initially set at 850 million euro, was increased to 920 million euro by Decision No 576/98/EC. The budget for the implementation of the Youth for Europe programme amounted to 126 million euro. In the end, the budgetary funds allocated to these two programmes will come to 998 million euro and 141 million euro respectively, essentially because of the opening of the two programmes to associated countries.

⁽¹⁾ The base Decision No 819/95/EC establishing the Community action programme Socrates refers to the Commission's Green Paper on introducing the European dimension of education in schools and to the Commission's White Paper, in the light of which the European Council adopted in 1993 an action plan of growth, competitiveness and employment. The base Decision No 818/95/EC adopting the third phase of the Youth for Europe programme referred in particular to the conclusions of the European Councils of 1992 and 1993, which underline the requirement that support should be given to activities to develop the independence and creativity of young people and to combat exclusion and racism, particularly through the education of young people. In the course of implementation of two Community programmes other political developments have taken shape in the field of European education, with the publication in 1996 of, amongst other things, the 'White Paper: Teaching and learning, towards the learning society, and the 'Green Paper on the obstacles to transnational mobility in Europe', and with the Commission Communication in 1997 'Towards a Europe of knowledge'.

⁽²⁾ For the Socrates programme, see Decision No 253/2000/EC of 24 January 2002, (OJ L 28, 3.2.2000). For the Youth for Europe programme, see Decision No 1031/2000/EC of 13 April 2000 (OJ L 117, 18.5.2000).

⁽³⁾ OJ L 87, 20.4.1995.

⁽⁴⁾ OJ L 77, 14.3.1998.

⁽⁵⁾ Within the framework of Action D (Exchanges with third countries), cooperation may take place with the countries of central Europe, the Commonwealth of Independent States (CIS), the Mediterranean basin and Latin America. Action B provides for European cooperation in the field of training youth workers and Action C cooperation between structures in the Member States.

Scope of the audit

4. Audits were carried out in the Commission's departments (DG Education and Culture), the TAO common to both programmes, in seven Member States (Germany, Spain, France, Greece, Italy, Luxembourg and the United Kingdom) which included the five main beneficiaries, in 27 national management structures and on the premises of final beneficiaries. Emphasis was placed on examination of the decision-making procedures relating to financial management, and of monitoring and evaluation.

5. The audit focused in particular on the management system applied to the implementation of the two programmes (1995 to 1999) and was carried out by means of an examination of five key measures for Socrates (Erasmus: Actions 1 and 2; Comenius: Action 1; Lingua: Action E; Open and distance learning) and two actions for YfE (Actions A1 and D), which were targeted in the context of the audit. The actions selected for Socrates represent 76 % of this programme's budget, those for YfE covered 75 % of the budget.

IMPLEMENTATION OF THE BUDGET FOR THE PROGRAMMES

Socrates

6. At 31 December 1999, appropriations amounting to 992 million euro had been committed, i.e. a utilisation rate of 99 %, and payment appropriations amounting to 938 million euro had been utilised, which represents a rate of implementation of 92 %. *Table 1* summarises the budgetary implementation of commitments and payments by year. Payment appropriations amounting to 54 million euro lapsed.

Youth for Europe

7. Opening the YfE programme to associated countries resulted in the appropriations being increased for the same reason. The budget appropriations available amounted to 141 million euro for commitments and 135 million euro for payments. Utilisation of appropriations came to 134 million euro for commitments (95 %) and 118 million euro for payments (87 %). *Table 2* shows the budgetary implementation of commitments and payments by year.

Differences between sources of budgetary information

8. Examination of the implementation of the budget revealed a difference between the various sources of information (see *Table 3*). The overall amounts given by the general budget of the European Union in respect of the implementation of the budget of the Socrates programme are thus less than those given by the revenue

and expenditure account and the balance sheet (difference of 51 million euro). The difference is explained by the fact that the amount entered in the revenue and expenditure account is for all the expenditure effected for the benefit of all the participant countries, whereas the budget only takes the figures for the part of implementation that corresponds to the allocation for 15 Member States of the Union. The financial distribution presented in the Commission's final report on the implementation of the Socrates programme ⁽¹⁾ is limited to the EU Member States, rather than all the countries participating.

Breakdown, by action, of the appropriations used

9. *Table 4* shows the utilisation of the appropriations committed, by action, for the implementation of the Socrates programme. It shows that as regards the thresholds applicable to the various chapters the requirements of the base Decision No 819/95/EC have been complied with at the level of the resources to be committed. Details of the commitment appropriations for YfE by action are contained in *Table 5*. Due to the lack of an appropriate breakdown of the accounting classification, it was not possible for the audit to verify whether, in accordance with the terms of Decision No 818/95/EC establishing YfE, at least a third of the appropriations allocated within the framework of the programme's Action A (intra-Community activities directly involving young people) had been used for the benefit of disadvantaged young people.

THE DESIGN OF THE PROGRAMMES

Socrates

10. Although education is the responsibility of the Member States, the Community, under Article 149 of the EC Treaty, must contribute to the development of quality education and training in an open European area for cooperation in education. The objective of the Socrates programme is to encourage cooperation between the Member States by supporting their activities and supplementing them where necessary.

11. However, the juxtaposition of numerous objectives and concepts set out in very general terms like quality teaching or European citizenship, in combination with an over-complex structure characterised by a heterogeneous body of 38 different actions, sub-actions and measures, has resulted in interpretations which are at variance with one another and this, in turn, has made

⁽¹⁾ COM(2001) 75 final, 12 February 2001.

cooperation between the Member States more complicated. With regard to the quality of teaching, it was only when an initial report was being drawn up for presentation by the Commission at the close of the Socrates programme that the criteria and indicators which allow evaluation of the level reached in the various fields relating to school education were produced ⁽¹⁾.

12. The overall design of the programme also suffers from an approach which combines a presentation based on actions defined according to categories of beneficiary, i.e. higher education and school education (Chapters I and II), with other actions of a horizontal nature (Chapter III). Subdividing the latter into a score of different measures robs the programme of clarity.

13. This lack of homogeneity in the design largely explains the poor complementarity of the actions with one another and the frequently over-theoretical nature of the links intended between the actions under Chapters I and II and those under Chapter III.

14. In addition, it should be emphasised that although the base Decision (Article 6) calls on the Commission, in partnership with the Member States, to ensure overall consistency between this programme and the other Community programmes and, in particular, to encourage coordination of activities with the research framework programme, no procedure was drawn up to organise such coordination. For this reason, coordination remained restricted to individual activities.

Objectives of the Socrates programme

1. To develop the European dimension in education at all levels.
2. To promote a quantitative and qualitative improvement of the knowledge of the languages of the European Union and to promote the intercultural dimension of education.
3. To promote, in the Member States, wide-ranging and intensive cooperation between institutions at all levels of education.
4. To encourage the mobility of teachers.
5. To encourage mobility for students.
6. To encourage contacts among pupils in the European Union.
7. To encourage the academic recognition of diplomas, periods of study and other qualifications in an open European area for cooperation in education.
8. To encourage open and distance learning.

⁽¹⁾ The European Report on the quality of school education was submitted by the Commission to the EU Education Council in June 2000. Considered to be an instrument to facilitate the evaluation of school systems, it follows on from the conclusions of the Lisbon European Council of 23 and 24 March 2000 which had emphasised the necessity of quantitative and qualitative indicators for comparison of best practices.

Socrates programme actions

Chapter I — Higher education (Erasmus)

- I.1 The promotion of the European dimension in universities
 Institutional contracts (organisation of student mobility, mobility of teaching staff, promotion of the ECTS system, joint development of study programmes, intensive language courses, European modules, short-term intensive education programmes, preparatory visits)
 Networks on subjects of mutual interest
- I.2 *Student mobility grants* (*)

Chapter II — School education (Comenius)

- II.1 *Partnerships between schools for European educational projects including exchanges/periods of work experience for teaching staff, study visits and preparatory visits* (*)
- II.2 Education of the children of migrant workers, as well as children of occupational travellers, travellers and gypsies; intercultural education
- II.3 Updating and improving the skills of educational staff
- II.3.1 Further training projects
- II.3.2 *Grants to participants* (*)

Chapter III — Horizontal measures

- III.1 Promotion of language skills in the Community (Lingua)
- III.1. A European cooperation programmes
- III.1. B *Further training in the field of the teaching of foreign languages* (*)
- III.1. C *Assistantships for future language teachers* (*)
- III.1. D Development of tools for the teaching of languages and the evaluation of linguistic skills
- III.1. E *Joint educational projects for the learning of languages* (*)
- III.2 Promotion of open and distance learning
 European partnerships and partnership projects
 Observation projects
- III.3 Adult education
- III.3.5a Promotion of awareness and knowledge of Europe and European countries
- III.3.5b Improvement of adult education through European cooperation
- III.4 Exchange of information and experience on educational policies and systems
- III.4.1 Analysis of questions of common educational policy interest
- III.4.2 European information network in the field of education (Eurydice)
- III.4.3 *Study visits for decision-makers in the educational field (Arion)* (*)
- III.4.4 National Academic Recognition Information Centres (Naric)
- III.5 Complementary measures
- III.3.5b Complementary measures

(*) Decentralised activity.

Youth for Europe

15. The Decision establishing the Youth for Europe programme lays down that 'the Commission and the Member States shall take the necessary measures to preserve and develop the structures set up at national level for achieving the objectives of the programme, for evaluating and monitoring the actions set out in the programme and for applying consultation and selection mechanisms' (Article 5). The form this cooperation was to take and the respective obligations of the Commission and the Member States were not laid down, however.

16. The Youth for Europe programme, which has now been reworked for the third time, has the advantage of linking actions which were not linked in preceding versions. However, it still contains voluntary service activities which are covered, in parallel, by

the launching of a pilot action and the special European Voluntary Service programme. This situation, which presented a risk of overlap, has been rectified with the new programme.

17. One of the main objectives of the programme was to facilitate access to it for disadvantaged young people. An inadequate definition of this target population and the absence of statistical data did not permit verification of whether this objective had been met.

18. Despite the intention shown by the legislator (Article 8 of the Decision), the arrangements for cooperation between the Commission and the Member States and the relevant international organisations, and the Council of Europe in particular, were not defined until November 1998, when a cooperation agreement was concluded with the latter.

Objectives of the Youth for Europe programme

The main objective of the programme is to contribute to the education process of young people by developing exchange activities within the Community.

Special attention shall be paid to ensuring that disadvantaged young people have access to activities run under the programme. The Commission and the Member States shall ensure that at least one third of the appropriations made available for intra-Community activities directly involving young people are used for the benefit of disadvantaged young people.

'Youth for Europe' actions

Action A: Intra-Community activities directly involving young people

Action AI.: Youth exchanges and mobility (*)

Action AII.: Spirit of initiative, creativity and solidarity among young people

Action A. II.1: Youth initiatives

Action A. II.2: Periods of voluntary service

Action B: Youth workers

Action BI.: Support for Action A (*)

Action BII.: Support for European cooperation on training youth workers

Action C: Cooperation between Member States' structures

Action D: Exchanges with non-member countries (**)

Action E: Information for young people and youth research

Action EI.: Information for young people

Action EII.: Youth research

Supporting measures

Technical assistance, monitoring and evaluation activities, etc.

(*) Decentralised action.

(**) Decentralised action as from 1998.

DELAYS AND AMENDMENTS TO IMPLEMENTATION

19. Delays in the adoption of the Decisions establishing the two Community programmes (March 1995), in the creation of the Socrates Committee (operational in April 1995), in the drawing up and submission of the first version of the Vademecum and Guidelines for Applicants (September 1995), the absence of the different language versions of the specimen contract between an NA and school establishments (November 1995), etc. resulted in postponement of the launch of the two programmes. For the Socrates programme, the deadlines for the introduction of projects had to be put back or extended. For Youth for Europe, the delays in publicising it led to a manifest lack of projects in the initial phase of implementation.

20. The majority of the actions did not get underway, therefore, until 1996/1997, but others could not start until even later. For example, in the case of Erasmus, which finances the European dimension activities undertaken by the universities, the institutional contracts were not finalised until the 1997/1998 academic year, i.e. almost three years after the launch of the programme.

21. In 1999, the management of three actions under the YfE programme (Action A. II.1: Youth Initiatives; Action C: Cooperation between Member States in the youth field; Action E.1: Information for young people), which, until then, had been carried out by the Commission on a centralised basis, was decentralised. This considerable change in the implementation of the programme complicated the already difficult operation of the NAs by substantially increasing their workload without, as a corollary, increasing the funds at their disposal.

SHORTCOMINGS IN THE MANAGEMENT SYSTEM

General framework of the management system

22. For both programmes there is a fundamental difference between actions managed directly by the Commission and those

managed through national structures. In the case of the former, called centralised actions, the management system is based on the Commission, which relies on a TAO with a staff of 70 for most of them. The centralised actions account for 29 % of the commitment appropriations for the 1995 to 1999 period (i.e. 287,4 million euro) for Socrates, and 28 % (i.e. 37,8 million euro) for YfE. For the latter, called decentralised actions, the Commission manages operations in collaboration with the NAs, which are appointed by the Member States and the other countries taking part in the programme. These decentralised actions account for 704,6 million euro (71 %) in the case of Socrates and 96,5 million euro (72 %) for Youth for Europe.

