2017 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

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PURPOSE: presentation by the Commission of the annual accounts of the European Development Funds (EDF) for the financial year 2017.

CONTENT: this communication presents the final accounts of the EDFs which have been prepared in accordance with Title IX of the Financial Regulation of the 11th European Development Fund and which must be presented to the European Parliament, the Council and the Court of Auditors.

The document also includes a note accompanying the accounts in which the accounting officer in charge of the EFD audit certifies that the **accounts present a true and fair view of the financial position of the European Development Funds** in all material aspects (signed declaration of assurance).

Objectives and financing of the EDF: the EDF is the EU's main instrument for providing development cooperation assistance to African, Caribbean and Pacific ("ACP") States and Overseas Countries and Territories (OCTs).

The EDF is **not financed by the EU budget**. It is established by an internal agreement between the representatives of the Member States, sitting within the Council, and directed by a specific committee. Responsibility for the financial implementation of operations carried out with EDF resources lies with the European Commission, while the Investment Facility is managed by the European Investment Bank (EIB).

Unlike the EU budget, the EDF operates on a multi-annual basis. For each EDF, a global fund is established for the implementation of development cooperation for a period which is generally five years. The funds allocated may be used throughout the EDF period.

EDF resources are **'ad hoc' contributions from EU Member States**. At intervals of about five years, representatives of the Member States meet at intergovernmental level to decide on an overall amount allocated to the Fund and supervise its implementation. The Commission then manages the Fund in accordance with the Union's development cooperation policy.

Audit and discharge: the EDF annual accounts and resource management are overseen by its external auditor, the European Court of Auditors (hereinafter referred to as the ECA), which draws up an annual report for the European Parliament and the Council. The final control is the discharge of the financial implementation of the EDF resources for a given financial year.
The European Parliament is the discharge authority of the EDF. This means that following the audit and finalisation of the annual accounts it falls to the Council to recommend and then to the European Parliament to decide whether to grant discharge to the Commission for the financial implementation of the EDF resources for a given financial year.

The annual accounts are presented as follows:

- **Part I: Funds managed by the Commission**, comprising: (i) EDF financial statements and notes thereto; (ii) financial statements of EU trust funds consolidated in the EDF; (iii) consolidated financial statements of the EDF and EU trust funds; (iv) the report on the financial implementation of the EDF.

- **Part II: Annual Implementation Report - Funds managed by the European Investment Bank**, including the financial statements of the Investment Facility.

Trust Funds: the document includes the financial statements of the two trust funds created under the EDF: (i) the Bêkou EU Trust Fund and (ii) the EU Trust Fund for Africa. The trust funds individual financial statements are prepared under the responsibility of the EC Accounting Officer and subject to external audit.

- **The European Bêkou multi-donor fund** was created on 15 July 2014 by the EU, Germany, France and the Netherlands, with the aim of promoting the stabilisation and reconstruction of the Central African Republic. In 2017, the Bêkou EUTF has adopted actions for a total amount of EUR 52.3 million in the sectors of rural resilience and job creation, health, support to the return of internally displaced people (IDPs) and refugees, light infrastructure, water and sanitation.

Pledges by its contributors amounted to **more than EUR 236 million** by the end of 2017. This is an increase of EUR 63 million compared to year 2016. Furthermore, more than EUR 18 million was paid on top of payments made during previous years; total disbursements have reached over EUR 61 million since the creation of Bêkou EUTF.

- The EU Trust Fund for Africa was established on 12 November 2015. It is an emergency trust fund for stability and addressing the root causes of irregular migration and displaced persons in Africa. It operates in three main geographical areas, namely the Sahel and Lake Chad regions, the Horn of Africa and North Africa.

As of 31 December 2017, resources allocated to the EU Trust Fund for Africa amount to approximately **EUR 3 330 million**: over EUR 2 900 million from the European Development Fund (EDF) and EU financial instruments including DCI, ENI, HOME and ECHO funding, and EUR 378.8 million from EU Member States and other donors (Switzerland and Norway), of which EUR 340.9 million have been paid as of 31 December 2017.

In the course of 2017, resources from the EDF and the EU budget have increased by approximately **EUR 525 million** (EUR 245 million from EDF, EUR 230 million from DCI and EUR 50 million from DG HOME funding) which represents an increase of almost 22 %.

Previous EDFs: as the sixth EDF was closed in 2006 and the seventh EDF was closed in 2008, the annual accounts no longer contain implementation tables for these EDFs. However, implementation of the transferred balances can be found in the ninth EDF.

Under the Cotonou Agreement, (i) the **second period (2008-2013)** of Community aid to the ACP States and OCTs is to be funded by the 10th EDF for an amount of EUR 22 682 million; (ii) the third period (2014-2020) of Union aid to the ACP States and OCTs is to be funded by the 11th EDF for an amount of **EUR 30 506 million**.

The amounts decommitted from projects under the ninth and previous EDFs are transferred to the performance reserve of the 10th EDF, with the exception of Stabex funds. The decommited funds from projects under the 10th EDF are transferred to the performance reserve of the 11th EDF.

As at 31.12.2017, **the EDF's net assets amounted to EUR 1 389 million** (compared with EUR 1 357 million as at 31.12.2016).