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

2018/2177(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided by 504 votes to 119, with 14 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 2017.

On the basis of the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors, Members called on the European Parliament to grant the Commission discharge in respect of implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2017.

Parliament made a series of observations which form an integral part of the discharge decision:

Statement of Assurance

It noted that EDF commitments reached EUR 6 218 million by end 2017, representing 95 % of the annual target. Payments amounted to EUR 4 256 million on 31 December 2017, corresponding to an execution rate of 98.89 %. In addition to the aforementioned EDF commitments and payments, that the total European Investment Bank (EIB) commitments reached EUR 667 million and EUR 456 million in payments for 2017.

Members noted that the share of the United Kingdom represents 14.82 % of the tenth EDF and 14.68 % of the eleventh EDF. They stressed the importance of keeping close ties between the European Union and the United Kingdom after its withdrawal from the European Union in relation to the EDF and development aid.

They also took note of the Commission proposal to increase heading VI (covering former heading IV and EDF) by 26 % for the upcoming programming period.

Reliability of the accounts

The resolution welcomed the Court’s opinion that the final annual accounts of the EDFs for the year 2017 present fairly, in all material respects, the financial position of the EDF as of 31 December 2017, and that the results of their operations, their cash flows and the changes in net assets for the year-end, are in accordance with the provisions of the EDF Financial Regulation and with internationally accepted accounting standards for the public sector.

Parliament expressed concern on the ***adverse opinion*** stated by the Court on the legality and regularity of payments wherein payments underlying the accounts are materially affected by error. It regretted that in every annual activity report since 2012, DG DEVCO had to issue a reservation on the regularity of underlying transactions which points to serious internal management deficiencies.

Errors concerned, as in previous years, programme estimates, grants, contributions agreements managed both with international organisations and Member States’ cooperation agencies.

Evaluation and reporting component

DG DEVCO is invited to improve significantly its monitoring, evaluation and performance reporting arrangements to ensure that key indicators established in the different performance systems are systematically monitored and that reliable and comprehensive information is provided to policy makers on a timely basis.

Members called for a long-term evaluation including data gathering, researches and analysis in order to improve the key indicators. Undermining performance monitoring and results evaluation is detrimental to public accountability. They stressed the indispensability of providing Parliament and the budgetary control authority with a clear view of the real extent to which the Union's main development objectives have been achieved.

Implementation of the EDF development aid

DG DEVCO is called on to consider the following points for EDF management to ensure its effectiveness, efficiency and added value:

- illustrate better the complementarity of EDF funding, the coherence of the Union toolbox and synergies with other external aid instruments;

- ensure the highest level of regularity and accountability for results for actions funded by the EDF;

- invites the Commission in that context to better explain the logical framework underlying its interventions, especially to get a better visibility of the expected long term impacts or sustainability of EDF-financed operations;

- include in the next annual activity report a structured assessment of the impact of the activities of the eleventh EDF, with a particular focus on human rights and environmental results achieved;

- considers there is still a need for a more systematic approach to the communication of Union´s grant-funded activities to enhance Union´s visibility, and to strengthen transparency and accountability along the chain of funding;

- improve the spirit of partnership through the establishment of democratic ownership of the programme and its implementation while ensuring respect for the fundamental values and principles of the EDF.

The EDF and the management of new nexus

Members acknowledged that the EDF is facing great pressure to respond to a growing number of political demands, such as security, migration and borders management, which are difficult to align with the EDF's core values and the principles of the Union's development and cooperation policy, namely poverty eradication as set out in Article 208 TFEU. They observed that the management of new nexus put at risk the overall balance of the development policy.

Trust funds

The total pledges under the Union trust funds amounted so far to EUR 4.09 billion, the main contribution originating from the EDF with EUR 3 billion and EUR 442.7 million from Member States and other donors. Members took note of pledges of nearly EUR 240 million for the Bekou trust fund in 2017 with EUR 113 million from the EDF and EUR 65.9 million from Member States and other donors.

Budget support to partner countries

Members observed that budget support financed by the EDF in 2017 corresponded to EUR 860.2 million of which EUR 703.1 million were new commitments (covering 54 countries and representing 102 budget support contracts).

For the OCTs, EDF disbursements in 2017 amounted to EUR 57.7 million (for 11 countries and 15 budget support contracts). DG DEVCO stopped budget support in two ACP countries respectively due to a lack of progress in the implementation of public finance management and lack of stability-oriented macroeconomic policy and transparency.