23. In spite of the delegation of large areas of responsibility to the TAO in respect of the management of the centralised actions (see paragraphs 25 to 36), the final decision to allocate financing lies with the Commission. In contrast, it is the NAs which grant financing for the so-called decentralised actions. A number of actions are subject to a 'mixed' system of management with the NAs managing the application procedures, while the Commission reserves for itself the decision to grant aid. Two flowcharts illustrate these procedures: the first concerns decentralised and the second centralised actions.

24. For each programme, the Commission receives assistance from a Committee made up of representatives of each Member State and chaired by the Commission. While the Socrates Committee issues an opinion on drafts of the measures required to implement the programme (annual work programme, selection of centralised projects, forms of financial support) and is assisted by two subcommittees which concern themselves more specifically with questions relating to higher education and school education, it turned out that the Youth for Europe Committee, for its part, has more restricted competence in so far as it is not called upon to give an opinion on the selection of centralised projects.

Diagram 1

Simplified flowchart for a decentralised action

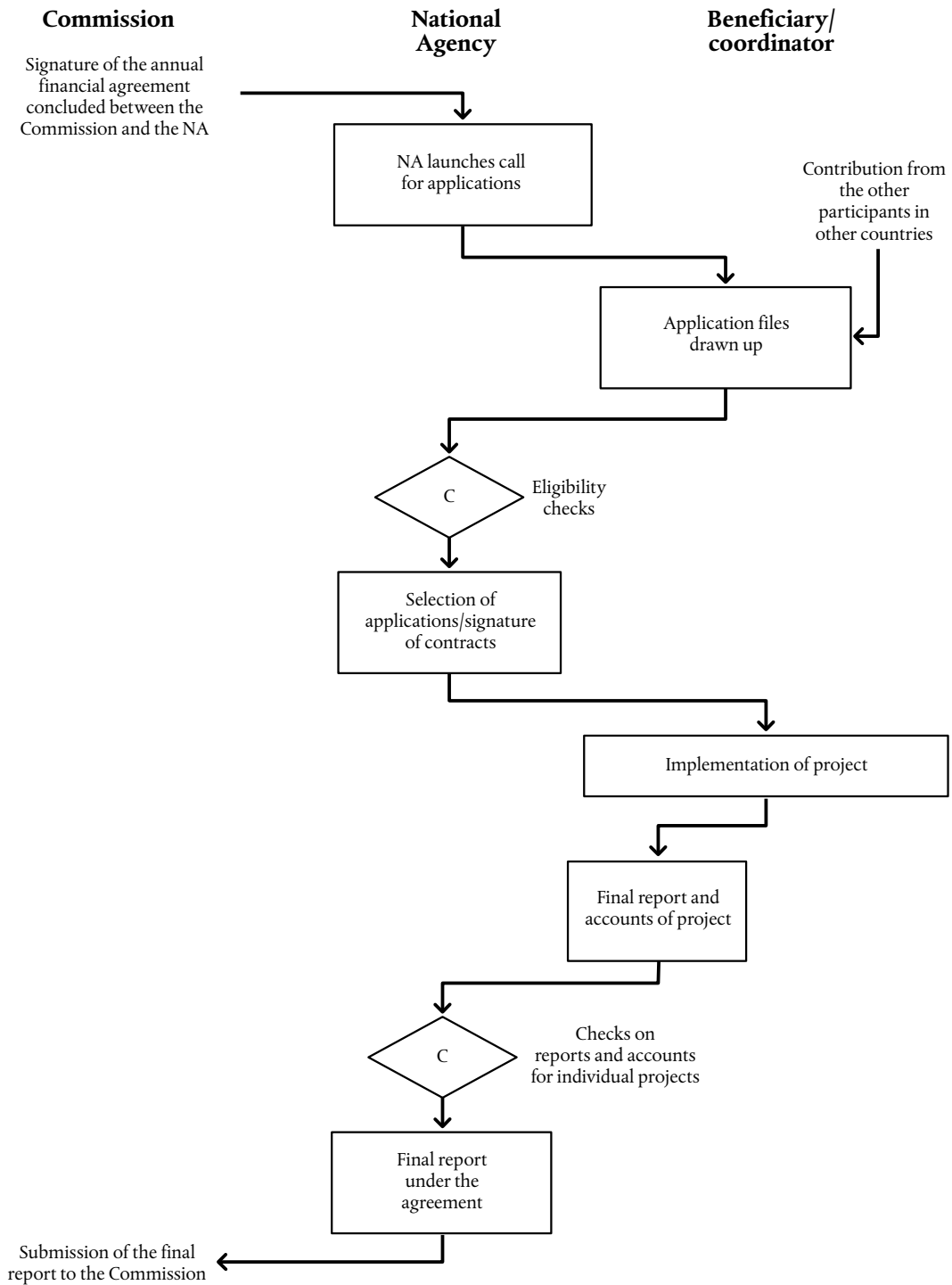
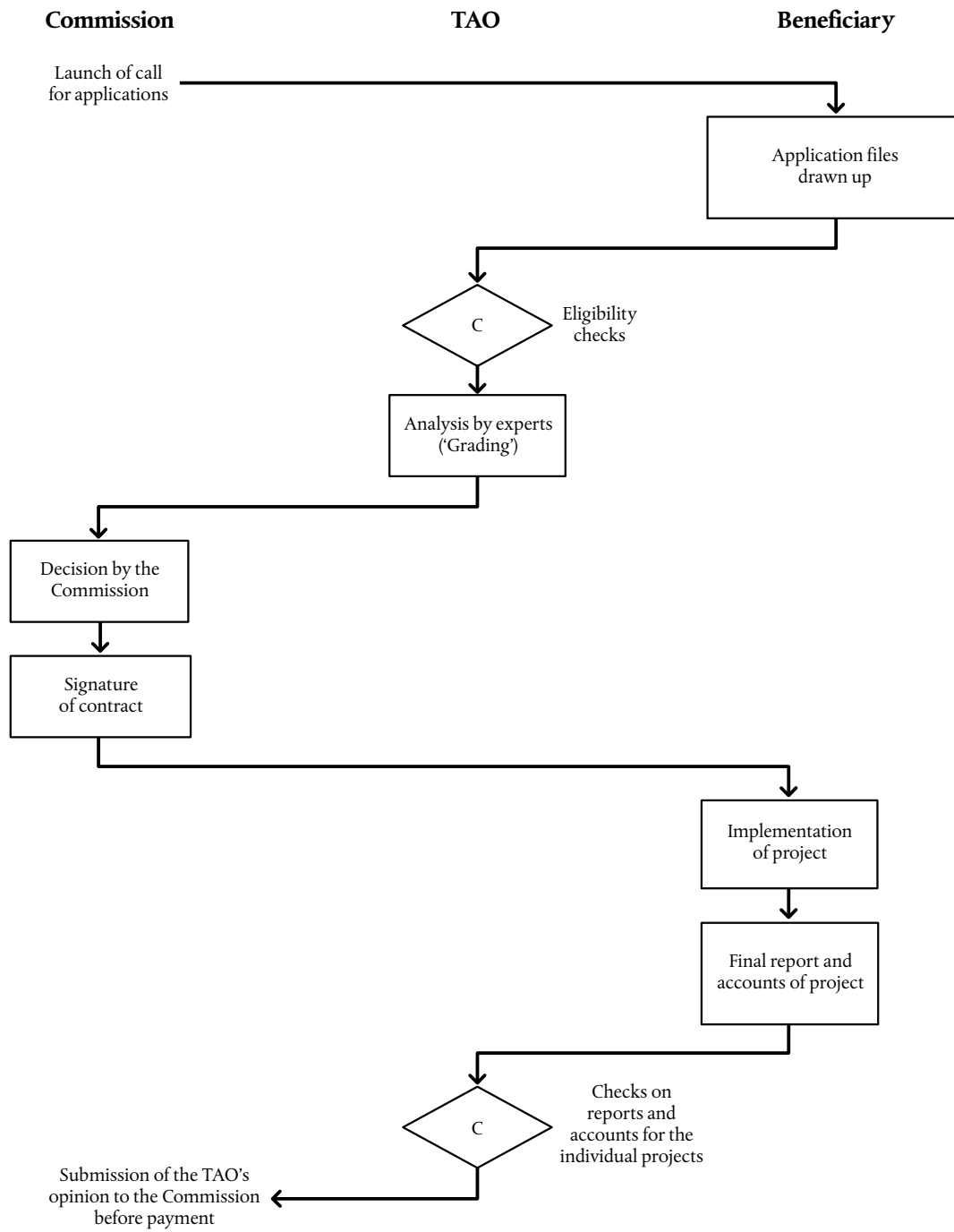


Diagram 2

Simplified flowchart for a centralised action



Centralised management

Loss of control in the delegation of management to a TAO

25. A certain degree of outsourcing presupposes an adequate legal framework, a clear definition of the mandate and the tasks to be delegated, and efficient supervision of the control systems to be applied to the activity. This was not the case for the implementation of these two programmes. Some of the criticisms below have already been the subject of Court observations in Special Report No 1/96 concerning the MED ⁽¹⁾ programmes. In spite of the replies given by the Commission to that report, it is regrettable that the Commission did not undertake the reform of its outsourcing procedures before 2001.

No legal base for one delegation

26. Neither of the two basic Decisions governing the Socrates and Youth for Europe programmes provided for the delegation of management and, in addition, the Commission did not take a decision of principle in this respect. Under these circumstances, the conditions reiterated by the Court of Justice in its *Meroni* judgment ⁽²⁾, calling for a precise definition of the extent and scope of the competence delegated to a third party, have not been fulfilled.

27. In fact, it was not just simple technical assistance tasks that the Commission entrusted to the TAO, it also delegated responsibilities associated with its public service mandate. Incidentally, although the Advisory Committee on Procurements and Contracts ⁽³⁾ (ACPC) drew the Authorising Officer's attention to this point, it nevertheless delivered a favourable opinion on the operation.

28. It appears from the Court's audits that the Commission left it to the TAO to check, in its stead, on the services rendered and the settlement of payments. These two responsibilities are duties of the Authorising Officer.

29. Furthermore, by entrusting to a legal person under private law (non-profit association) the holding and handling of Community public funds and the responsibility of discharging the Commission of its obligations towards its creditors by making final payment on behalf of the Commission, the Commission delegated the responsibilities of the Community Accounting Officer, as laid down in the Financial Regulation (Articles 51 and 54). From a legal point of view, these responsibilities are, without any doubt, part of the exercise of a public service mandate. As a consequence, their delegation to an association is irregular as, under Community law, there would effectively be no legal basis for management of the funds.

⁽¹⁾ OJ C 240, 19.8.1996.

⁽²⁾ Judgment of the Court of 13 June 1958. *Meroni & Co, Industrie Metallurgiche, SAS v High Authority of the European Coal and Steel Community*, Case 10/56.

⁽³⁾ Favourable Opinion No 165/95 by the ACPC of 31 March 1995.

30. On top of this, a management system of this kind has the unusual characteristic of concentrating, in the hands of those in charge of the TAO, prerogatives which are at one and the same time those of an authorising officer and those of an accounting officer, without the Commission being in a position to ensure that the two functions are separate, in accordance with this fundamental principle of public-sector accounting, as laid down in the Treaty establishing the European Community (Article 279) and in the Financial Regulation (Article 21). It also creates a functional hierarchy between the duties of the Authorising Officer and the Accounting Officer which obstructs compliance with this principle, as the managing departments are able to issue instructions to the TAO concerning the handling of the funds. Thus, for the 1995 to 1999 period, the TAO administered 272,84 million euro for direct actions on the Commission's behalf.

The delegation gives rise to confusion of interests

31. The TAO's two founding associations represent university organisations which have a direct interest in benefiting from the financing granted within the framework of the Socrates programme. The Court's audits showed that, in fact, these two bodies received aid directly for Erasmus measures and, indirectly, as partners in five projects to a total of 71 000 euro ⁽⁴⁾.

32. More generally, these two associations represent a dozen organisations including four which also act as national agencies. One of them even seconded a member of its staff to the TAO to take up a position of responsibility.

The act of delegation generates risks

33. The funds paid by the Commission into the bank accounts opened in the TAO's name remain the property of the Community until they are paid to the final beneficiary. However, it was discovered that for the financial years 1996 and 1997 these amounts appeared incorrectly on the assets side of the association's balance sheet. This represents a considerable risk for the Community funds should the ASBL fail. Corrective measures should therefore be taken so that these amounts appear in the balance sheet as what they are, i.e. funds managed on behalf of third parties.

