




Basic information	
<b>2016/2202(DEC)</b> DEC - Discharge procedure 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs) <b>Subject</b> 8.70.03.05 2015 discharge	Procedure completed

Key players				
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	<b>CONT</b> Budgetary Control		OMARJEE Younous (GUE/NGL)	08/08/2016
			Shadow rapporteur SCHMIDT Claudia (PPE) KADENBACH Karin (S&D) CZARNECKI Ryszard (ECR) DLABAJOVÁ Martina (ALDE) TARAND Indrek (Verts/ALE) VALLI Marco (EFDD) JALKH Jean-François (ENF)	
	<b>Committee for opinion</b>		<b>Rapporteur for opinion</b>	<b>Appointed</b>
	<b>DEVE</b> Development		RÜBIG Paul (PPE)	07/09/2016
	<b>BUDG</b> Budgets		The committee decided not to give an opinion.	
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Budget		GEORGIEVA Kristalina	

Key events			
Date	Event	Reference	Summary
15/07/2016	Non-legislative basic document published	COM(2016)0485 	Summary
04/10/2016	Committee referral announced in Parliament		

23/03/2017	Vote in committee		
30/03/2017	Committee report tabled for plenary	<a href="#">A8-0125/2017</a>	<a href="#">Summary</a>
26/04/2017	Debate in Parliament	<a href="#">CRE link</a>	
27/04/2017	Decision by Parliament	<a href="#">T8-0145/2017</a>	<a href="#">Summary</a>
27/04/2017	Results of vote in Parliament		
27/04/2017	End of procedure in Parliament		
29/09/2017	Final act published in Official Journal		

Technical information	
<b>Procedure reference</b>	2016/2202(DEC)
<b>Procedure type</b>	DEC - Discharge procedure
<b>Stage reached in procedure</b>	Procedure completed
<b>Committee dossier</b>	CONT/8/07429

Documentation gateway				
<b>European Parliament</b>				
Document type	Committee	Reference	Date	Summary
Committee draft report		<a href="#">PE593.839</a>	16/02/2017	
Committee opinion	<a href="#">DEVE</a>	<a href="#">PE597.491</a>	06/03/2017	
Amendments tabled in committee		<a href="#">PE600.910</a>	07/03/2017	
Committee report tabled for plenary, single reading		<a href="#">A8-0125/2017</a>	30/03/2017	<a href="#">Summary</a>
Text adopted by Parliament, single reading		<a href="#">T8-0145/2017</a>	27/04/2017	<a href="#">Summary</a>
<b>Council of the EU</b>				
Document type		Reference	Date	Summary
Supplementary non-legislative basic document		<a href="#">05376/2017</a>	14/02/2017	<a href="#">Summary</a>
Supplementary non-legislative basic document		<a href="#">05377/2017</a>	14/02/2017	<a href="#">Summary</a>
Supplementary non-legislative basic document		<a href="#">05378/2017</a>	14/02/2017	<a href="#">Summary</a>
Supplementary non-legislative basic document		<a href="#">05379/2017</a>	14/02/2017	<a href="#">Summary</a>
<b>European Commission</b>				
Document type		Reference	Date	Summary
Non-legislative basic document		<a href="#">COM(2016)0485</a>	15/07/2016	<a href="#">Summary</a>
<b>Other institutions and bodies</b>				
Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	<a href="#">N8-0075/2016</a> <a href="#">OJ C 375 13.10.2016, p. 0287</a>	14/07/2016	<a href="#">Summary</a>

CofA	Court of Auditors: opinion, report	N8-0098/2016 <a href="#">OJ C 409 05.11.2016, p. 0006</a>	14/07/2016	
------	------------------------------------	--	------------	--

<b>Final act</b>	
Budget 2017/1630 <a href="#">OJ L 352 29.09.2017, p. 0143</a>	<a href="#">Summary</a>

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 14/02/2017 - Supplementary non-legislative basic document

### Council Recommendation : 9<sup>th</sup> EDF

Having regard to the Internal Agreement between Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community Aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories setting up, amongst others, the 9<sup>th</sup> European Development Fund (EDF) and having examined the revenue and expenditure account and the balance sheet relating to the operations of the 9<sup>th</sup> EDF as at 31 December 2015 and the Annual Report of the Court of Auditors on the activities funded by the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDFs concerning the financial year 2015, together with the Commission's replies contained in that Annual Report, **the Council recommended the European Parliament to give the Commission a discharge in respect of the implementation of the operations of the 9<sup>th</sup> EDF for the financial year 2015.**

This recommendation is not accompanied by any further observations. The Council considered that the overall implementation by the Commission of the operations of the 9<sup>th</sup> EDF has been satisfactory.

