2002 discharge: 6th, 7th and 8th European Development Funds (EDF)

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The European Parliament has adopted a report by Mr Jonas SJOSTEDT (GUE/NGL, S) relating to the European Commission's implementation of the budget for the sixth, seventh and eighth European Development Funds for the financial year, 2002.

By and large, the European Parliament agrees with the findings of the European Court of Auditors that, with certain exceptions, the accounts for the financial year 2002 reliably reflect the revenue and expenditure at the end of the financial year 2002. Further, Parliament notes that on the basis of the documentation examined, the revenue entered into the accounts, the amounts allocated to the EDF's commitments and the payments made are, taken as a whole, both legal and regular. Where there is criticism, however, this is mostly directed at EuropAid (AIDCO). Parliament notes that the coverage and findings of external audits were neither quantified nor analysed and that the external audits were still not included within the scope of Internal Control Standard No 21 on audit reports. Moreover, the amounts to be recovered were not entered in the accounts and, thus, could not always be identified. There was no guarantee that advances were correctly cleared. The Parliament, therefore, calls on the Director-General of AIDCO to address these weaknesses. That being said, the Parliament also recognises that the Director-General of AIDCO in 2002 did not yet have all the requisite information concerning the reality, legality and regularity of on-the-spot transactions.

Regarding the question of whether or not the Commissioner for Development and Humanitarian Aid is responsible for ensuring that AIDCO includes a reliable declaration in the annual activity report, the Parliament concludes that failure to include a report would be against the Code of Conduct for Commissioners and Departments. The Code clearly states that, "Director-Generals shall be answerable to their Commissioner for the sound implementation of the policy guidelines laid down by the Commission and the Commissioner".

On other matters, the Parliamentary Report makes the following observations:

1. Budgetary support: Parliament recognises that budgetary support is necessary for achieving poverty reduction as well as improving the management of public finances in beneficiary countries. It notes that, direct budgetary assistance in support of macroeconomic or sectoral reforms should only be granted in cases where public expenditure management is sufficiently transparent, accountable and effective, where national macroeconomic or sectoral policies agreed by the donor countries are in place and where public procurement is open and transparent. Under the heading of budgetary support, Parliament acknowledges that when budgetary support funds have been released to ACP countries, these funds should be spent and controlled according to national and not EDF control procedures. Lastly, the Parliament invites the Commission to continue its co-operation with other donor countries to ensure a harmonised approach among donors toward the ACP States.

2. Supreme Audit Institutions. Parliament asks the Commission to include information on funds spent on projects involving supreme audits institution in a communication on financial information on the EDF's financial year, 2003. It also invites the Commission to consider setting the condition that an ACP State must agree to introduce multiannual programmes for creating and/or strengthening a Supreme Audit Institution before budgetary support can be granted.

3. Decentralisation of management of aid and support. Parliament supports the devolution of resources and decision-making powers to the delegations. There is, however, an insistence on maintaining accountability and transparency of accounts. The Report's author regrets that the Commission does not systematically collect audits and evaluations from all delegations – to such an extent that requests from the rapporteur to receive a number of audit and evaluation reports were not forwarded in a timely manner – leaving the rapporteur to conclude that Headquarters are not always in control of audit activities. The Report, therefore, asks the Commission to present the Parliament with a list of audits and evaluations performed in 2003 by the delegation, in which information is provided on how audits and evaluations have been followed up.

4. Implementation of RAL and budgetisation. Parliament considers it regrettable that the level of unspent EDF resources should stand at EUR 11.3 billion, given that the Fund is designed to assist many of the poorest countries in the world. Whilst accepting that there are bureaucratic reasons holding up the release of the Fund, the Report's authors suggest that many of these problems would be resolved if the EDF were to be brought within the Community budget. Were the EDF to be integrated into the overall EU budget, it would be subject to the acquis communautaire thus eliminating the current democratic deficit. The Report, therefore invites the Commission to enter into a dialogue with the ACP States on how to eliminate the RAL. On a last point, the Report stresses that the budgetisation of the EDF must not lead to a decrease in total funds available to the ACP States.

The Report also makes note of the EDF's main objective, namely poverty reduction. The Report highlights the Commission's and Member States' commitment to the Millennium Development Goals (MDGs) as a means for realising this objective. The Parliament proposes that careful monitoring of whether appropriate resources are going to health and education at a national level should continue.

On the matter of CESD contracts the Report comments on the fact that financial contracts have been signed with one of the companies at the centre of the Eurostat scandal in the context of the Common Market of Eastern and Southern Africa. The author regrets that Eurostat's consistent advice in favour of using CESD did not raise concern within AIDCO despite what was known internally about the company.

As far as the ACP Secretariat is concerned, the Report makes mention of the on-going court case within the Belgian Courts regarding a former employee. The Parliament concludes that it is not appropriate for the ACP Secretariat to seek diplomatic immunity and that diplomatic immunity should not make it impossible for the ACP secretariat to honour its responsibilities as an employer. The ACP Secretariat also comes in for strong criticism regarding its EUR 18 million financing agreement for the years 2000-2004 and which was signed by the Commission on 9 March 2000.

Finally, the Parliament welcomes the creation of a EUR 250 million Peace Facility for Africa. In a bid to prevent the money from being squandered on non peaceful activities, the rapporteur asks the Commission to enter into a dialogue with Parliament on the use of funding for the African Peace Facility.