

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

2016/2202(DEC) - 27/04/2017 - Text adopted by Parliament, single reading

The European Parliament decided by 510 votes to 130, with 7 abstentions, to grant discharge to the Commission in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

It also decided to **approve the closure** of the EDFs for the financial year 2015.

In its resolution accompanying the decision on discharge, adopted by 529 votes to 109 with 8 abstentions, Parliament welcomed the fact that the Court of Auditors, in its annual report, found that the final annual accounts present fairly, in all material respects, the EDFs' financial position at 31 December 2015 and that the revenue underlying the accounts is legal and regular in all material aspects.

Financial implementation in 2015: Parliament 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. While regretting that the lack of payment credits faced by the Commission in 2015 led to a difficult budgetary situation in the development cooperation, Members, nevertheless, welcomed the efforts carried by the Commission to ensure the **continuity of development aid** and to limit the adverse consequences of the existing payment shortages.

Components of the assurance framework: Parliament 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.

It invited the Commission to continue **refining the risk assessment** of its activity based budgeting and expressed concern over the risky nature of indirect management, particularly due to the lack of traceability of funds when they are disbursed. Members asked, in this context, to evaluate the **level of risk and vulnerabilities of indirect management**.

Moreover, Parliament 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.

Results-based approach: the resolution pointed out the importance of formulating true and sustainable **S.M.A.R.T. objectives** before any decision on financing different projects is taken and the need to put extra focus on formulating "attainable and realistic" goals.

Parliament considered it to be necessary to refrain from focusing on budgetary outturn as the sole management objective. Any incentive-based approach, founded on a 'positive conditionality' system resulting in incentives for the well-performing beneficiaries and stricter controls for the ill-performing beneficiaries, should be linked to specific and stringent performance indicators.

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 for a good financial management.

Aid effectiveness: with a view improving EDF aid effectiveness, Parliament underlined the need to:

- **prove that the value for money and results achieved** with this support can be demonstrated through development aid;
- ensure the partner country ownership of development results;
- adapt the mode of implementation of projects is adapted to the objectives pursued in each case and for each project;
- 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;
- 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 an aid modality adapted to the specificities of development aid, 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: Parliament 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 resolution 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 in the monitoring of the **African Peace Facility (APF)** funding given that the operational monitoring of the APF was not effective in protecting the EDFs against illegal and irregular expenditure;
- implement more synergies with the Union internal and horizontal policies with **concrete overseas countries and territories (OCT) participation** and ensure that funding benefits all OCTs fairly and equally.

EDF's response to urgent global challenges: Parliament acknowledged that the EDF's funds are contributing to addressing the root causes of the **current global refugee and migration crisis**. It 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.

Members 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.

As regards the **post-Cotonou agreement**, Members called for further coherence to 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.

Parliament 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; (iii) 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.