

# 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

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The Committee on Budgetary Control adopted the report by Younous OMARJEE (GUE/NGL, FR) on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

The committee called on the European Parliament to **approve the closure** of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

**Financial implementation in 2015:** the report showed that in 2015, spending concerned four EDFs, in particular the eighth EDF, which amounted to EUR 12 480 million, the ninth EDF, which amounted to EUR 13 800 million, the tenth EDF, which amounted to EUR 22 682 million and the eleventh EDF, which amounted to EUR 30 506 million.

Members welcomed the fact that the Court of Auditors found that the final annual accounts **present fairly, in all material respects**, the EDFs' financial position at 31 December 2015 and that the underlying were legal and regular in all material aspects.

**Components of the assurance framework:** Members welcomed the shift from a general reservation to the issuance of differentiated reservation as requested by Parliament in its previous EDF resolutions, namely (i) one thematic reservation for the two high-risk pending domains of grants in direct management (18 % of the total amount paid in 2015) and indirect management with international organisations; and (ii) a specific reservation for the African peace facility.

They welcomed the fact that a residual error rate (RER) study was carried out for the fourth consecutive year and has become a key tool within the control, monitoring and auditing strategy.

The Commission is called upon to: (i) continue **refining the risk assessment of its activity based budgeting** to further ensure an adequate level of sectorial assurance; (ii) **maintain high methodological standards in its RER assessment** as well as to extensively monitor and enforce financial corrections by Member States.

**Results-based approach:** the report considered it to be necessary to refrain from focusing on budgetary outturn as the sole management objective. It recalled that the regular monitoring and mapping of high risk factors (external, financial and operational) and their quantification, from identification to implementation phases, is a prerequisite not only for a good financial management and quality expenditure but also to ensure the credibility of Union interventions. It also stressed the need to regularly adapt the control environment and risk management functions to take into account the emergence of new forms of assistance instruments and facilities.

**Aid effectiveness:** with a view improving EDF aid effectiveness, Members underlined the need to: (i) **prove that the value for money and results achieved** with this support can be demonstrated, but also that coherence between external policies and actions of the Union and the objectives of development aid; (ii) ensure the partner country ownership of development results; (iii) adapt the mode of implementation of projects is adapted to the objectives pursued in each case and for each project; (iv) carry out an

independent *ex ante* assessment that takes the social and environmental impact of the projects into account, as well as their added value; (vi) increase support for technical and administrative resources to improve the effectiveness of EDF aid in particular with regard to the complexity of rules.

**Budgetary support:** EUR 1 266 44 million out of EUR 5 746 million in total payments (or 22 %) were devoted in 2015 to budget support. Members considered that although budget support is a key-driver for change and to address main developments challenges, it carries a considerable fiduciary risk and should be granted only if it provides sufficient **transparency, traceability, accountability and effectiveness** alongside to proven commitment in policy reforms.

**Trust funds:** Members recognised the rationale for developing dedicated trusts funds as pooling instruments for financial resources from various stakeholders, with a view to increasing flexibility and speeding up the Union response to global international issues, major crises or emergency situations. The Commission is called upon to implement **comprehensive control mechanisms** to ensure political scrutiny, especially from Parliament, on the governance, management and implementation of these new instruments in the context of the discharge procedure.

The report also stressed the need to:

- improve the models of **cooperation frameworks used with all international organisations** to ensure in particular a more thorough control of the management costs;
- adapt the governance, coordination and respective responsibilities of stakeholders involved (i.e. the Commission services, the European External Action Service and the Union delegations) in the monitoring of the **African Peace Facility** funding and reporting on its ongoing projects;
- implement more synergies with the Union internal and horizontal policies with concrete OCTs-participation.

**EDF's response to urgent global challenges:** the report acknowledged that the EDF's funds are contributing to addressing the root causes of the **current global refugee and migration crisis**. They underlined that the EDF's funds must not be misused for purposes other than determined in the provisions such as secure border control and effective return measures. It called on the Commission to engage constructively to **achieve synergies** between the Union budget, the EDF and bilateral cooperation in order to address issues concerning migration crisis prevention.

As regards **EIB contributions**, Members took note that in 2015, EUR 936 million was allocated to ACP countries and OCTs in projects implemented in 15 countries and 6 regional groupings. They welcomed the EIB's efforts to contribute to a Union response to critical international matters. They invited the EIB to **insist and give priority to long-term effect of investments and their contribution to sustainable development** in all economic, social and environmental aspects.

Members considered that in the **post-Cotonou agreement**, further coherence should be ensured between the objectives of development and all the Union's external policies, and elements such as the fight against inequalities and actions in favour of sustainable development should be central.

Members recommended that the post-Cotonou agreement should: (i) go beyond economic questions and promotes an **efficient political dialogue**; (ii) recall that political dialogue is one of the keys to ensure aid performance and effectiveness; (ii) promote the empowerment and the participation of **local communities** and civil society in general; recognise the impact of **climate change** and its challenges and be more focused on the sustainable development of beneficiary countries and especially on the issue of energy self-efficiency.