2018 discharge: 8th, 9th,10th and 11th European Development Funds (EDFs)

2019/2065(DEC) - 13/05/2020 - Text adopted by Parliament, single reading

The European Parliament decided by 454 votes to 210, with 27 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 (EDFs) for the financial year 2018.

In the resolution accompanying its discharge decision (adopted by 583 votes to 97, with 12 abstentions), the European Parliament made a series of observations:

Financial and project implementation of the EDFs (Eight to eleventh EDF) in 2018

Parliament noted that commitments under the EDFs reached EUR 4959 million in 2018 and therefore exceeded the annual target of EUR 4537 million (109.3 % of the initial target, compared with 95 % in 2017), while payments under the EDFs amounted to EUR 4 124 million (98.2 % implementation rate of the annual target of EUR 4200 million, compared with 98.89 % in 2017). European Investment Bank (EIB) commitments amounted to EUR 880 million (of which EUR 800 million through the Investment Facility), while EIB payments reached EUR 555 million in 2018 (of which EUR 525 million through the Investment Facility).

Parliament encouraged DG DEVCO to continue its efforts with regard to old expired EDF contracts and to close the remaining operations of the eighth and ninth EDFs as a priority as soon as possible.

Regularity of operations and monitoring and assurance systems

While welcoming the Court of Auditors' opinion that the revenue underlying the accounts for the financial year 2018 is legal and regular, Members expressed growing concern about the Court's adverse opinion on the legality and regularity of expenditure, as the expenditure underlying the accounts is materially affected by an increasing level of error. The Commission is invited to examine the reasons for this and to take the necessary measures to reverse the upward trend in the error rate.

Parliament expects DG DEVCO to be more rigorous in its use of available management information and in the proper functioning of its overall control system (*ex ante* controls and external audit or verification of expenditure). It invited it to progressively reinforce its assurance chain in line with the new set of internal control standards putting a greater emphasis both on individual competences and accountability for their roles in materialising controls and on the risk of

Fraud.

Parliament noted with concern that, for actions with international organisations, 54 % of the transactions checked showed quantifiable errors representing 62.5 % of the estimated error rate for 2018. It was also concerned about the high concentration of EDF contracts in the hands of a very small number of national development agencies, at the risk of renationalising the Union's development policy.

The Commission is invited to strengthen and consolidate the monitoring of the tendering and contracting procedures to avoid any risk that very few number of public or semi-private Agencies monopolising substantial shares of the EDF projects implemented in developing countries and gain a growing influence on Union development, cooperation and neighbourhood policies.

Union budget support

The EDF contribution to budget support activities reached EUR 881.9 million in 2018 out of which EUR 858.6 million amounted to new commitments (with a geographical coverage of 56 partner countries representing 96 budget support contracts). For overseas countries and territories (OCTs), EUR 92.9 million was disbursed through the EDFs for 14 countries, representing 18 budget support contracts. Members noted with appreciation that sub-Saharan Africa is the largest recipient of budget support with a share of 41 % and that related contracts concerned state resilience and building contracts.

Parliament called for close monitoring and in-depth political dialogue with partner countries on objectives, progress towards agreed results and performance indicators. The Commission is invited to better define and measure the expected development impact and, in particular, to improve the control mechanism with regard to the conduct of the beneficiary state in the areas of corruption, respect for human rights, rule of law and democracy.

With regard to the implementation of the EDF, the Commission was invited to: (i) focus on improving and sustaining well-functioning aid programmes; (ii) make the rule of law and respect for human rights the absolute precondition for the approval of financial assistance; (iii) carry out a country-by-country evaluation of long-term projects financed by the EDF in order to show the real impact of the investments made on the ground.

Effectiveness of the European Union Trust Fund for Africa

The resources allocated to the European Union Trust Fund (EUTF) by the end of 2018 reached EUR 4.2 billion, of which EUR 3.7 billion came from EDFs and EUR 489.5 million from Member States and other donors (Switzerland and Norway). 187 projects were implemented in 2018. The enlargement of the EU-IOM Joint Initiative for Migration Protection and Reintegration Development went from 14 to 26 African countries by the end of 2018.

Parliament recalled its regular stance that the Commission should ensure that any trust fund established as a new development tool must always be in line with the Union’s overall strategy and development policy objectives, i.e. the reduction and eradication of poverty. The European Union Trust Fund must address the root causes of destabilisation, forced displacement and irregular migration by promoting resilience, economic opportunities, equal opportunities, security of populations, and human and social development.

In the light of numerous concerns of the Court concerning the absence of a documented criteria for selecting project proposals for the Northern Africa and Horn of Africa windows, the absence of a specific risk assessment framework or serious flaws in the measurement of the performance of EUTF projects, Member considered that the added value of the EUTF is highly questionable.

The African Peace and Security Architecture

Parliament called on the Commission to foster African Union ownership of the APSA in order to achieve greater financial independence and refocus Union support away from supporting operational costs towards supporting capacity-building measures. The EIB is encouraged to further support local private sector development as a key driver of sustainability and resilience, to support basic social and economic infrastructure of immediate interest for the beneficiaries as well as the search for new local and regional partners in the specific domain of microfinance.

Lastly, as regards the future of Union-Africa relations, Parliament noted the ongoing reflection on the upcoming long-term Union-Africa strategy and partnership while considering this opportunity to bring forward more efficiency in aid

delivery modes. It considered there is a need to move beyond a traditional aid-centred relationship towards one that is more strategic and integrated.