2001 discharge: 6th, 7th and 8th European Development Funds EDF

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PURPOSE : to present the Annual Report form the Court of Auditors on the implementation of the 6th, 7th and 8th European and Development Funds for the financial year 2001 and the Statement of Assurance concerning the EDF. CONTENT :this annual report concentrates on the implementation of the sixth, seventh and eighth EDFs in 2001. In its report, the court recalls that the EDFs are the result of international conventions between the Member States of the European Union and 77 ACP countries (after the ninth EDF) as well as 24 overseas countries and territories. The Commission is responsible for the management of the EDFs in association with the ACP states. The duration of the ACP-EU conventions corresponds neither to the initial duration of the EDFs that they set up nor to the real duration of the implementation of the latter. The Court has noted both the growing delay in the entry into force of the conventions (resulting in a corresponding delay in the start of the EDFs) and the very long duration of the implementation of the EDFs. Thus, during the financial year 2001, the three EDFs still in force entered their 16th, 11th and 4th years of implementation respectively. In 2001, the Commission provided an analysis of their financial management. This document is more detailed than the one for the financial year 2000. There is still room for improvement, in particular with regard to the explanation of the slow implementation of the EDFs. As stated, in 2001, the implementation rate of the EDFs was characterised by slower financing decisions and faster payments. The balance in hand for new decisions still accounts for 14 % of total appropriations, as compared with 19 % at the end of 2000. The amount of outstanding commitments at the end of the year went down from EUR 8 982 million in 2000 to EUR 8 469 million in 2001. Some of the causes of the under-implementation of the EDFs are short-term, like the reduction or even suspension of aid due to problems in the beneficiary countries (such as arm conflicts, etc). The reasons are essentially structural (overdiversification, insufficient preparation of the projects, cumbersome procedures and the weakness of the national administrations in the recipient countries). Apart from its use of fast disbursement instruments, the reforms undertaken by the Commission to improve programming, simplify the public contract procedures, decentralise the management of aid and help strengthen the institutions of the ACP countries will only be able fully to produce results in the medium term. The Court notes once again the difficult transition between the eighth and ninth EDFs and that the ACP Council of Ministers decided to apply the Cotonou agreement without waiting for the entry into force of either the agreement or the financial protocol creating the ninth EDF. To summarise, the Court recognises that development aid policy involves constraints that are likely to make implementation slow. It therefore asks the Commission to show more realism in establishing its forecasts so as not to give rise to unjustified expectations. At the same time, it asks the Commission to give more emphasis to reforms aimed at limiting this slowness, so that the eighth and the ninth EDFs do not suffer from the same excessive implementation delays found for the previous EDFs. The Court also provides a Statement of Assurance on thereliability of the EDF accounts and on the legality and regularity of the underlying transactions. As regards the reliability of the accounts, the Court is of the opinion that the revenue entered in the accounts, the amounts allocated to the EDFs' commitments and payments for the financial year are, taken as a whole, legal and regular. However, because it did not carry out on-the-spot audits and because it cannot rely on the results of the audits initiated by the Commission, the Court is not in a position to provide assurance regarding the reality of work, supplies and services underlying the payments at the level of the local beneficiaries.