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 14/02/2017 - Supplementary non-legislative basic document

### Council Recommendation : 10<sup>th</sup> EDF

Having regard to the Internal Agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories setting up, amongst others, the 10<sup>th</sup> European Development Fund (EDF) and having examined the revenue and expenditure account and the balance sheet relating to the operations of the 10<sup>th</sup> EDF as at 31 December 2015 and the Annual Report of the Court of Auditors on the activities funded by the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDFs concerning the financial year 2015, together with the Commission's replies contained in that Annual Report, **the Council recommended the European Parliament give the Commission a discharge in respect of the implementation of the operations of the 10<sup>th</sup> EDF for the financial year 2015.**

This recommendation is not accompanied by any further observations. The Council considered that the overall implementation by the Commission of the operations of the tenth EDF during the financial year 2015 has been satisfactory.

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 14/02/2017 - Supplementary non-legislative basic document

### Council Recommendation : 8<sup>th</sup> EDF

Having regard to the Internal Agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention setting up, amongst others, the 8<sup>th</sup> European Development Fund (eighth EDF) and after having examined the revenue and expenditure account and the balance sheet relating to the operations of the 8<sup>th</sup> EDF as at 31 December 2015 and the Annual Report of the Court of Auditors on the activities funded by the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDFs concerning the financial year 2015, together with the Commission's replies, **the Council recommended the European Parliament to give the Commission a discharge in respect of the implementation of the operations of the 8<sup>th</sup> EDF for the financial year 2015.**

This recommendation is not accompanied by any further observations. The Council considered that the overall implementation by the Commission of the operations of the 8<sup>th</sup> EDF has been satisfactory.

# 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 14/02/2017 - Supplementary non-legislative basic document

## Council Recommendation : 11<sup>th</sup> EDF

Having regard to the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies setting up the 11<sup>th</sup> EDF and after having examined the revenue and expenditure account and the balance sheet relating to the operations of the 11<sup>th</sup> EDF as at 31 December 2015, and the Annual Report of the Court of Auditors on the activities funded by the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> European Development Funds (EDFs) concerning the financial year 2015, together with the Commission's replies, **the Council recommended the European Parliament give the Commission a discharge in respect of the implementation of the operations of the 11<sup>th</sup> EDF for the financial year 2015.**

This recommendation is not accompanied by any further observations. The Council considered that the overall implementation by the Commission of the operations of the 11<sup>th</sup> EDF during the financial year 2015 has been satisfactory.

# 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 14/07/2016 - Court of Auditors: opinion, report

**PURPOSE:** presentation of the 2015 report from the Court of Auditors of the European Union on the activities funded by the 8th, 9th, 10th and 11th European Development Funds (EDFs).

**BACKGROUND:** the EDFs provide European Union assistance for development cooperation to the African, Caribbean and Pacific (ACP) states and overseas countries and territories (OCTs). EDF spending and cooperation instruments aim to overcome poverty, and to promote sustainable development and the integration of ACP countries and OCTs in the world economy.

The EDFs are funded by the EU's Member States and are implemented either through individual projects or by providing budget support (a contribution to a country's general budget for a specific policy or objective).

Each EDF is governed by its own financial regulation.

**CONTENT:** external aid financed by the EDFs is implemented in a high risk environment, notably due to the geographically dispersed activities and weak institutional and administrative capacity in partner countries. They are managed outside the framework of the EU budget by the European Commission and, for some assistance, by the European Investment Bank (EIB).

**Discharge procedure:** due to the intergovernmental nature of the EDFs, the European Parliament has a more limited role in their functioning than that it exercises for the development cooperation instruments financed by the EU general budget: notably, it does not intervene in the establishment and allocation of EDF resources. However, the European Parliament is the discharge authority, except for the Investment Facility managed by the EIB.

The audited amount in the framework of the EDF was **EUR 3.1 billion**.

The Court's main conclusions are set out in a 'Statement of Assurance' of which the main elements may be summarised as follows:

### Statement of assurance:

**Reliability of the accounts:** the Court stated that the consolidated accounts of the European Union for the year ended 31 December 2015 present fairly, in all material respects, the financial position of the Union as at 31 December 2015, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the Financial Regulation and with accounting rules based on internationally accepted accounting standards for the public sector.

**Regularity of the transactions underlying the accounts (revenue):** revenue underlying the accounts for the year ended 31 December 2015 is legal and regular in all material respects.