34. Interest yielded by the sums deposited on these TAO accounts is likewise the property of the Community. As at 31 December 1998, it amounted to 563 622 euro. The Commission did not

⁽⁴⁾ The two founding organisations of the Etape consortium benefited from subsidies for additional Erasmus measures. The first received 10 000 euro in its capacity as project coordinator in 1996 and was partner in six projects submitted by other promoters for programme funding, including four which were projects concerning a strand of the programme managed directly by DG EAC. For the two other projects, relating to a strand where the TAO assisted the Commission with the management, the aid was 14 000 euro in one case and approximately 11 000 euro in the other. The second organisation received 35 815 euro for two projects in 1999.

apply the contractual arrangements which provide for transfer of the interest to the Commission, at its request, on a six-monthly basis.

35. An amount of 6,2 million euro, the entire balance of the funds to be paid to the projects selected within the framework of the previous programmes, was transferred in June 1995 to accounts opened in the TAO's name and was still there in 1999. The Commission could not justify having left more than six million euro in the TAO's coffers for four years, and then, after the Court's audit, having been able to finance such old projects with this amount. This situation has distorted the Commission's revenue and expenditure accounts since 1995 and is a questionable way of managing the Community's funds.

A costly delegation

36. The contractual relationship was based on the principle of reimbursing to the TAO, by way of imprest accounts, the funds utilised by the TAO to provide its assistance. There were no requirements to ensure an efficient cost/effectiveness ratio. Such requirements should have appeared in the contracts. Thus the Commission was to reimburse the costs directly linked to carrying out the contract and actually incurred, up to fixed maximum limits. The Commission financed these costs to an amount of 46,46 million euro for the period from 1 June 1995 to 31 July 2001 ⁽¹⁾. This amount also covered the provisions concerning the management of the centralised actions in the new programmes.

Incompatible obligations

37. The examination showed that the final accounts for the first agreements concluded with the TAO included charges (764 000 euro for the third year of the contract) for services provided but not yet invoiced. The Commission's view was that it could accept responsibility for these transactions in year N knowing that they would not actually be settled by the TAO until year N + 1 in the following three instances:

- (a) goods or services are supplied during the contract year, but the invoice is not received by the year-end;
- (b) advance invoice received from a supplier on the basis of a contract concluded during the contract year for a service to be provided the following year;
- (c) order placed before the end of the contract year.

⁽¹⁾ The financing of the TAO was set as follows for the contract period:
 1.6.1995 — 31.5.1996: 9,310 million euro,
 1.6.1996 — 31.5.1997: 8,175 million euro,
 1.6.1997 — 31.5.1998: 7,420 million euro,
 1.6.1998 — 31.5.1999: 6,070 million euro,
 1.6.1999 — 30.11.2000: 8,710 million euro,
 1.12.2000 — 31.7.2001: 6,778 million euro.
 Total: 46,463 million euro.

38. In the Court's view the TAO is bound by the accounting rules applicable to corporate bodies under private law to enter the amounts corresponding to these transactions on the liabilities side of its balance sheet, but the Court must emphasise that the Commission cannot settle the amounts in question. Such practice is, in fact, contrary to the principle of the annuality of the budget and to the obligation imposed on the authorising officer by the Financial Regulation, namely, to verify the existence of the service rendered and the correctness of the payment before payment is made.

Decentralised management

The national agencies

Discrepancy between resources and tasks

39. The NAs play a key role in the system of implementation of the Community programmes. They are at the interface between the strategic guidelines of the Community programmes and national education and youth policies. In the field of the decentralised actions, their task is to examine applications and select projects, to award grants and carry out controls on them, to monitor transactions and the soundness of the financial management, to distribute information and to act in an advisory capacity to the relevant national structures and the beneficiaries.

40. It is for the Commission, as the body responsible for the implementation of the programmes, to fix the guidelines, to make its financial contribution and to lay down the overall framework for the actions. However, the operational organisation of the NAs is the responsibility of the national supervisory authorities, in particular with regard to the provision of the material and human resources required to carry out the tasks described above.

41. The Court's audits revealed that, in this respect, the situation differs from country to country and sometimes there are differences between the NAs for the Socrates programme within the same Member State. This compounds the lack of homogeneity criticised in the section on the design of the programme, with a lack of homogeneity in its implementation, which thus makes the programme even less transparent at national level.

42. The NAs' management is also characterised by a lack of transparency in respect of the management procedures, in the project selection phase in particular, because there are no allocation criteria.

43. In addition, the NAs were too often faced with shortages of funds and were not able to carry out their verification tasks prior to the close of the projects in an adequate manner.

44. Within the framework of the Youth for Europe programme, the Commission granted an annual subsidy to the NAs, as a contribution to their operating costs, on the basis of a variable rate

of financing (between 32 % and 45 % of the budget allocated) without carrying out adequate checks to ensure that efficient management structures and procedures had been put in place.

45. In practice the situation of dependence in which the NAs find themselves, as regards their national supervisory authorities, substantially restricts the action that the Commission can undertake to obtain application of the principles set out in the Community base Decisions, short of introducing coercive mechanisms.

Management of the financial framework agreements

46. Examination of more than 300 financial framework agreements concluded between the Commission and seven Member States to finance the actions managed by the NAs between 1995 and 1999 revealed shortcomings of various kinds at various stages of management. These shortcomings concerned, in particular, the legal status of the agreements, the accumulation of administrative delays which jeopardise the very principle of prefinancing, and the problems caused by the allocation of Community aid to national public structures.

Management system out of phase

47. Of the agreements concluded between the NAs and the Commission, those audited by the Court had often been signed after the date on which the actions were due to be launched and often after a delay of several months. In some cases the signing coincided with the end of the period in which the actions were intended to be carried out. By force of circumstance, these delays caused additional delays in the subsequent conclusion of contracts between the NAs and the project initiators and the payment of advances to the latter.

48. These accumulated delays sometimes gave the lie to a programme logic that relied on the principle of prefinancing. In reality, there were occasions, in the case of some actions and very often in the case of Comenius, when payments that had already been made were refunded. This reversal of logic placed the beneficiaries in a difficult situation and led to withdrawals on a scale which cannot be quantified in the absence of available figures. In order to keep this phenomenon within limits, the NAs were sometimes led to conclude contracts with the beneficiaries before having signed the financial framework agreement with the Commission.

49. The mid-term reports and the final reports and final financial accounts relating to the framework agreements were forwarded to the Commission in the majority of cases after the deadlines laid down, a consequence of the delays mentioned above, to which must be added those resulting from the late forwarding of the final accounts by the project beneficiaries. This accumulation of delays explains why numerous financial framework agreements were not closed or regularised for months or even years after their expiry dates. The Commission did not take appropriate coercive measures to rectify this situation.

Repeated cases of ineligible administrative expenditure

50. In the context of the Youth for Europe programme, Community financing is given for the NAs' administrative costs on the basis of annual financial agreements. The audit revealed the existence of practices which contravene the budgetary principle of specification of appropriations. For example, some of the costs paid constituted expenditure which was already covered by the national budgets and which, moreover, in no way constituted additional expenditure for the Member States. In this case, it concerned the financing of civil servants' salaries or rental costs, expenditure which, in the past, the Commission itself has considered to be ineligible, following similar criticisms by the Court. This being the case, the only expenditure that can be eligible is that constituted by the NA's direct costs (duty travel, meetings, general expenses, information/publication, communications, equipment).

IT systems

51. The Commission developed various IT systems (amongst others, Soclink for Socrates, Youthlink for Youth for Europe) to record and exploit statistical and financial data on the programme projects. For all that, it proved to be difficult to get the NAs to adopt them. The NAs maintained that the computer applications were tedious, complicated or unsuitable for their requirements. Some refused to use them, which led to delays, sometimes considerable ones, in the transmission of information between the NAs themselves and between the latter and the Commission. This being the case, the smooth operation of the NA/Commission networks has not been assured.

WEAKNESSES IN THE IMPLEMENTATION OF THE ACTIONS AND THE MANAGEMENT OF THE PROJECTS

52. The audit of 27 NAs allowed considerable shortcomings to be identified in the management of the operations, from the selection of projects to the monitoring of their execution. Likewise, in the case of the TAO, the tests highlighted weaknesses in the control system. These deficiencies also have their roots, to some extent, in the sheer volume of transactions and operations to be managed for the two programmes and the great diversity of management systems employed for the actions as a whole.

Shortcomings in the management of the decentralised actions and projects

Problems in connection with management by the national agencies

Selection of projects

53. With regard to the NAs' selection mechanisms, the level of formalisation of procedures is insufficient to guarantee

objectivity and equality of treatment for all candidates and to assure transparency of operations. Thus the managing bodies often had no *ex ante* evaluation grids or evaluation sheets for analysing applications. Sometimes even project selection was carried out, in the main, by NA staff without setting up a selection committee. In one case, the composition of the selection committee did not offer adequate guarantees of independence and impartiality.

Processing the files

54. Apart from the differences in filing systems from one NA to another, the filing in general suffered from a lack of rigour as regards classification and an absence of methodology for processing the information.

Monitoring and control of projects

55. With regard to the examination of the final reports on the projects, the managing bodies no longer use checklists which might improve the quality and speed of the controls required by sound management. Moreover, the scope of the checks carried out on the financial accounts submitted by the project beneficiaries is limited. The beneficiaries are not in fact required to attach supporting documents to the declarations of expenditure which they forward. In addition, the letter of engagement between the NA and the beneficiaries, which serves as a contract, contains no clause providing for on-the-spot checks. The most obvious consequence of these weaknesses was that many beneficiaries found themselves unable to justify their costs in their entirety when they were called upon to provide proof of expenditure and, at the same time, the NAs, like the Commission, were unable to verify the justification for the amounts they were asked to pay.

56. Since the Commission did not prescribe any criterion for assessing the value of projects, the NAs had no control basis. *Ex post* evaluations of the actions at national level would nevertheless be of invaluable aid to the Commission in assessing the overall impact of the programmes. Exceptionally, one group of NAs, on its own initiative, undertook to evaluate the results of one specific action ⁽¹⁾ under the Socrates programme.

⁽¹⁾ A collective effort to carry out evaluation was made by an NA group in order to evaluate the experiences made with the Lingua Action (total cost of the Babel project: 179 080 euro with Community participation of 88 905 euro). This project suffered certain delays but, in view of the interest it subsequently aroused on the part of all NAs, it gave rise to a second contract (cost: 111 620 euro with a Community participation of 27 350 euro) resulting in the creation of a website on the evaluation of Lingua E projects, available since 20 May 2000.

Individual deficiencies found in the audited actions

Socrates/Erasmus: Action 2

57. The aim of Action 2 of Erasmus is to encourage student mobility by financing Erasmus grants intended to partially offset the expenses incurred. As the Commission restricted itself to setting out guidelines and setting thresholds for deciding the amount of these grants, the NAs and the universities adopted different management approaches, which resulted in the granting of very different amounts not only between one country and another but also between universities in the same Member State.

58. The amounts of the mobility grants are set by the NAs in compliance with a minimum threshold decided by the Commission. These amounts vary considerably from one country to another, even from one region to another, depending on a number of parameters. Some NAs set a uniform amount across the country, others, in contrast, lay down a range of amounts. On occasion the national co-financing was not forthcoming. In another case, Community co-financing was reserved for public establishments only.

59. Where Erasmus grants are the only public aid, opportunities for mobility are biased in favour of well-off students who can rely on additional family support. In this respect the audit can only confirm the findings of the socioeconomic inquiry on Erasmus students, which was submitted on 18 January 2000 by the Commission, following a request by the European Parliament, and which underlined, in particular, problems of a structural nature in connection with national policies which discriminate against socially and culturally less-favoured groups ⁽²⁾.

60. The NAs do not have the necessary data and tools to ensure, in accordance with the general conditions relating to the allocation of the Erasmus mobility grants, compatibility/complementarity of Erasmus support with national and/or regional public aid. Neither are they equipped with databases for the detection of possible cases of ineligibility (first-year students, limitation of the number of grants for each destination to sixty-month students, second grant, etc.).

61. The payment of the advances by the NAs to the universities varies from one national system to another within a range between 50 % and 80 % of the amount of aid allocated to the latter. In one Member State, the universities receive the financial allocation fixed according to mobility forecasts, not by instalment (system of advances) but by means of a single allocation contract which is paid to them in its entirety.

⁽²⁾ The audit consisted of the examination of 46 contracts concluded between the NAs and higher education establishments, of which six were the subject of on-the-spot checks. The Erasmus grants lay within a range from less than 100 euro to 400 euro per month.

62. Student mobility is systematically overestimated by the universities, sometimes on a substantial scale. Often it is less than half of the mobility initially predicted. These poor percentages in terms of actual mobility led the educational establishments to pay grants which were considerably higher than predicted. This practice of the universities, which amounts to using overestimates of mobility flows to increase the amount of the grants allocated to students, is inadmissible. Ultimately it favours students from establishments whose projections are the least sound, to the detriment of the others. As part of Socrates II the Commission has implemented a new system which will take past performance into account and should offer a solution to this problem.

Socrates/Comenius: Action 1

63. The Comenius Action 1 strand of the Socrates programme aims to promote cooperation between school education establishments, in particular within the framework of European educational projects, by means of small grants (3 000 euro for the coordinator and 2 000 euro to each partner establishment). These activities, which aim to contribute to a better understanding of cultures are also intended to foster the improvement of beneficiaries' language skills. In this respect, it reinforces the Lingua E strand of the programme.

