

2019 discharge: General budget of the EU - 8th, 9th, 10th and 11th EDFs

2020/2190(DEC) - 28/04/2021 - 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 8th, 9th, 10th and 11th European Development Funds (EDF) for the financial year 2019.

In the resolution accompanying its discharge decision (adopted by 598 votes to 64, with 28 abstentions), the European Parliament made a number of observations:

Financial and project implementation of the EDFs in 2019

Parliament noted that the EDFs' commitments reached EUR 3 986 million in 2019, just under the annual target of EUR 4 057 million (98.25 % of the annual target, compared to 109.3 % in 2018). Payments amounted to EUR 3 910 million, representing an execution rate of 88.9 % of the target of EUR 4 057 million (compared to 98.2 % in 2018).

Commitments by the European Investment Bank (EIB) amounted to EUR 156 million (all from the Investment Facility), while payments amounted to EUR 40 million.

Members welcomed the efforts to reduce the proportion of old pre-financing and outstanding commitments, with a target of 25 %. Regarding the EDF, the target of having not more than 15 % of old expired contracts for the EDFs has been achieved.

Regularity of transactions and controls

Parliament expressed concern about the Court's adverse opinion on the legality and regularity of expenditure as the estimated level of error surpassed the materiality threshold at 3.5% of expenditure affected. Of the 126 payment transactions examined by the Court, 37 (29%) were found to contain errors. Concerned about the recurrence of these errors, Members called on the Commission to address the root causes of the succession of adverse opinions and to take the necessary steps to further reduce the estimated level of error.

Parliament reiterated its call for a more rigorous control system and called on the Commission to:

- continue its efforts to improve the assessment of the effectiveness and efficiency of its control system by defining key performance indicators for both aspects, setting realistic and ambitious targets and monitoring and improving its control system;
- establish a platform of EDF-funded projects by country, including the final beneficiaries, the general and specific objectives of each project and, most importantly, their practical results in terms of increasing development indices.

Cooperation with international organisations, EU development agencies and non-governmental organisations

Parliament welcomed the new Neighbourhood, Development and International Cooperation Instrument (NDICI), which will allow budgetary scrutiny by Parliament and support efforts to define a common

policy towards third countries. It stressed that far more effective policy coherence for development (PCD) must be an important objective of the joined-up approach.

Members recalled the need to ensure full transparency and access to data regarding projects implemented by international organisations and civil society organisations, as well as to set out clear rules for monitoring and follow-up. They stressed the need for more systematic reporting on activities funded by EU grants in order to enhance the visibility of the EU and increase transparency, accountability and due diligence on human rights throughout the funding chain.

EU budget support

The EDF contribution to budget support activities reached EUR 790.3 million in 2019, including EUR 366.8 million in new commitments (covering 55 partner countries through 82 budget support contracts). The Overseas Countries and Territories (OCTs) benefited from EUR 70 million under the EDFs, covering 12 countries and 13 budget support contracts. Sub-Saharan Africa remains the main beneficiary of budget support, with a share of 36%.

Parliament recalled that budget support should aim to strengthen the partnership with the EU's partner countries, promote sustainable development, eradicate poverty, reduce inequalities and consolidate peace and democracy, with a view to contributing to the achievement of the Sustainable Development Goals (SDGs).

Budget support should be guided by internationally agreed principles of effectiveness, such as partner country ownership, focus on results, inclusiveness and accountability. As it promotes transparency and good governance, budget support should also contribute to the fight against corruption and fraud.

EU Trust Fund for Africa

Parliament recalled its regular stance that the Commission should ensure that any trust fund established as a new development tool is in line with the overall strategy and strategic development objectives of the Union, namely poverty reduction and eradication.

In order to meet these policy objectives, the EUTF should address the root causes of destabilisation, forced displacement and irregular migration by promoting resilience, economic opportunity, equal opportunities, human security and human and social development.

Risks and challenges in implementing EDF aid

Members called on the Commission (i) to make the rule of law and respect for human rights an absolute precondition for the approval of financial assistance and (ii) to make more stringent use of the clause in financial agreements with partner countries that allows it to suspend or terminate the agreement in the event of a breach of an obligation to respect human rights, democratic principles and the rule of law.

The Commission is invited to reconsider its position and to respond positively to Parliament's request to include in the next Annual Activity Report a structured assessment of the impact of EDF activities.