**Legality and regularity of payments underlying the accounts:** based on the audit, the Court estimated that the most likely error rate for expenditure transactions from the 8th, 9th, 10th and 11th EDFs is 3.8%. The Court gave an **adverse opinion on the legality and regularity of payments underlying the accounts**.

**Nature of errors found:** EDF expenditure on budget support and in multi-donor actions carried out by international organisations is significantly less prone to error than other EDF payments. However, this is linked to the nature of funding and the considerable flexibility that the Commission can apply when deciding whether the general conditions have been met.

Overall, as in previous years, the level of error found in EDF expenditure — including in some final claims which had been subject to expenditure verifications and external audits — point to **weaknesses in the ex ante checks**. Errors due to the absence of supporting documents to justify expenditure and non-compliance with procurement rules (see examples) were the cause of more than two-thirds of the estimated level of error.

Overall, if all the information had been used by the Commission to correct errors it committed itself or made by the beneficiaries for projects financed by the EDFs, the estimated level of error would have been 1.7 percentage points lower.

**Procurement and supporting documents:** the Court audited the procurement of agricultural product testing laboratory equipment in Ethiopia and found that the contract was awarded directly to a company without following the required competitive tendering procedure. In addition, the selected company was acting only as an intermediary and was not the authorised distributor of the procured equipment.

It also examined the expenditure on laboratory, information technology and office equipment in Mozambique that was financed by an EDF project. For four of the ten sampled payments, we were not provided with sufficient supporting documentation for the procurement and delivery of these items.

**Corrective measures:** the Commission's Directorate-General for International Cooperation and Development, which manages almost all of the spending under the EDFs, adopted a new action plan in 2015 to address weaknesses in its control system. It is too early for us to assess progress on these actions. We also found that the previous action plan, adopted in 2013, has been mostly implemented, with 19 actions concluded and the remaining four being underway at the end of 2015.

**Court's recommendations:** to remedy the elements mentioned above, the Court recommended that the Commission:

- expand the use of the quality grid to audits and expenditure verifications contracted directly by beneficiaries;
- adapt the terms of reference of audits and expenditure verifications with a view to obtaining all relevant information on the actual work done that is necessary to assess their quality using the new quality grid;
- assess the costs and benefits of improving the monitoring of audits and expenditure verifications contracted directly by beneficiaries by including them in the new audit application;
- apply appropriate sanctions to entities that do not comply with their obligation to provide essential supporting documentation for the Court's audit;
- for payments under indirect management with beneficiary countries, (i) support the declaration of assurance with the statistically most reliable evidence available, and (ii) distinguish between forms of aid with different risk profiles, as is done for payments under direct management; and
- revise the estimate of its future corrective capacity by excluding from the calculation (i) recoveries of unspent prefinancing and earned interest, and (ii) cancellations of recovery orders previously issued.

Overall, the Commission accepted the recommendations and stated that it shall improve its assessment of risk and level of error for expenditure involving indirect management with beneficiary countries.

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 27/04/2017 - Text adopted by Parliament, single reading

The European Parliament decided by 510 votes to 130, with 7 abstentions, to grant discharge to the Commission in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

It also decided to **approve the closure** of the EDFs for the financial year 2015.

In its resolution accompanying the decision on discharge, adopted by 529 votes to 109 with 8 abstentions, Parliament welcomed the fact that the Court of Auditors, in its annual report, found that the final annual accounts present fairly, in all material respects, the EDFs' financial position at 31 December 2015 and that the revenue underlying the accounts is legal and regular in all material aspects.

**Financial implementation in 2015:** Parliament showed that in 2015, spending concerned four EDFs, in particular the eighth EDF, which amounted to EUR 12 480 million, the ninth EDF, which amounted to EUR 13 800 million, the tenth EDF, which amounted to EUR 22 682 million and the eleventh EDF, which amounted to EUR 30 506 million. While regretting that the lack of payment credits faced by the Commission in 2015 led to a difficult budgetary situation in the development cooperation, Members, nevertheless, welcomed the efforts carried by the Commission to ensure the **continuity of development aid** and to limit the adverse consequences of the existing payment shortages.

**Components of the assurance framework:** Parliament welcomed the shift from a general reservation to the issuance of differentiated reservation as requested by Parliament in its previous EDF resolutions, namely (i) one thematic reservation for the two high-risk pending domains of grants in direct management (18 % of the total amount paid in 2015) and indirect management with international organisations; and (ii) a specific reservation for the African peace facility.

It invited the Commission to continue **refining the risk assessment** of its activity based budgeting and expressed concern over the risky nature of indirect management, particularly due to the lack of traceability of funds when they are disbursed. Members asked, in this context, to evaluate the **level of risk and vulnerabilities of indirect management**.