64. The start-up of this action proved particularly difficult because the number of applications was insufficient to absorb the budget. This situation led to projects being accepted even though the quality was poor and to extension of the periods of eligibility which involved a risk of overlaps between financial framework agreements.

65. Weaknesses revealed in the management of the action included: serious shortcomings in the keeping of files by the NAs, advance payments which were in excess of those authorised by the agreements, unjustified overruns of the rates of Community financing and accounts which were not based on actual costs or contained ineligible expenditure ⁽¹⁾.

Socrates/Lingua: Action E

66. The objective of the Lingua E Action is to encourage young people to communicate in foreign languages, through joint educational projects (JEPs). Of necessity, the implementation of a JEP presupposes that learning the working language is part of the curriculum of the partner school. The audits showed that out of 29 projects examined English was used as the working language in 15 cases.

67. The compulsory minimum duration of 14 days per exchange and the substantial costs entailed by stays of this length imposed constraints on the project organisers, particularly when looking

for partners. The audit highlighted occasional shortcomings at various stages of management. In this respect, it should be emphasised that one NA set the rate of aid at 75 % of the total cost for all projects, whereas this rate may only be applied in exceptional cases (young handicapped persons, economically weak persons where justified) ⁽²⁾.

Youth for Europe: Action A1

68. The objective of Action A1 of Youth for Europe is to encourage better understanding of the diversity of European society and to develop active citizenship. It supports projects concerning exchanges based on intercultural learning where the young people themselves are called upon to play an active role in all phases of management. These projects are subsidised by the Community at a rate of 50 % of the total expenditure incurred. This rate may, exceptionally, be increased for disadvantaged young people involved in a project which gives them access to international exchanges.

69. The audit highlighted a lack of rigour in the selection of projects. For example, organisations in which the young people do not play an active role received funds. In some cases it was difficult to reconcile the nature of the activities with the programme objectives.

70. Multilateral projects are more costly than bilateral projects and are not suitable for disadvantaged young people who clearly do not have the means to participate in projects of this type. As regards the projects of this type at the time of the on-the-spot audits, the NAs were not in a position to provide statistics on the actions financed for the benefit of this target group.

71. As the agreements concluded between the Commission and the NAs do not stipulate that the final beneficiaries should submit supporting documents with their declarations of expenditure, the NAs, for the most part, did no more than only examine the financial accounts without setting up a system of controls which would allow them to verify the reality of the costs declared. One of the few NAs which demanded documentary evidence of expenditure found it was difficult, even impossible, to establish a connection between the statements of account forwarded by the beneficiaries and the documents which were supposed to provide the justification for them. It was also confronted with the inability to evaluate contributions in kind charged to the projects. Accepting such contributions opens the door to every kind of abuse. In actual fact, short of carrying out an on-the-spot check, the reality and accuracy of these contributions cannot be evaluated. As the audit demonstrated, associations can make a profit from Community funds in this way, which is not permitted.

⁽¹⁾ The examination concerned 46 contracts and was supplemented by on-the-spot visits to 12 beneficiaries.

⁽²⁾ The audit entailed examination of 35 JEP contracts and included 14 on-the-spot checks.

72. The audit also revealed excessive resorting to declarations of honour and other self-attestations, a practice which must be condemned. Even when taking into account the very informal nature of the sector and youth organisations' lack of financial means, the use of such declarations to justify as much as 79,50 % of the total of the final accounts cannot be accepted.

73. A number of other weaknesses and irregularities were identified during the audits:

- (a) payment of the entire aid to the beneficiaries before a start had been made on implementation, instead of payment of an advance;
- (b) absence of confirmation to the NAs by the partner organisations of their formal agreement and failure to forward lists of participants in exchanges;
- (c) non-application of a proportional reduction in the aid in cases where the duration of the exchange and the number of participants had been reduced;
- (d) exceeding the rates of formally authorised financing.

74. These deficiencies are caused by inappropriate management and controls. The importance of adequate controls is underlined by the fact that, notwithstanding the limited number of measures examined by the Court, three suspected cases of fraud were identified during checks. OLAF was informed.

Shortcomings in the management of the centralised actions and projects

Problems associated with a TAO's management

75. The audit highlighted the constraints which recourse to technical assistance can entail and demonstrated the objective difficulty for the DG and for the TAO itself of implementing actions and monitoring projects. The combination of a continuous increase in the volume of work and a constant reduction in the resources at its disposal ⁽¹⁾ resulted in substantial constraints for the TAO which led it to subcontract some of the tasks entrusted to it. In addition, the TAO was not in a position, either, to produce summary reports on the projects and the actions financed within the

⁽¹⁾ The financing of the TAO was set as follows for the contract period:
 1.6.1995 — 31.5.1996: 9,310 million euro,
 1.6.1996 — 31.5.1997: 8,175 million euro,
 1.6.1997 — 31.5.1998: 7,420 million euro,
 1.6.1998 — 31.5.1999: 6,070 million euro,
 1.6.1999 — 30.11.2000: 8,710 million euro,
 1.12.2000 — 31.7.2001: 6,778 million euro.
 Total: 46,463 million euro.

framework of the two programmes. In order to be able to comply with the strict deadlines demanded for the selection of the projects, the TAO was forced to increase the number of staff assigned to this task with staff normally assigned to the management of contracts, which caused the delays noted in the management and closure of the projects.

76. Although the TAO defined and documented the management procedures for the various phases of work in the form of an 'integrated operational chain', changes to the grading during evaluation of the projects were not always documented in the information systems.

Inadequate controls

77. The controls carried out by the TAO on the final reports could only verify the plausibility and formal accuracy of the declarations of expenditure. A sample of only 5 % of the final reports was subjected to checks on supporting documents. The on-site visits which the TAO carries out periodically do not have the character of an audit and therefore cannot make up for this deficiency. These weaknesses were also highlighted by the audit unit of DG EAC (see paragraph 88).

Individual deficiencies found in the audited actions

Socrates/Erasmus: Action 1: Institutional contracts

78. The initial delay which marked the implementation of the ICs (see paragraph 20) was compounded by delays caused by the weaknesses of the universities' organisation and the reluctance of the teachers to lose management prerogatives which they held under the previous programme in favour of senior management. In addition, the eligibility criteria and the rules for the application of sanctions relating to the ICs concluded in 1996 for the first year of application (academic year 1997 to 1998) were not defined by the Commission until 1999. The closure of these contracts was thus delayed.

79. An analysis of the final reports shows that the results were considerably below the contractual commitments, in particular with regard to the actions relating to student mobility and teaching staff. Paradoxically, this did not lead to a reduction in the amount of aid but, on the contrary, led in some cases to the initial Community aid being exceeded, even doubled. This situation can be explained by the possibility given to the universities to redistribute the funds from one activity to another by up to 50 % of the amount allocated.

Socrates/Open and distance learning (ODL)

80. The objective of ODL is to improve the provision of education by using new technologies in all educational processes. In spite of the multiannual character of the projects, Community financing is only granted in annual instalments. These projects group together a minimum of three organisations from at least three different countries.

81. A design of this kind complicates the management in so far as the development of the project requires the procedures to be repeated annually (application, evaluation, contract, final accounts) and creates a potential risk of premature closure of the file. In addition, this kind of management makes it difficult to allocate expenditure which spans two financial years.

82. With this type of action the project coordinators do not control expenditure declared by partners who forward to them neither the documents supporting expenditure nor, in certain cases, the declarations of expenditure. A situation of this kind tends to favour undue payments.

83. Contracts were signed with the project initiators and advances were paid to the final beneficiaries only after the projects had been carried out. The TAO's examination phase proved to be excessively long (between eight and 19 months for the projects examined) delaying by the same amount of time the confirmation of the results of the evaluation and the closure and regularisation of the projects. In five of the 13 files checked, the maximum amount of Community aid exceeded the permitted threshold of 50 % of the costs without any justification for the financing, either with regard to the profile of the participants or the special nature of the activities ⁽¹⁾.

Youth for Europe: Action D

84. Action D of Youth for Europe finances cooperation between eligible third countries in the field of exchanges for young people. The clumsiness and slowness of the decision-making and financial circuits (the NAs are responsible for preselection of the projects and the Commission takes the final decision by selection panels) led to delays in the conclusion of contracts.

THE COMMISSION'S AUDITS

85. The Internal Audit Unit of DG EAC ⁽²⁾, whose powers have not been defined, concentrated its efforts on on-the-spot audits in

the NAs, the TAO and on the premises of the final beneficiaries. In contrast, it did not examine the management systems and procedures applied within the DG. Its annual audit programme was not drawn up on the basis of a risk analysis. In addition, the difficulties of filling vacant posts meant that it could not deal with an ever-growing volume of work.

86. Thus, in the case of decentralised actions, the unit did not succeed in auditing each NA once every two years as it had intended. Its missions often took place after considerable delay in terms of the periods covered by the framework agreements and some subsidies, such as those for operating expenditure, were excluded from its field of audit.

87. In addition, the lack of follow-up given to the observations of this Unit's auditors by the DG and the absence of a formalised procedure for dealing with them represent a major failing in the control system. The audit reports were not forwarded to the national authorities and the letters of recommendation were only forwarded on rare occasions. For this reason the management deficiencies have persisted.

88. According to the Commission, the Audit Unit examined a random sample of 10 % of the projects managed by the TAO. At the end of these audits the internal auditors drew attention to a lack of rigour in the TAO's management as evidenced by:

- (a) the limited nature of checks on the supporting documents;
- (b) deficiencies in the evaluation;
- (c) non-respect of the principle of co-financing;
- (d) signature of supplements to contracts by the TAO without prior approval by the DG; and
- (e) delays in the processing of files.

89. The DG was slow to take, in good time, the corrective measures which were necessary to enable the TAO to respond satisfactorily and to fulfil the requirements relating to the sound management of Community funds.

90. The Commission's Financial Control DG carried out an in-depth audit, at the same time as the Court, of the TAO's administrative expenditure. Its work led to the same findings as those noted by the Court, in particular with regard to the risk of confusion of interest.

EVALUATION OF THE PROGRAMMES

91. According to Decision No 819/95/EC of the European Parliament and of the Council of 14 March 1995, the Commission, in partnership with the Member States, was to ensure the regular

⁽¹⁾ At the TAO the audit covered 13 contracts.

⁽²⁾ In 1995 the internal audit function was attached to the former DG XXII, Financial Unit, and with effect from 1 October 1999, following structural reorganisation, was incorporated into the Audit and Evaluation Unit of DG EAC. Although the name 'Audit Unit' was subsequently changed, the expression has been retained in this report.

monitoring and evaluation of the Socrates programme. It was supposed, not later than 30 September 1998, to submit a mid-term report on the launch phase, and not later than 30 September 2000, a final report on the implementation of the programme. However, the Commission only published the mid-term report ⁽¹⁾ on 12 February 1999, on the basis of an external evaluation completed in June 1998, and the final report was only published on 12 February 2001 ⁽²⁾, following an external evaluation. It should be recalled at this point that, in spite of growing popularity, the objective initially set for Erasmus, which was to permit 10 % of the 11 million students immatriculated at universities to be able to study abroad, has not been achieved. In its final report, the Commission estimated that only some 460 000 students took advantage of this programme during the 1995 to 1999 period. Table 6 shows the distribution by country of origin of the numbers of students who received grants.

92. According to Decision No 818/95/EC of the European Parliament and of the Council of 14 March 1995, the Commission was to take the necessary measures to ensure the monitoring and continuous evaluation of the Youth for Europe programme. During the third year of the programme, the Commission was to present an evaluation report covering the first two years of programme implementation, which was to serve to redefine and possibly adjust the guidelines for the programme. This report was not published until 6 February 1998 ⁽³⁾ following an external evaluation, the report on which was drawn up in November 1997. In contrast with the Socrates Decision, the Youth for Europe Decision does not require the Commission to submit a final report at the end of the programme.

Results of the Court's audit

93. Although it could be concluded from the existing reports that an increasing number of beneficiaries participated in both programmes and that the Socrates measures were crucial for initiating and promoting the transnational cooperation between training institutions, the audit revealed weaknesses in the evaluation procedures and questions arose as to the validity of some evaluation results.

94. The lack of clear parameters or other performance indicators, an imprecise definition of the targeted population (Youth for Europe) and an absence of reliable and permanently updated statistical data on the final beneficiaries all impose significant constraints on the quantitative assessment of the achievement of objectives for both programmes.

95. Both types of evaluation report (mid-term and final) have in the first instance the purpose of monitoring the execution of the programmes and taking any necessary remedial action and in the second instance the purpose of having an impact on the design of the subsequent programme. For Socrates, as well as for Youth for Europe, both targets failed due to the late production of the evaluation reports.

⁽¹⁾ COM(1999) 60 final.

⁽²⁾ COM(2001) 75 final.

⁽³⁾ COM(1998) 52 final.

