2020 discharge: General budget of the EU - 8th, 9th, 10th and 11th EDFs

2021/2158(DEC) - 04/05/2022 - Text adopted by Parliament, single reading

The European Parliament decided 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 2020.

In its resolution, adopted by 546 votes to 79, with 11 abstentions, Parliament made a number of observations:

Statement of assurance

Parliament noted that the due to the Union's response to the COVID-19 pandemic, EDF commitments and payments reached, respectively, **EUR 3 894 million** and **EUR 4 677 million**, largely above the targets of EUR 3 267 million and EUR 4 400 million initially set for 2020. European Investment Bank (EIB) commitments amounted to EUR 2 053 million, while EIB payments amounted to EUR 667 million in 2020, all of them also concerning the Investment Facility.

Members welcomed the regular efforts of DG INTPA to reduce old pre-financing and old unspent commitments and the upward revision of the targets from 25 % to 35 %, as decided in 2020. DG INTPA also achieved its target of having not more than 15 % of old expired contracts for the EDFs.

Parliament noted that the closure of the eighth EDF and the Commission's intention to close the ninth EDF as soon as possible.

Members welcomed the reliability of the accounts and the legality and regularity of the transactions underlying the accounts. They are concerned that the estimated level of error has exceeded materiality at 3.8% of expenditure recorded under the eighth, ninth, tenth and eleventh EDFs (the increase in the estimated error rate is 0.3%). They stressed the need to address the causes of this increase.

If the Commission had made good use of all the information at its disposal, the estimated error level would have been 1.19 percentage points lower. The Commission is invited to intensify its efforts to improve its processes for verifying the legality and regularity of transactions and to ensure that audits are properly followed up.

Members pointed out that the considerable resources allocated to address the urgent needs related to the COVID-19 crisis, combined with more flexible control and accountability measures, also provide the conditions for fraud and corruption to flourish. The risk of corruption and fraud remained the highest perceived risk in all regions. DG INTPA is invited to continue to monitor the situation and to pay particular attention to the most fragile countries.

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

Recalling that the budgetisation of the EDFs has been a long-standing demand of Parliament, Members welcomed the fact that from the period covered by the 2021-2027 MFF, the EDFs, the Development

Cooperation Instrument and other instruments have been integrated, together with new financial instrument NDICI - Global Europe, into the general budget of the Union under Heading 4 ‘Global Europe’, which represents 6.6%, or EUR 11.4 billion, of the Union's general budget.

Members welcomed the fact that the financing of this cooperation will therefore no longer be subject to an intergovernmental agreement between the Member States, but will instead be financed through the system of own resources in the Union's budget. This new organisation implies new institutional responsibilities and tasks, in particular for Parliament as the budgetary authority for the annual budget.

EU budget support

The EDFs’ budget support contribution accounted for 39 % of the total amount of Union budget support paid in 2020 (EUR 1 164 million out of EUR 2 986 million). 40 ACP countries and 8 OCTs benefitted from budget support in 2020. Members were pleased to note that in 2020, sub-Saharan Africa remains the main beneficiary of budget support, with a share of 38% (36% in 2019).

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.

Parliament reiterated its call on the Commission services to continue to rigorously assess in its policy dialogue the risks of corporate tax evasion, tax fraud and illicit financial flows that particularly affect developing countries. It urged the EU and the Member States to set up a new debt reduction initiative for heavily indebted poor countries.

Performance

Parliament noted the Commission's opinion on the effectiveness of the implementation of the COVID-19 pandemic action by Team Europe, which has resulted in the full implementation of the EDF resources available for 2020. It welcomed the overall positive global impact of the COVID-19 vaccine global access mechanism (COVAX). By mid-March 2022, Member States had shared over 400 million doses. Members stressed that in the coming years, Member States should continue to invest in COVID-19 and other vaccines for developing countries and help improve distribution channels.

The Commission is asked to carry out a country-by-country performance assessment of ongoing long-term projects funded by the EDFs to show what real impact the EU's decades of investment on the ground is having in each country.

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 particular, ensures that beneficiary countries receive support not only to address the root causes of migration, but also to foster resilience, economic opportunities, equal opportunities, human security and social development.

Parliament noted that EDF contributions to the EU Trust Funds have increased from EUR 600 million in 2019 to EUR 800 million in 2020, and that additional EDF resources for the EU Trust Fund for Africa

have been used to address specific areas of concern in the Sahel and Lake Chad regions and in the Horn of Africa, including security challenges, essential stabilisation efforts and the response to the COVID-19 pandemic.

Concerned about the influence of the Wagner Group on the Central African armed forces, Members called on the Commission to ensure that countries receiving EU funds cannot use them to finance private military companies with such a record of human rights violations.

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: (i) develop more synergies and coherence with the EU's internal and horizontal policies on small island developing states, the EU's outermost countries and territories and the EU's outermost regions; (ii) ensure that funding benefits all OCTs in a fair and equitable way.