Moreover, Parliament welcomed the fact that a residual error rate (RER) study was carried out for the fourth consecutive year and has become a key tool within the control, monitoring and auditing strategy.

**Results-based approach:** the resolution pointed out the importance of formulating true and sustainable **S.M.A.R.T. objectives** before any decision on financing different projects is taken and the need to put extra focus on formulating "attainable and realistic" goals.

Parliament considered it to be necessary to refrain from focusing on budgetary outturn as the sole management objective. Any incentive-based approach, founded on a 'positive conditionality' system resulting in incentives for the well-performing beneficiaries and stricter controls for the ill-performing beneficiaries, should be linked to specific and stringent performance indicators.

It recalled that the regular monitoring and mapping of high risk factors (external, financial and operational) and their quantification, from identification to implementation phases, is a prerequisite for a good financial management.

**Aid effectiveness:** with a view improving EDF aid effectiveness, Parliament underlined the need to:

- **prove that the value for money and results achieved** with this support can be demonstrated through development aid;
- ensure the partner country ownership of development results;
- adapt the mode of implementation of projects is adapted to the objectives pursued in each case and for each project;

- carry out an independent *ex ante* assessment that takes the social and environmental impact of the projects into account, as well as their added value;
- increase support for technical and administrative resources to improve the effectiveness of EDF aid in particular with regard to the complexity of rules.

**Budgetary support:** EUR 1 266 44 million out of EUR 5 746 million in total payments (or 22 %) were devoted in 2015 to budget support. Members considered that although budget support is an aid modality adapted to the specificities of development aid, it carries a considerable fiduciary risk and should be granted only if it provides sufficient **transparency, traceability, accountability and effectiveness** alongside to proven commitment in policy reforms.

**Trust funds:** Parliament recognised the rationale for developing dedicated trusts funds as pooling instruments for financial resources from various stakeholders, with a view to increasing flexibility and speeding up the Union response to global international issues, major crises or emergency situations.

The Commission is called upon to implement **comprehensive control mechanisms** to ensure political scrutiny, especially from Parliament, on the governance, management and implementation of these new instruments in the context of the discharge procedure.

The resolution also stressed the need to:

- improve the models of **cooperation frameworks used with all international organisations** to ensure in particular a more thorough control of the management costs;
- adapt the governance, coordination and respective responsibilities of stakeholders involved in the monitoring of the **African Peace Facility (APF)** funding given that the operational monitoring of the APF was not effective in protecting the EDFs against illegal and irregular expenditure;
- implement more synergies with the Union internal and horizontal policies with **concrete overseas countries and territories (OCT) participation** and ensure that funding benefits all OCTs fairly and equally.

**EDF's response to urgent global challenges:** Parliament acknowledged that the EDF's funds are contributing to addressing the root causes of the **current global refugee and migration crisis**. It underlined that the EDF's funds must not be misused for purposes other than determined in the provisions such as secure border control and effective return measures. It called on the Commission to engage constructively to **achieve synergies** between the Union budget, the EDF and bilateral cooperation in order to address issues concerning migration crisis prevention.

Members welcomed the EIB's efforts to contribute to a Union response to critical international matters. They invited the EIB to **insist and give priority to long-term effect of investments and their contribution to sustainable development** in all economic, social and environmental aspects.

As regards the **post-Cotonou agreement**, Members called for further coherence to be ensured between the objectives of development and all the Union's external policies, and elements such as the fight against inequalities and actions in favour of sustainable development should be central.

Parliament recommended that the post-Cotonou agreement should: (i) go beyond economic questions and promotes an **efficient political dialogue**; (ii) recall that political dialogue is one of the keys to ensure aid performance and effectiveness; (ii) promote the empowerment and the participation of **local communities** and civil society in general; recognise the impact of **climate change** and its challenges and be more focused on the sustainable development of beneficiary countries and especially on the issue of energy self-efficiency.

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 15/07/2016 - Non-legislative basic document

**PURPOSE:** to present the final accounts of the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> European Development Funds (EDF) for the financial year 2015.

**CONTENT:** this communication presents the final accounts of the 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> which have been prepared in accordance with Title IX of the Financial Regulation of the 11<sup>th</sup> European Development Fund and which must be presented to the European Parliament, the Council and the Court of Auditors.

The document also includes a note accompanying the accounts in which the accounting officer in charge of the EFD audit certifies that the accounts present a true and fair view of the financial position of the European Development Funds in all material aspects (**signed declaration of assurance**).

