1999 discharge: 6th, 7th and 8th European Development Funds (EDF)

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PURPOSE: presentation of the Court of Auditors' annual report on the activities of the sixth, seventh and eighth European Development Funds (EDF) in the 1999 financial year.

CONTENT: This annual report focuses on the activities of the 6th, 7th and 8th EDFs in 1999. In its report, the Court recalls the operation of the EDFs which are the result of international agreements between the Member States and the 71 ACP states. The Commission is, however, responsible for managing the EDFs which were implemented in parallel since, although in principle they last five years, the corresponding appropriations may be called up at any time. Only when the Commission considers that a fund is near completion does it transfer the balance to a subsequent fund. The Court considers that, for the most part, the EDF Funds were correctly implemented in 1999 even if the accounts were submitted late (15.06.2000). The Court is of the opinion that the accounts for the financial year 1999 give a true picture of the revenue and expenditure of the 6th, 7th and 8th EDFs for the year and of their financial situation at the end of the year. However, it points out problems in respect of the scope and level of implementation of macro-economic aid not shown in the accounts and the situation of commitments, which is not consistent with the actual state of affairs and does not give a reliable indication of the appropriations which are actually available. Although in the case of some countries which experience delays internal disturbances are responsible for implementation problems, in other cases questions must be raised as to their ability or willingness to make use in good time and in an appropriate fashion, of the funds they have been allocated. In such cases, the Commission's initial allocation decisions should be reappraised and readjusted on the basis of urgent needs after agreement has been obtained from the States concerned. Concerning the system for stabilising export revenues (Stabex), which is financed by the 8th EDF, the Court suggests that current funding surpluses require rectification. The Court is of the opinion that the transactions underlying the financial statements for the 6th, 7th and 8th EDFs for the 1999 financial year are, on the whole, legal and regular. However, the Court points out that, with regard to payments implemented in the ACP countries under the responsibility of National and Regional Authorising Officers in the framework of some programmes or financial instruments, the financial audits carried out by the Commission revealed ineligible transactions which may be attributed to the EDFs. Moreover, the Court also points out that, in the case of macro-economic aid, it makes no sense to carry out a strict legality and regularity check on the basis of a systematic review of the conditions in the financing agreements.