96. The *ex ante* evaluations of the Youth for Europe and Socrates programmes (2000 to 2005) were established before the finalisation of the mid-term evaluations of the 1995 to 1999 programmes.

97. In the case of Youth for Europe it was noted that the external mid-term review was performed by a consulting company owned by a former director of the TAO managing this programme.

98. The Commission awarded, from the beginning of the Erasmus action and Socrates programme, numerous studies to external consultants. No evidence could be found that all of these studies were adequately exploited by the Commission or gave an essential added value. The audit of these contracts revealed that one university had a preferential position in this field (approximately a dozen contracts with a total EU contribution of more than one million euro). This contractor also carried out another study contract for other Commission services in a similar area which was of a comparable nature (empirical socioeconomic inquiries). Two of these contracts are being investigated by OLAF.

99. As regards the Commission's management of these contracts, the audit revealed serious deficiencies at all levels, i.e. awarding the contract, lack of cost assessment of the offers, incorrect handling of the contract, insufficient monitoring of its implementation, lack of assessment of the validity and completeness of the outcome of the contracted works, non-respect of contractual clauses and absence of verification of expenditure.

100. The audit at the main contractor of the Socrates-related studies revealed irregularities on various levels, for example frequent subcontracting without prior authorisation, incorrect cost declarations leading to the reimbursement of unjustified expenditure, unilateral changes of the contractually agreed work items, incorrect statements in the mid-term reports, publication of EU financed studies without prior approval by the Commission, a chronicled non-respect of contractually agreed time limits and an ignorance of other contractual clauses.

101. It was noted that huge amounts of empirical results and data, despite being the property of the Commission, were kept by the contractor and were exploited for further own studies. The Commission omitted to save these data.

102. The audit revealed furthermore that the final evaluation report for Socrates, which was accepted by the Commission, did not deal in depth with the assessment of the Socrates management procedures (although this was foreseen in the contract). No evidence could be found that the statistical data of this analysis were representative, nor how the sample was drawn. Given the cumbersome and expensive way of collecting the data (by mail) from the beneficiaries, the efficiency of this approach can also be questioned.

New programmes (2000 to 2006)

103. The new programmes continue the main actions of the previous programmes while introducing changes to their content. For instance, within the framework of the Socrates programme, Comenius will be reinforced and will benefit from a substantial increase in budgetary appropriations (27 % of the 1 850 million euro). As for Youth for Europe, it is taking over the European Voluntary Service programme.

104. In addition, these new programmes incorporate new features of various types such as an improved definition of the objectives of Youth for Europe, giving Turkey access to participation and regrouping former actions under two new names, Grundtvig and Minerva. The former covers actions in the field of adult education and other educational pathways and the second those in the field of open and distance learning, information and communications technologies in the field of education. Grundtvig has received a substantial increase in appropriations and accounts for 7 % of the 1 850 million euro allocated to Socrates.

105. The changes introduced for the latter programme are accompanied by a reform of the method of distributing the overall budget between the Member States for the actions managed in cooperation with the NAs, and the maximum rate of Community cofinancing for the projects has been raised to 75 %. In contrast, the new decisions, just like the old ones, provide no precise information or instructions on quantification of the objectives laid down.

CONCLUSIONS

106. The programmes have had an undeniable impact on young people and the student population. The Court's audit nevertheless revealed numerous deficiencies both in the design and in the management systems of both the Socrates and Youth for Europe Community programmes and in the implementation of the actions and projects specifically targeted by the inquiry (paragraphs 10 to 18).

107. The cause of these deficiencies lies in the excessive number of objectives and in the fact that they are too vaguely defined, particularly in the case of Socrates, which makes an *ex post* evaluation of the programmes' impact difficult. This evaluation is made all the more difficult by the fact that neither precise indicators nor evaluation methods were laid down (paragraph 11).

108. The delegation of public-sector powers to the TAO in the absence of a legal base, the cost of the services rendered, the risks of confusion of interests inherent in a structure where the managers are drawn from the ranks of those who benefit from the programmes (notwithstanding the personal qualities of the managers) and the entering in the balance sheet of assets which actually belong to the European Community are features that the Court has been encountering for years in various Community programmes (paragraphs 25 to 38).

109. Cumbersome and complex administrative and financial procedures led to delays at every stage of management. The main consequence of this accumulation of delays was excessively long delays in paying aid and difficulties during closure of financial agreements concluded between the Commission and the NAs (paragraphs 39 to 51).

110. The effects of these deficiencies were aggravated by inadequate management systems and structures and by the inadequacy of the funds allocated with regard to the ambitions formulated for the programmes, in respect of the implementation of both the decentralised and the centralised actions (paragraphs 53 to 84).

111. The lack of a genuine audit culture on the part of the national and Community managing bodies was the source of many of the shortcomings and irregularities found (paragraphs 85 to 90).

112. The evaluation reports were produced at too late a stage to have an impact on the implementation phase or on the subsequent programming. The availability of representative and permanent updated statistical data was non-existent and the management of external contracts by the Commission showed significant weaknesses (paragraphs 91 to 102).

RECOMMENDATIONS

113. In view of the fact that the deficiencies in the TAOs' management continue to recur, the Court can only encourage the Commission to pursue the efforts it has made to set up Community public-law agencies, which would be entrusted with the implementation of the programmes.

114. In view of the probability of increased decentralisation in future, the contractual relationship between the Commission and the national authorities should be clearly defined, setting out precisely, for each party, the obligations and responsibilities for securing efficient joint management in the interest of sound management of Community funds.

115. The managing Directorate-General should keep proper administrative accounts of commitment proposals and payment orders issued and regularly reconcile them with the Sincom data in order to identify any discrepancies and to carry out the necessary regularisation.

116. The national authorities should be provided with sufficient human, material and financial resources to permit them to perform effectively the important task assigned to them.

117. The Commission, together with the relevant national authorities, should define the tasks and practical administrative arrangements (criteria, models, manuals, etc.) relating to all aspects of the NAs' management.

118. Rules should be laid down to ensure efficient controls of the final financial accounts for the projects (nature and type of supporting documents, analysis of financial statements with the help of evaluation grids, etc.). The rules should be accompanied by an obligation for the NAs to carry out on-the-spot audits.

119. The quality of the reports addressed to the Commission should be improved in order to provide the latter with reliable statistics on the execution of the projects and actions. Such data are essential for the *ex post* evaluation of the programmes. A more powerful information system, with better coordination between the NAs and the Commission and between the NAs themselves, would not only help to improve information activities but would

also broadcast the results more widely, thereby advertising and publicising the programmes.

120. The policy of monitoring and evaluating the actions and programmes overall should be thoroughly reinforced by developing methodologies that are appropriate to the overall aims being pursued. Clearly defined indicators should be laid down and used as an integral part of day-to-day management by everyone concerned. Furthermore IT systems should be employed to collect statistical data systematically from beneficiaries. In this way it should be possible to measure the impact of the programme on a regular basis and vis-à-vis the national systems.

This report was adopted by the Court of Auditors in Luxembourg at the Court meeting of 7 March 2002.

For the Court of Auditors

Juan Manuel FABRA VALLÉS

President

Table 1

Budgetary implementation of commitments and payments for the Socrates programme

(Mio EUR)

Commitment appropriations							
Year	Appropriations entered in initial budget	Transfers of appropriations	Final appropriations entered in the budget	Additional appropriations + carryovers + revenue allocated	Commitment appropriations available	Commitment appropriations used	Rate of implementation
1995	94,18	84,50	178,68	10,48	189,16	188,94	100 %
1996	175,73	0,00	175,73	0,06	175,80	175,72	100 %
1997	174,53	0,00	174,53	2,24	176,77	175,47	99 %
1998	202,86	0,00	202,86	19,91	222,77	219,68	99 %
1999	217,53	0,00	217,53	16,07	233,60	232,20	99 %
Total	864,83	84,50	949,33	48,76	998,10	992,01	99 %

Payment appropriations							
Year	Appropriations entered in initial budget	SAB + transfers of appropriations	Final appropriations entered in the budget	Additional appropriations + carryovers + revenue allocated	Payment appropriations available	Payment appropriations used	Rate of implementation
1995	72,89	95,24	168,13	10,45	178,58	147,74	83 %
1996	194,75	17,00	211,75	0,00	211,75	197,80	93 %
1997	180,28	4,50	184,78	2,18	186,96	176,74	95 %
1998	178,68	20,00	198,69	18,60	217,29	202,45	93 %
1999	186,46	3,80	190,26	30,78	221,04	214,08	97 %
Total	813,06	140,54	953,61	62,01	1 015,62	938,81	92 %

Source: Revenue and expenditure account and balance sheet.

Table 2

Budgetary implementation of commitments and payments for the Youth for Europe programme

(Mio EUR)

Commitment appropriations							
Year	Appropriations entered in initial budget	SAB + transfers of appropriations	Final appropriations entered in the budget	Additional appropriations + carryovers + revenue allocated	Commitment appropriations available	Commitment appropriations used	Rate of implementation
1995	22,38	20,00	24,38	0,00	24,38	21,89	90 %
1996	24,38	0,00	24,38	0,12	24,50	24,50	100 %
1997	24,94	0,00	24,94	0,56	25,50	25,00	98 %
1998	26,49	0,00	26,49	2,58	29,07	27,37	94 %
1999	32,41	0,00	32,41	5,15	37,57	35,37	94 %
Total	130,60	20,00	132,60	8,41	141,02	134,13	95 %

Payment appropriations							
Year	Appropriations entered in initial budget	SAB + transfers of appropriations	Final appropriations entered in the budget	Additional appropriations + carryovers + revenue allocated	Payment appropriations available	Payment appropriations used	Rate of implementation
1995	20,47	1,77	22,24	0,00	22,24	17,10	77 %
1996	27,17	0,00	27,17	0,00	27,17	25,85	95 %
1997	22,55	3,00	25,55	0,56	26,11	22,48	86 %
1998	25,47	0,00	25,47	2,15	27,62	25,74	93 %
1999	27,38	0,00	27,38	4,48	31,86	26,86	84 %
Total	123,04	4,77	127,81	7,19	135,00	118,03	87 %

Source: Revenue and expenditure account and balance sheet.

Table 3

**Budgetary implementation of the Socrates and Youth for Europe programmes according to different sources
(1995 to 1999)**

(Mio EUR)

Socrates				Youth for Europe					
	Commitments		Payments			Commitments		Payments	
1995	175,75	1	135,37	1	1995	21,55	1	16,86	1
	188,94	2	147,74	2		21,89	2	17,10	2
1996	178,18	1	199,63	1	1996	24,11	1	25,45	1
	175,72	2	197,78	2		24,49	2	25,85	2
1997	175,48	1	176,74	1	1997	25,00	1	22,48	1
	175,47	2	176,74	2		25,00	2	22,48	2
1998	198,63	1	185,13	1	1998	27,37	1	25,74	1
	219,68	2	202,45	2		27,37	2	25,74	2
1999	212,92	1	195,53	1	1999	35,28	1	26,86	1
	232,20	2	214,08	2		35,28	2	26,86	2
1995 to 1999	940,96	1	892,40	1	1995 to 1999	133,31	1	117,39	1
	992,01	2	938,81	2		134,03	2	118,03	2

1= General budget of the European Union (year n-2).

2= Revenue and expenditure account and balance sheet.

Table 4
Use of appropriations for the implementation of the Socrates programme (1995 to 1999)
broken down by action

(Mio EUR)

Appropriations committed						
Breakdown by action	1995	1996	1997	1998	1999	Total
Chapter I – Erasmus						
Action 1 — Universities	50,74	4,56	27,77	35,60	35,11	153,78
Action 2 — Mobility grants	75,56	74,64	69,96	90,22	94,71	405,09
Chapter II – Comenius						
Action 1 — Partnerships	6,90	24,05	18,70	23,55	31,87	105,07
Action 2 — Education for migrants	5,50	5,77	4,81	4,86	4,57	25,51
Action 3 — Further training	1,50	4,36	4,37	5,23	2,40	17,86
Chapter III – Horizontal measures						
Action 1 — Lingua	29,92	33,24	27,31	32,00	33,18	155,65
Action 2 — ODL	4,08	7,28	5,12	6,17	6,97	29,62
Action 3 — Adult education	2,99	5,50	4,84	5,39	6,03	24,75
Complementary measures	11,76	16,31	12,61	16,69	17,35	74,72
Total	188,95	175,71	175,49	219,71	232,19	992,05

Source: DG EAC.

