2003 discharge: 6th, 7th, 8th and 9th European Development Funds EDF

2004/2049(DEC) - 12/04/2005 - Text adopted by Parliament, single reading

The European Parliament adopted the report by Marilisa XENOGIANNAKOPOULOU (PES, EL) by 556 votes for, 70 against and 10 abstentions, giving discharge to the Commission for the budget of the 6th, 7th, 8th and 9th European Development Funds for the 2003 financial year.

The Parliament takes the view that development policy is an essential component of the Union's external action, the aim of which is to eradicate poverty by bolstering social, educational and health-related infrastructure, increasing the production capacity of poor populations and granting support to the countries concerned to enable them to increase growth and local potential. It stresses that the achievement of the Millennium Development Goals (MDGs) would be a major step towards reaching this objective. It states that the EDF is an important tool for carrying out this policy in the ACP countries and that it must be made more effective through a greater focus on actions aimed at poverty eradication and through faster implementation in tandem with greater transparency, greater accountability and compliance with the principles of sound financial management.

Equally, it recognises the Commission's efforts to focus its development operations on the achievement of the MDGs including the identification of ten key indicators and welcomes the use of these key indicators in the EDF mid-term reviews for assessing the progress towards poverty eradication; calls on the Commission to step up its efforts to that end and recommends that 35% of European Union development cooperation spending be given over to achieving the MDGs.

Moreover, Parliament welcomes the fact that in 2003 out of a total financing for ACP countries (EDF and EU general budget) of EUR 4 079 million, 33% (EUR 1 346 million) was committed for social infrastructure and services. It deplores the fact that only EUR 62 million (1.5 %) was earmarked for basic education and EUR 212 million (5.2%) for basic health. The Commission is urged to increase funding for these sectors and calls for 20% of European Union development cooperation spending to be earmarked for basic education and health in the developing countries.

On other issues, the Parliament makes the following recommendations:

Accounts: it notes that the balance sheets and accounts were forwarded late. It asks to be kept informed of progress with modernisation of the new integrated IT system (ABAC-FED). It believes that transparency would be enhanced if information on these funds were provided to the discharge authority which is responsible for signing off the EDF accounts.

Statement of Assurance: the Commission is urged to address the following weaknesses noted by the Court of Auditors concerning supervisory systems and controls.

Financial Management Report: the Commission is asked to further enhance this report in future, in particular to allow comparison of the sums channelled into projects.

Accountability: Parliament notes that while the Commissioner for Development and Humanitarian Aid is responsible for EDF policy, the Commissioner for External Relations and European Neighbourhood Policy is responsible for all general policy and management matters concerning the functioning of EuropeAid, which implements the EDF. Parliament remains concerned that the lack of clarity over responsibility may create ambiguities with regard to accountability for the EDF.

Implementation and the RAL: with the introduction of the ninth EDF and the rapid commitment of new funds, the level of unspent resources (RAL - reste à liquider) rose by over EUR 1 000 million from EUR 8 385 million at the end of 2002 to EUR 9 410 million at the end of 2003 which is unacceptably high. It urges the Commission to speed up disbursement of EDF aid.

Budgetarysupport: Parliament notes the increasing significance of budget support with EUR 390 million disbursed in 19 ACP countries in 2003. It urges the Commission to improve its instruments to assess economic reforms and the quality of public financial management as conditions for the eligibility for budget support. It recalls the request made in the 2002 discharge report for an assessment of the extent to which all three conditions set out in Article 61(2) of the Cotonou Agreement have been met.

Budgetisation: Parliament considers that budgetisation of the EDF would remove many of the complications and difficulties of implementing successive EDFs, help speed up disbursement and eliminate the current democratic deficit. It considers that this issue should be addressed in the framework of the discussion on the new Financial Perspectives.

Devolution of management of aid and support: supporting the Commission's devolution of resources and decision-making powers to the Delegations of the Commission, Parliament expects that this new organisational structure will contribute to even higher implementation levels for commitments and payments than those achieved by the Commission in 2003. Parliament seeks reassurance that appropriate controls are accompanying the devolution of resources and decision-making powers to delegations. It asks for a report in time for the next discharge exercise outlining the state of play of the devolution process, describing the expected benefits with quantifiable indicators and setting out the benefits so far achieved, and detailing the control structures in place in delegations, including the state of implementation of the internal control standards.

Stabex Funds: noting that the Commission made an inventory of Stabex funds in 2003 which indicated that around EUR 700 million remains to be committed in the local accounts of beneficiary countries, Parliament urges the Commission to work with the beneficiary countries to enhance monitoring and ensure that the outstanding funds are committed as rapidly as possible.

Evaluation : Parliament invites the Commission to report on how it intends to ensure that evaluation is properly carried out and followed up and to advise as to when it feels it will be able to meet the standard.