Table 5
Use of appropriations for the implementation of the Youth for Europe programme (1995 to 1999)
broken down by action

(Mio EUR)

Appropriations committed						
Breakdown by action	1995	1996	1997	1998	1999	Total
Centralised actions						
Action A						
Activities — young people						
A. I Exchanges and mobility	1,11	0,84	0,59	0,62	0,61	3,77
Spirit of initiative etc.						
A. II.1 Youth initiatives	1,83	2,86	1,27	1,00	0,09	6,05
A. II.2 Periods of voluntary service	0,27	0,27	0,19	0,24	—	0,97
Action B						
Youth workers						
B. I Support for actions	—	—	0,18	0,08	0,27	0,53
B. II Cooperation on training structures	0,30	0,31	0,16	0,29	0,65	1,71
Action C						
Cooperation between structures	0,26	0,53	0,56	0,21	0,77	2,33
Action D						
Exchanges with third countries	2,45	3,23	3,48	3,32	3,66	16,14
Action E						
Information and research						
E. I Information for young people	1,21	1,44	2,62	1,84	3,12	10,23
E. II Youth research	—	0,88	0,62	0,36	1,30	3,16
Subtotal	7,43	10,36	9,67	7,96	10,47	44,89
Decentralised actions						
Actions AI, AII 1, BI, C	12,37	12,20	13,26	17,17	21,63	77,01
Coordination at national level	2,09	1,93	2,07	2,49	3,28	12,36
Subtotal	14,46	14,13	15,33	19,66	24,91	89,37
Total	21,89	24,49	25,00	27,62	35,38	134,38

Source: DG EAC.

Table 6
Erasmus scholarships 1995 to 2000

Country	Number of students
Austria	9 858
Belgium	19 253
Germany	75 742
Denmark	10 346
Spain	59 345
Finland	16 860
France	74 080
Greece	10 387
Ireland	8 303
Italy	42 072
Luxembourg	90
Netherlands	24 216
Portugal	12 330
Sweden	16 220
United Kingdom	59 950
Bulgaria	75
Cyprus	238
Estonia	268
Hungary	2 415
Iceland	631
Latvia	260
Lithuania	331
Norway	6 397
Poland	3 627
Romania	3 019
Slovakia	409
Slovenia	184
Switzerland	1 332
Czech Republic	2 031
Total	460 269

THE COMMISSION'S REPLIES

SUMMARY

I. Certain contextual elements cast light on the design and management of these programmes, which were considerably more generously funded than the preceding ones and whose annual funding grew by 39 % between 1995 and 1999. Being the first programmes open to the associated countries, management was significantly complicated; they were also mass programmes subject to severe constraints, notably as regards the timetable; in addition, they were sometimes addressed to beneficiaries who were somewhat less organised than for other Community measures. Against this background, we should not underestimate the very real tension between ensuring rigorous management and the need to adopt user-friendly modes of management which 'respect' the principle of proportionality, having regard to the generally very small sums involved and the beneficiaries concerned, and the desire for simplification expressed by all parties involved in the programmes.

These programmes directly benefited over one million persons, in terms of mobility, and almost 10 000 cooperation projects. They helped to boost cooperation in their specific fields, along with other, more political, measures, which they rendered possible. All these parallel developments put great pressure on the Commission's inadequate human resources and explain the need to rely on alternative management methods (which have already been redefined for the future in the framework of the reform).

III. These two programmes already constitute a first attempt to rationalise Community measures in the field of education and youth policy. Socrates, in particular, which covered all the levels of education set out in the new Article 126 of the EC Treaty was the successor to no fewer than five disparate actions or programmes. The result may have been a complex architecture, but this did not act as a hindrance to participation in the programmes. These programmes have been simplified with the entry into force of the new generation (Socrates II and Youth), and improvements have been made as regards evaluation and cooperation with other Community programmes.

IV. The two programmes are mass programmes involving thousands of transactions annually (generally for small sums of money). The Commission did not have sufficient internal resources for direct internal management, hence the reliance (degressively over the period) on a technical assistance office, which was constantly supervised and monitored. Because of their closeness to the beneficiaries and the volume of operations to be managed, the Commission also relied on national agencies; on the basis of experience in implementing the Socrates and Youth for Europe programmes, this decentralised instrument was significantly reinforced for the new generation of programmes.

V. The general question of reliance on external assistance in the form of a TAO has been at the heart of the interinstitutional debate for several months, and new perspectives have been developed for the future; the Commission has already indicated that in the future it will rely on other instruments to manage the education and youth programmes. No such possibilities were available in 1995 and so the Commission had to rely on a TAO, as for other programmes. An in-depth audit by Financial Control recognised the quality of this organisation, even entrusting to it, under its control, instruments which the draft reform of the Financial Regulation says cannot be delegated.

VI. Despite this insufficient legal supervision, the Commission took various measures to improve the effectiveness of reliance on networks of national agencies. For the future it has significantly strengthened the mechanism, with the entry into force of the new programmes: contractual relations with the national agencies are now part of a strict legal framework, which lays down the obligations of the Member States as regards ensuring that the agencies it nominates are properly funded.

VII. To take account of the late adoption of the legal bases and the constraints of a timetable which is often based on the academic year, the Commission has to have recourse to transitional measures to avoid any interruption in the cooperation established via earlier programmes and actions. The Commission recognises how difficult it is to speed up its financing decisions, because of the huge mass of dossiers, the complexity of the management rules (notably in the wake of enlargement of the programmes to applicant countries) and the complexity of the internal and external consultation process. However, significant improvements have been made during the lifetime of the programmes, which have also made it possible to prepare more balanced proposals for the new programmes.

VIII. The Commission concedes certain weaknesses in management which it is endeavouring to correct in the framework of the new programmes, while stressing the impact and results of this first generation of programmes. The various analysis and evaluation exercises, including those conducted by certain Member States, and the existence of intergovernmental initiatives such as the Sorbonne and Bologna Declarations (signed by all the participating countries and acknowledging the impact of the Socrates programme on their education systems), testify to the major impact of this programme. As regards the Youth for Europe programme the Commission considers, on the basis of the conclusions of the external *ex post* evaluation of the programme, that the objective laid down by the legislator in favour of young disadvantaged people has been achieved. As regards the dossiers of which OLAF has been informed, the Commission will take the appropriate measures in due course.

IX. The question of adapting the evaluation cycle to the life cycle of a programme is a general problem, having regard to the succession of programmes and the deadlines for negotiating the legal bases; in this connection, the few months' delay are without consequence. Rather, evaluation should be seen as a continuous progress whose conclusions are taken into account not only when preparing a new proposal for a legal basis, but also in the context of implementing the programmes. Numerous improvements which the Commission wishes to introduce into the management of the new programmes derive from the evaluation work done, at various times, on these two programmes.

IMPLEMENTATION OF THE BUDGET FOR THE PROGRAMMES

6. Take-up of commitment appropriations was almost total. As regards payment appropriations, and taking account of the automatic carryover of payments relating to the associated countries, take-up was 95 %.

7. If we take into account the automatic carryover of payments relating to the associated countries, take-up was 96 % in respect of commitment and 90 % in respect of payment.

the quality of school education, under the impetus of the Lisbon Council. The programme helped to boost this cooperation. *Inter alia*, the evaluation reports note that 'a certain variety and vagueness of the goals are positive for stimulating different European activities' and that 'diversity, which naturally brings in its wake difficulties and complexities of management, has provided Europe's educators with room for freedom, imagination and innovation'.

14. The complementarity between Socrates and the other programmes, including the research framework programme, has in fact been in evidence in respect of individual subjects. It is worth noting too the joint call for proposals launched in 1996 on new technologies and education. Complementarity will be reinforced by implementing the joint actions provided for in the new Socrates II, Leonardo da Vinci II and Youth programmes, which have been designed precisely to facilitate this coordination.

THE DESIGN OF THE PROGRAMMES

11 and 12. The programme, which succeeded a variety of programmes and other actions, has a complex architecture, partly because it covers all levels of education; the increased demand for the programme shows, though, that this complexity did not adversely affect cooperation. Besides, education is a very sensitive area from the subsidiarity viewpoint; progress as regards cooperation cannot result just from implementing a programme; it also arises from more political action such as the initiative on

15. On the basis of the experience made in implementing the Youth for Europe programme, a strict legal framework has been formalised for implementing the new Youth programme; it provides for 'Provisions concerning the responsibilities of the Member States and the Commission concerning the national agencies' (hereinafter: 'Provisions'), notified to the Member States in the form of a Commission decision, which lay down the respective obligations of each party concerning national structures for implementing the programme's objectives; in this context, the national

authorities have provided the national agencies with the appropriate resources.

16. It is precisely because the Youth for Europe programme included a voluntary service dimension limited in its goals and scope that the Commission has considered it advisable, in response to a request from the European Parliament and following an in-depth *ex ante* evaluation, to propose to the legislator a new model for voluntary service. In implementing the two programmes, which are markedly different, the Commission took care to ensure that duplication of effort will be avoided; then it merged the two instruments in its proposal for a new Youth programme.

17. The vague and variable definition of the notion of 'disadvantaged young people' makes it very difficult to keep the projects concerned distinct. However, on the basis of an external evaluation carried out on conclusion of the Youth for Europe programme in 2000 and 2001, which puts (under action A) at 70 % the number of projects funded and involving disadvantaged young people, and at 20 % the number of projects which focus exclusively on this category of young people, the Commission considers that the objective of using one third of the money to benefit disadvantaged young people has been achieved.

18. However, various one-off actions were implemented, from the beginning of the programme, together with the Council of Europe. In the framework of the new Youth programme, this partnership has been amplified and concentrated on activities linked to training, supplementing the activities under action 5 of the programme. Likewise, cooperation has been established with the United Nations on the occasion of the International Year of Volunteers (2001).

DELAYS AND AMENDMENTS TO IMPLEMENTATION

19. Because of the protracted negotiations, the first programmes, which came under the codecision procedure, were not adopted until March 1995. This led to knock-on delays with, for example, certain documents having to be submitted for the opinion of a committee which could not be created until the decision had been adopted. As a result, the Commission considered it necessary to adapt the timetable. As from the second year, the situation depicted by the Court has improved.

20. Because of the late adoption of the Socrates decision, the universities were unable to present their applications in July 1995 for the academic year 1996/97. Hence, in agreement with the Programme Committee, the Commission extended by one year the form of this cooperation under the old Erasmus programme, as a transitional measure.

21. The decentralised management of three of the programme actions, which created an additional burden of labour for the NAs, because of inadequate resources, proved however, as was emphasised in the *ex post* evaluation of the Youth for Europe programme, to be one of the key elements of the programme's success, by facilitating more direct contacts with the project promoters and closer grassroots involvement. The evaluators have suggested extending this decentralisation, notably as regards exchanges with third countries. In the meantime, the NAs have been given the necessary resources under the new Youth programme.

SHORTCOMINGS IN THE MANAGEMENT SYSTEM

25. As for other Community policies, having recourse to a TAO, which was constantly monitored and whose services were defined in compliance with the practice current at the time, was essential for implementing the two mass programmes to be managed by a directorate-general with inadequate internal human resources. For the future, the Commission has taken a completely fresh look at outsourcing, including the education and youth programmes, and, until such time as an executive agency is available, it has significantly restricted its use of a transitory TAO for the two programmes which succeeded Socrates and Youth for Europe. The practical conditions for this did not exist in 1995.

26. When the proposals for decisions establishing the programmes were adopted (in 1993), the principle had not yet been established of making recourse to external assistance conditional on its being mentioned both in the legal basis of the programme and in the comment in the budget line. A delegation arrangement, complete with legal basis, has been put in place for the two programmes which succeeded Socrates and Youth for Europe and have been confirmed in the Commission's proposals on externalisation (the communication at the end of 2000).

28. The specifications, which were subject to prior interdepartmental consultation which revealed no doubts as to the activities to be entrusted to the TAO, stipulated clearly that the TAO would perform these tasks, since the Commission did not have the necessary resources (this concerns thousands of annual payments, generally for small amounts).

29 and 30. The conditions governing the externalisation of payments to final beneficiaries have, for the future, been clearly defined in the draft reform of the Financial Regulation: this prohibits subcontractors from exercising duties which come within the remit of the public authorities. In compliance with this principle, as from 2001, the Commission has internalised all the payments which were formerly carried out by the transitory TAO responsible for helping it to implement the two programmes

which succeeded Socrates and Youth for Europe; this was possible because the budgetary authority agreed that *intramuros* external personnel be financed under these programmes, thereby reinforcing the Commission's resources. These conditions did not exist in 1995. The Commission has exercised permanent control on the way the TAO has discharged these tasks.

31. In order to obtain competent assistance in the area in question, the Commission had explicitly stated that knowledge of education policies was one of the selection criteria in the invitation to tender with a view to selecting the TAO. Of the thousands of projects financed under the two programmes it managed with the aid of the TAO (representing a total of EUR 273 million), the Commission selected five projects with, as partner organisations, one of the two organisations which set up the TAO. The Commission was aware that this selection did not result from the abuse of a privileged position; the projects were not selected by the TAO but by the Commission. More generally the TAO had put in place internal procedures with a view to avoiding conflicts of interest when it came to analysing the dossiers.

32. The centralised and decentralised strands of the programmes are managed in total separation. Besides, the member organisations of one of the associations in question, which functions as an NA, acts as an intermediary in distributing Community funds to the final beneficiaries and does not directly benefit from these funds. Under the circumstances, the Commission, which was fully aware of the situation, sees no reason why it should have regarded this situation as constituting a conflict of interest.

33. As from closure of the financial year 1998, corrective measures were taken, following a recommendation from the TAO auditors.

34. The Commission has not systematically recovered interest on a six-monthly basis; it has, however, pursued a process of recovery, and the remaining sums will be recovered in 2002 as part of the final closure of the TAO accounts.

35. Tripartite agreements were signed between the old TAOs, the new TAO and the Commission to transfer the funds (EUR 6,2 million) to the new TAO for payment to projects selected under earlier programmes; after payment of these projects, these funds accounted for no more than EUR 0,4 million at the end of 2000; the balance will be repaid to the Commission once the final agreements have been definitively closed in 2002.

36. The contractual link between the Commission and the TAO was typical for this type of assistance: reimbursement, up to a ceiling, of expenditure actually borne by the TAO, and payment

of a 'management fee'; the complexity and variety of the TAO's tasks would have made it very difficult to have a contractual link based on the purchase of clearly individualised flat-rate services. The KPMG study of June 2000 on the TAOs and the Commission concluded, in terms, that 'the cost comparison between TAO and Commission does not show major advantages for either side'.

37 and 38. The Commission had laid down a typology of situations in which such deposited amounts could be constituted at the end of a contractual year and verified that the amounts deposited with the TAO corresponded to this typology; where appropriate, they were rejected and the corresponding expenditure was imputed to the following year. Having come to the same conclusion as the Court, the Commission had terminated this practice as from 1998 and has since maintained this strict approach. The approach adopted for the closure of the first financial years has not led to any undue payment by the Commission during the TAO's operational period.

40. The Commission shares this view. It is for this reason that it has overhauled the mechanism for reliance on NAs in the programmes which succeeded Socrates and Youth for Europe; the contractual relations between the Commission and the NAs are now part of the Provisions. These provisions lay down minimum conditions for setting up an NA.

41. The Commission is at pains to ensure that the principles set out in the programme decisions are applied at decentralised level, but also that certain national realities are borne in mind. To this end, regular meetings (including training sessions) are organised with the NAs on ways of coordinating the work, etc.; the user guides set out the various aspects of implementing the programmes; manuals have been prepared especially for the agencies.

42. The Commission has taken steps, in the framework of the programmes which succeeded the Socrates and Youth for Europe programmes, to reduce the shortcomings pinpointed by the Court as regards the project selection phase, by establishing and giving more detail on the project evaluation criteria in the user guide and by including the project selection procedures in the Provisions; it is up to the national authorities to see to it that the NA apply the procedures and selection mechanisms in a fair, transparent and consistent manner.

43. The NAs' resources have been reinforced in the context of the new programmes and, in parallel, the procedures have been simplified as much as possible, for example by introducing a flat-rate system for the new Youth programme. Programmes of work which have to be prepared by the NAs now include an audit plan

in which the agencies must describe their measures and procedures for checking that contractors' expenditure complies with the Commission's rules on the nature of the supporting documents to be requested in connection with the financial accounts, to detect abnormal situations as soon as possible during the project life cycle, and to audit the beneficiaries.

44. The funding rates applied were established, after negotiation, on the basis of the needs expressed by the NAs and as a function of other available funds. Since then the same cofunding rules have been applied to all the NAs under the new Youth programme. The new Provisions are designed to ensure that effective structures are set up in the future.

45. The difficulty referred to by the Court prompted the Provisions concerning the programmes which succeeded Socrates and Youth for Europe. These Provisions also flesh out the tasks of the NA, the NA's monitoring and supervisory responsibilities, the project selection procedures and the rules governing the inspection and auditing of the projects by the NA.

47 and 48. With some exceptions, the Erasmus agreements, which account for the bulk of the mobility in Socrates, were signed in good time, before the start of the academic year. As regards Youth for Europe, the time limits for allocating the funds between the participating countries, in agreement with the Programme Committee, the approval of the NAs' plans of work and finalisation of the agency operating agreements, prior to conclusion of the agreements on the decentralised measures resulted in the decentralised measures being finalised after the start of the contract period. For the programmes which succeeded Socrates and Youth for Europe, the Commission attaches priority to the timely conclusion of the agreements with the NAs. However, although in the past the late conclusion of agreements between the Commission and the NAs was a negative factor for the final beneficiaries, its impact was limited by the NAs' pre-funding capacity (using national funds, for example).

49. Since then, the following measures have been taken: systematic reminders are sent to the agencies in the event of delay in submitting the reports; the action plan for dealing with 1995 to 1998 dossiers is very advanced and will be finished in 2002; a specific action plan for 1999 is being implemented, it being understood that agreements relating to a given year cannot be closed until between a year and a half and two years after.

50. Nevertheless the Commission considers that, in the case in question, there has been no over-funding of the national agencies.

51. These systems, which are not as user-friendly as more recent systems, have encountered misgivings, frequently in the case of distributed systems (incompatibility with certain national systems, when the NA is located in a ministry, for example). However, they are currently being used by all the NAs of the 30 participant countries, pending the creation of a new, more ambitious IT tool (including the possibility of submitting subsidy applications online), which should enable the NA/Commission networks to develop harmoniously.

WEAKNESSES IN THE IMPLEMENTATION OF THE ACTIONS AND IN THE MANAGEMENT OF THE PROJECTS

53. The Commission is endeavouring, for the programmes which succeeded Socrates and Youth for Europe, to address the weaknesses pinpointed by the Court concerning the project selection phase by detailing and explaining the project evaluation criteria in the user guide, by setting out the responsibilities of the Member States in the selection process: in accordance with the Provisions, the national authorities must ensure that the NAs apply the selection procedures and mechanisms in an equitable, transparent and consistent manner. The Commission has prepared operational guides for each decentralised action, describing in detail all the stages to be followed for implementing the action, and making a distinction between eligibility criteria, quality criteria and priorities.

54. The Commission sees to it that the NAs apply the administrative and financial management procedures required by the programme actions and that they deliver the necessary services, but it is not for the Commission to lay down binding rules on the NAs' internal organisational arrangements.

55. The Commission considers that the systematic submission of supporting documents is an excessively cumbersome mechanism for the beneficiary and the NA, and that it runs counter to measures designed to simplify procedures and to respect the rule of proportionality, in view of the very small subsidies often granted in the context of the programmes (EUR 2 000 per school for a Comenius project). For the future, it is endeavouring to simplify the procedures, for example by introducing a system of flat-rates for the new Youth programme. Additionally, it has adopted standard agreements for contractual relations between NA and final beneficiaries which include the possibility of on-the-spot checks both by the agencies and the Commission, and the programmes of work which the NAs prepare now include an audit plan.

56. Several national authorities, in cooperation with the NAs, have carried out such evaluations. To prepare the interim evaluation of Socrates II, the Commission, in cooperation with the Socrates Committee and the NAs, has made provision for 14 specific evaluations between 2001 and 2003, plus the national reports on the implementation of the programme. A set of qualitative and quantitative indicators have been prepared, which will constitute an in-depth working tool for the NAs and the Commission with a view to preparing the evaluations. As regards the Youth for Europe programme, an *ex post* evaluation at European level was carried out in 2000 to 2001. A framework for monitoring and evaluating the new Youth programme is currently being worked out, including indicators.

57. The annex to the Socrates Decision (Action 2, point 7) provided that 'as the Community's contribution covers only part of the cost of students' mobility, Member States are invited to help provide the necessary funds. In this connection, grants or loans available to students in the Member State of origin shall continue to be paid during the period of study in the host country'. Given that the Member States have very different student support systems, the Erasmus mobility grants follow the variable level or source of the national funds. Hence there is no possibility of harmonising the level of grants.

58. The way in which the Erasmus grants are allocated by the NAs is decided by the NAs themselves, in coordination with the national systems. Hence, several models exist as a function of the characteristics and policies of the various countries. The Commission considers that, having regard to subsidiarity, this is a matter for the Member States.

59. The diversity of the national student support systems has an impact on Erasmus participation rates. The separation between the status of Erasmus student and the right to a scholarship, and the provision of the Socrates II decision on taking account of students' economic situation should ensure, under the new programme, that more students can benefit and that the more disadvantaged students will receive a higher grant.

60. The checking function is normally delegated to the universities; the scholarship complementarity and eligibility criteria are part of the contract between the NAs and the universities, and it is for the NAs to carry out appropriate checks.

61. The Commission asks the NAs to present a national plan for the annual distribution of Erasmus student grants before signature of the agreements in question. This plan makes provision for

the percentage (which varies from one country to the next, depending on the national policy) for the two payment instalments, to encourage optimum use to be made of the Community funds allocated to the countries, including possible reallocations to the most efficient universities.

62. The introduction of the 'past performance' criterion in Socrates II will help to correct this phenomenon of 'overestimation' by the universities.

64. Comenius, a new action introduced under Socrates, marked the beginning of European cooperation with regard to school education. It is normal that calling for cooperation between schools should require a transitional period (although this is not a situation which applies to all the participant countries). On the other hand, the small grants given to the schools to develop partnerships have not played the expected incentive role. Nonetheless, the European Commission considers that this new action was quite successful towards the end of Socrates I, as was confirmed by the specific evaluation report on Comenius, which stresses how much this action has added, in terms of number and impact.

65. The Commission accepts the Court's findings. It has taken a series of measures with Socrates II to ensure effective and homogeneous management (operating manual including all the management rules, follow-up visits, feedback letters, etc.).

66. Naturally, it is difficult to require in all cases that the partnership languages be learned sufficiently well to be able to do all the necessary work on the JEP. This is not the goal of the action. The Commission's manual for the JEPs explicitly addresses this aspect: 'a common vehicular language may be used for most of the activities, although the two groups of young people should acquire the rudiments of the partner's language'. The objective of making people aware of linguistic diversity and of the need for language learning (including the less widely spoken languages) can also be achieved by using a vehicular language. For example, the languages targeted by the projects changed as a result of the Commission's and the NAs' work, and the number of projects targeting French, English and German dropped from 73 % in 1991 to 47 % in 1997.

67. The minimum duration of 14 days has been the subject of frequent discussions at all levels since the beginning of the Lingua programme. They always ended with the decision to stick with 14 days, which is judged essential in terms of project quality. Naturally this imposes constraints on the project promoters, but is also

reflected in the level of the subsidy granted. As regards the search for partners the Commission has done its utmost to help projects, either in the form of advice (see manual for the JEPs — Chapter 2, point 1), the creation in 1997 of a database for identifying partners, or the organisation of the NAs' network.

69. The Commission has alerted the NAs to the importance of ensuring the necessary rigour in the project selection procedure. In the framework of the new programme it has set out to address the weaknesses in terms of project selection, by laying down and explaining the evaluation criteria in the user's guide, and by setting out the Member States' responsibilities in the selection process (according to the Provisions, the Member States have to ensure that the NAs apply the selection procedures and arrangements fairly, openly and consistently).

70. Fundamentally, the multilateral projects have greater European added value than bilateral projects. In parallel the bilateral projects, which are less costly, should focus on disadvantaged young people and their involvement in the programme. The Commission sees these two instruments as complementary.

71. As indicated above, the NAs' resources have been reinforced, and the procedures have been simplified, notably by introducing a system of flat rates calculated in such a way as to cover all the activities concerned, and hence requiring a complementary contribution for implementation purposes. The programmes of work which the NAs have to prepare now include an audit plan in which the agencies must describe their measures and procedures, with a view to verifying the contractors' expenditure in accordance with the rules laid down by the Commission governing the nature of the supporting documents which must accompany the financial accounts, to detect abnormal situations as soon as possible during the project's life cycle and to audit the beneficiaries. In addition, the Provisions governing the responsibilities of the Member States and the Commission as regards the NAs give both the opportunity to conduct on-the-spot checks on projects.

72. The Court's remarks must be viewed in the context of the Youth for Europe programme, i.e. a multitude of projects and low level subsidies (average EUR 8 750), with the beneficiaries mainly consisting of small organisations or groups of young people whose human and financial resources are limited. The reliance on a declaration of honour or self-certification was in part due to the funding system for the Youth for Europe programme, taking into account the need for a certain proportionality. The introduction of flat rates has put an end to this practice in the new Youth programme. When the flat rates are not applied and supporting documents are requested (particularly for transport costs), self-certification is no longer accepted and it is necessary to produce the ticket.

73. The introduction of the flat-rate system, accompanied by the need to produce a detailed list of project participants, signed by these participants, reliance on a standard contract which provides for payment of an advance, and more rigorous checks, notably as regards application of the financing rules, should make it possible to remedy the weaknesses.

74. These three cases are being investigated by OLAF. The Commission will take the necessary measures at the appropriate time.

75. As the Court says, the TAO and the Commission were in a difficult situation as a result of the continuous growth of tasks but no change in overall resources. This led to the need to make difficult choices, and encouraged the annual selection of projects.

76. The audit performed on the TAO by the Commission's financial control led to a positive judgement on the organisation, documentation and compliance with the procedures set out in the 'operational chain'. Following this audit, certain improvements were made, notably as regards the point mentioned by the Court.

77. The human resources available to the TAO ruled out a more ambitious objective concerning checks on documents. At the end of 2001, DG EAC concluded signed framework contracts with audit firms with a view to ensuring that in future a higher proportion of projects would be subject to such audits.

78. The first year of implementation of the institutional contracts concerned the academic year 1997/1998. However, since it was a new action of great importance for the programme as a whole, the Commission was keen to examine the first reports (received in October 1998) in the light of the average level of performance in each participating country before adopting the result evaluation grid and imposing possible sanctions on the inefficient universities. This protracted exercise explains the delay in closing the 1997 contracts.

79. Performance has a direct influence (which may go as far as withdrawal of the subsidy) on the subsidy level for the following years ($n+2$), this being calculated as a function of the performance observed during the previous years. In the context of an 'institutional contract' covering all the European cooperation activities of a university, the Erasmus subsidies enable account to be taken of immediate needs, and maximum use should be made of this, by allocating the subsidies to the activities which need them most (more especially the management of bilateral mobility activities for students and teachers).

80 and 81. To adopt an agreement for the entire duration of the project would also mean committing payments covering the totality of the multiannual subsidy during the first year. Because of the lack of funds available and the profile of the programme funds during its first years (virtual stability of funds), committing the funds needed for multiannual contracts was not considered possible in Socrates I. This multiannual aspect has been introduced for certain actions under Socrates II.

83. An action plan has been put in place in coordination with the TAO with a view to absorbing the past delays; there is a monthly scoreboard arrangement. In addition, the Commission conducts very specific monitoring to ensure that cases in which the 50 % funding threshold is exceeded do not occur.

84. The Commission has done its best to reduce, as much as possible, the time lags in the decision-making procedures referred to by the Court, throughout the decision cycle, notably by delegating the adoption of funding decisions to the Director-General. Currently the Commission is considering how to increasingly decentralise projects involving third countries to the national agencies.

THE COMMISSION'S AUDITS

85. The Audit Unit, which was created before the administrative reform of the Commission introduced the concept of 'audit capability' in the context of internal auditing, in effect performed external audits on the beneficiaries of the Community funds and the intermediaries (NAs, TAO). Even if there was no formal analysis of risks as later specified by the reform, the annual programmes took account of elements which pragmatically comprised risk factors. In the context of the administrative reform, in June 2000, an internal audit function was created which is separate from the beneficiaries control function.

86. It has constantly been necessary to make choices concerning the audit missions for the Socrates and Youth for Europe programmes, taking into account the resources available for audit purposes and the wide range of auditable programmes managed by the DG (from 1995 to 1999 the cumulative budget of Socrates and Youth for Europe grew by 39 %; because of the opening of these programmes to the associated countries the number of NAs under contract with the DG increased by 22 during the same period). In this context it was not possible to carry out checks on the NAs every two years and, in view of the sums involved, priority was given to controlling the use which NAs made of the decentralised funds.

87. The audits have served to verify the accounts submitted by the audited agencies and to adjust the payments of the balances where appropriate; they have also highlighted recurrent problems and enable programme management to be reoriented where nec-

essary. As from 1999 the reports, initially designed as internal documents, have been communicated to the audited bodies. In addition, various resources have been used, to inform the NAs of the auditors' findings (missions to operational units, meeting of agencies in Brussels, etc.). Improving the procedures for monitoring the audit reports was given particular attention in 2000, at the time when an internal audit unit was set up.

88. This practice was initiated to carry out continuous checks on the payment of the balances on the part of the TAO. It made it possible to identify the difficulties facing the TAO and was instrumental in adjusting the Commission's requirements as regards analysis of the accounts furnished by the beneficiaries. Finally, when monitoring the payment of the balance, it was possible to carry out a check on the entire dossier. The procedure was one of the methods used by the Commission to ascertain where TAO should be improved (e.g. checks on supporting documents, albeit keeping a sense of proportion) and was a useful instrument for ongoing monitoring of the TAO activities in the field of payments. The endorsements authorised by the TAO concerned only minor features (dates for example) with no financial consequences.

89. The financial procedures and requirements have been strengthened over time. However, both for the TAO and the Commission a balance had to be found between the sheer mass of dossiers, usually for only small amounts, and the level of controls, bearing in mind the resources available at the same time.

90. This finding, in respect of which corrective measures have been taken, was formulated in the report of DG Financial Control, which was generally positive and which concluded that 'the overall conclusion is that the TAO is well managed and has a good organisational structure'.

EVALUATION OF THE PROGRAMMES

91. The six months' delay in presenting the interim and final evaluation reports for Socrates I was mainly due to the difficulty of assembling statistics on the implementation of decentralised measures (notably the Comenius activities). Although, to quote one of the recitals of the decision establishing the programme, 'the Commission's aim... is to ensure that around 10 % of all students in the Community follow a university course organised by universities in more than one Member State', the programme's objectives do not include the fact that the programme will actually finance such mobility, and in any case the resources which were allocated would not have made this possible. However, as the Court states, the impact of the programme is undeniable; over

half a million students have directly benefited from its funds, and it has been instrumental in universities regarding mobility as an integral part of higher studies.

92. Although the decision adopting the Youth for Europe does not require the presentation of a final report, an external evaluation was performed in 2000 to 2001, and a working document was prepared by the Commission.

93 and 94. Answer as in respect of points 95 and 96: the Commission accepts the Court's criticism on the non-availability of full statistics on the implementation of the decentralised measures in particular at the time of the Socrates I evaluation. This was already conceded by the Commission in its February 2001 report on the evaluation. As regards preparation of the evaluation of Socrates II, the Commission, in cooperation with the Programme Committee, has adopted a plan for evaluation activities which will take place during 2000 to 2004 with a view to preparing the interim evaluation report provided for in the Socrates decision for June 2004. As regards the Youth for Europe programme, the *ex post* European level evaluation carried out in 2000 to 2001 stressed the positive impact of the programme. A framework for monitoring and evaluating the activities of the new Youth programme, based on certain of the recommendations made by the evaluators, is currently being prepared. The Commission is currently preparing a series of periodical indicators which will make it possible, with the help of the NAs, to monitor the implementation of the programme more systematically. The Member States are required to transmit to the Commission a report on the implementation of the programme and its impact by 31 December 2004 with a view to interim evaluation.

95. Implementation of the new programmes has drawn largely on the recommendations contained in the interim and final evaluations.

96. The time limits for negotiating the legal bases (to be adopted by the codecision procedure) for the new programmes made it necessary to carry out an *ex ante* evaluation at the beginning of 1998 or, at a time when the results of the interim evaluations were not yet available (the decision establishing the Socrates programme provided for an interim report on the launch phase before 30 September 1998).

97. The Commission was aware of this, which was clearly set out in the bid entered by the successful tenderer. However, it felt it had to accept this bid, which was of better quality and less expensive than the other two bids received, and which was presented by the firm in question but which represented in reality a consortium of four companies.

98. The Commission would point out that the contractor was chosen to do analyses in the field of higher education, on the strength of a call for tenders, on the basis of his expertise, taking

account of the research team and the firm's experience enabling him to do the work properly. The contract for the final evaluation of Socrates I was also left on the basis of a call for tenders, and the result was considered to be of high quality by the European institutions and the Member States participating in the programme.

In due course the Commission will take the necessary measures.

99. The award of contracts followed an evaluation of the bids, taking account of their quality and price, and was in line with the rules in force.

100. Following discussions at various points between the contractor and the Commission during the evaluation, the work plan was adjusted to take into account different areas. The Commission agrees that these changes to the work plan should have been contractually formalised.

101. Following the Court's recommendation, the Commission obtained from the contractor all the data to prepare the evaluation report. It should be added that the Commission would have had no hesitation in authorising the publications concerned, because it thought it useful to have a discussion on these subjects.

102. The input during the key phases of the evaluation procedure from a steering committee and the consultation of the Socrates Committee's evaluation working party made it possible to monitor the broad lines and the methodological choices made by the contractor. The Commission considers that the study was high quality and the data were not unreliable. However, the systematic collection of data and the identification of pertinent data with a view to monitoring actions and future evaluations, under the Socrates II programme, will make it possible to rationalise the procedures and to reduce the costs associated with the *a posteriori* collection of data. However, it will always be a matter for the evaluator, as a function of his remit, to collect supplementary data, notably as regards qualitative aspects.

CONCLUSIONS

106 and 107. Despite a rationalisation drive, the design of the programmes was partly informed by the fact that these two new programmes followed a very disparate set of programmes and actions, and because they covered — at least in the case of Socrates

— a very wide and extremely complex scope. Management and implementation were characterised by the difficulty which the Commission experienced in implementing, with the limited resources at its disposal, such programmes, involving thousands of annual transactions in a context characterised by a large increase in the overall funds (but with measures pertaining to very small sums) and the complexity caused by the fact that these programmes, in their initial phase, were open to all the applicant countries. Despite this, the various evaluation reports confirmed the Court's opinion as to the undeniable impact of these programmes, not only for hundreds of thousands of direct beneficiaries, students and others, but also on the education systems and youth policy in the participating countries. The Commission would also stress that this type of programme (particularly in the light of the modest budgets, compared to national budgets for education and youth policy) indicates the need for a certain flexibility in its implementation, which makes it difficult to lay down measurable objectives in terms of impact on the systems.

108. As for other Community programmes, the Commission relied on a TAO, whose services were in compliance with the practice at the time (1994); the Commission constantly checked on and supervised the TAO and, while there might have been a certain risk of a conflict of interests in that the TAO had to have certain skills in the field, measures were taken to manage this risk. In the context of the programmes which followed Socrates and Youth for Europe, the Commission was able (thanks to an increase in the external *intramuros* resources) to internalise payments to the final beneficiaries selected by the Commission and since then has reduced its reliance on a transitional TAO, which it will dispense with once an executive agency is available (following adoption of the framework regulation for which the Commission submitted a revised proposal at the end of 2001).

109. The Commission is committed to simplification (including reliance on flat rates for example), which means maintaining a difficult balance between rigour in management and its typical approach to programmes such as Socrates and Youth for Europe (a multiplicity of very small measures run by less organised beneficiaries than in other Community policies), and has undertaken to rapidly close the last remaining open agreements.

110. On the basis of its experience with the Socrates and Youth for Europe programmes, the Commission is endeavouring to put in place better management instruments and structures for the new programmes, in terms of the legal framework laying down the responsibilities of the Member States and the Commission for the different stages of this implementation (including the obligation on the Member States to provide the NAs with sufficient resources), the simplification of procedures, monitoring and control, and programme evaluation.

111. In the spirit of the administrative reform, the Commission intends to step up its controls under the programmes which followed on from Socrates and Youth for Europe. To this end it has concluded a framework contract with audit firms, given the inadequacy of its own resources for checking on how programmes are run, and giving rise to a plethora of financial agreements. Likewise, tighter management is required of the NAs.

112. The Commission has taken steps to improve evaluation under the programmes which followed Socrates and Youth for Europe; however, the evaluation work carried out under these two programmes is a major source of suggestions which the Commission is taking into account in implementing the new programmes.

RECOMMENDATIONS

113. In December 2000, the Commission presented a proposal for a framework recommendation on the establishment of executive agencies; this was revised in December 2001 to take account of the opinions delivered by Parliament and the Court of Auditors. In September 2000 (letter of amendment to the PDB for 2001) it announced its intention of relying on such an executive agency for the future management of programmes in the field of education and youth.

114. On the entry into force of the programmes which followed Socrates and Youth for Europe, the Commission significantly strengthened its reliance on a network of national agencies. This improved approach led to the recommendations made by the Commission as regards reliance on such networks as a way of externalising management.

115. Since 2001, all the agreements have generated individual commitments and payments in Sincom, given that the transitional TAO no longer pays the beneficiaries; the reconciliation proposed by the Court has de facto been achieved.

116. The new 'Provisions concerning the responsibilities of the Member States and the Commission as regards the NAs' are the cornerstone of management via a network of national agencies. They were established at the time of entry into force of the programmes which followed the Socrates and Youth for Europe programmes, requiring the national authorities to provide the NAs with sufficient resources to accomplish their tasks.

117. This recommendation was implemented under the programmes that followed Socrates and Youth for Europe.

118. This recommendation was taken on board by the Commission when, for the programmes which followed Socrates and Youth for Europe, it developed management and control rules in

the form of operating manuals which the NAs must adhere to in their work on the dossiers they manage.

119. This recommendation has been implemented under the programmes which followed Socrates and Youth for Europe. In particular, the Commission undertook to develop a common information technology system, geared to these programmes and to other programmes in the field of education and culture and designed to replace the existing systems.

120. For the new Socrates II programme, a framework has been established following the presentation to the Programme Com-

mittee at the beginning of 2002, comprising indicators, a timetable and provisions designed to standardise, with a view to data comparability, the presentation of the national reports to be submitted by the end of 2003. A framework for monitoring and evaluating the activities of the Youth programme, based on certain recommendations made by the evaluators, is being prepared; in this spirit, the Commission is currently preparing a series of periodic indicators which will make it possible, with the assistance of the NAs, to monitor more systematically the implementation of the programme; the Member States are required to transmit to the Commission a report on the implementation of the programme and its impact by 31 December 2004 with a view to interim evaluation.