**1. EDF objectives and implementation:** the EDF is the main instrument for providing Union aid for development cooperation to the African, Caribbean and Pacific (ACP) States and Overseas Countries and Territories (OCTs). The 1957 Treaty of Rome made provision for its creation with a view to granting technical and financial assistance, initially limited to African countries which at that time were still colonised and with which some Member States had historical links.

**The EDF is not funded by the European Union's budget. It is established by an internal agreement of the Representatives of the Member States, sitting within the Council, and managed by a specific committee.** The European Commission is responsible for the financial implementation of the operations carried out with EDF resources and the European Investment Bank (EIB) manages the Investment Facility.

**How is the EDF funded:** unlike the EU, the EDF is a fund operating on the basis of **multiannuality**. Each EDF establishes an overall fund to implement development cooperation during a period of **usually five years**. The EDF resources are "ad hoc" contributions from the EU Member States. Approximately every five years, Member State representatives meet at intergovernmental level to decide on an overall amount that will be allocated to the fund and to oversee its implementation. The Commission then manages the fund in accordance with the Union policy on development cooperation. Since Member States have their own development and aid policies in parallel to the Union policy, the Member States must coordinate their policies with the EU to ensure they are complementary.

During the period 2014-2020, the geographic aid granted to ACP States and OCTs will continue to be mainly funded by the EDF. Each EDF is governed by its own Financial Regulation which requires the preparation of financial statements for each individual EDF. Accordingly, financial statements are prepared separately for each EDF in respect of the part that is managed by the Commission. These financial statements are also presented in an aggregated way so as to provide a global view of the financial situation of the resources for which the Commission is responsible.

**11th EDF:** the Internal Agreement establishing the 11<sup>th</sup> EDF was signed by the participating Member States, meeting within the Council, in June 2013. It came into force on 1 March 2015. In order to assure continuity between the end of the 10<sup>th</sup> EDF and the entry into force of the 11<sup>th</sup> EDF, the Commission proposed transitional measures.

At the same time the 10<sup>th</sup> EDF Financial Regulation was amended and the new Financial Regulation applicable to the transition period was adopted. They entered into force on 30 May 2014.

At the adoption of the Multi-annual Financial Framework for 2014-2020, it was decided that geographical cooperation with the ACP States would not be integrated into the EU budget (budgetised), but would continue to be funded through the existing intergovernmental EDF.

**Discharge procedure:** the EDF annual accounts and resource management are overseen by its external auditor, the ECA, which draws up an annual report for the European Parliament and the Council. The final control is the discharge of the financial implementation of the EDF resources for a given financial year. The European Parliament is the discharge authority of the EDF. This means that following the audit and finalisation of the annual accounts it falls to the Council to recommend and then to the Parliament to decide whether to grant discharge to the Commission for the financial implementation of the EDF resources for the preceding financial year. This decision is based on a review of the accounts and the annual report of the ECA (which includes an official statement of assurance) and replies of the Commission, and also following questions and further information requests to the Commission.

On 2 March 2015, the Council adopted the 11th EDF Financial Regulation and the Implementation Rules. They entered into force on 6 March 2015.

**Investment facility:** within the framework of the ACP-EU Partnership Agreement, the Investment Facility was established. This Facility is used to support private sector development in the ACP States.

As the Investment Facility is not managed by Commission, it is not consolidated in the first part of the annual accounts – the financial statements of the EDF and the related report on financial implementation.

**EDF not budgeted:** when the Multi-annual Financial Framework for 2014-2020 was adopted, it was decided that geographical cooperation with the ACP States would **not be integrated into the EU budget (budgetised), but would continue to be funded through the existing intergovernmental EDF.**

**Discharge procedure:** the EDF annual accounts and resource management are overseen by its external auditor, the European Court of Auditors (hereinafter referred to as the ECA), which draws up an annual report for the European Parliament and the Council.

The final control is the discharge of the financial implementation of the EDF resources for a given financial year. The European Parliament is the discharge authority of the EDF. This means that following the audit and finalisation of the annual accounts it falls to the Council to recommend and then to the **European Parliament to decide whether to grant discharge to the Commission for the financial implementation of the EDF resources for a given financial year.**

**2. Overall financial implementation of the EDFs in 2015:** the report concentrates on the implementation of the EDFs and presents:

- the financial statement – funds managed by the European Commission (financial statements and explanatory notes);
- the financial statement of the European Investment Bank (EIB) including the management of the Investment Facility;
- the presentation of the consolidated accounts of the Bêkou Trust Fund for external actions under an agreement concluded with other donors. These trust funds may be created for emergency, post-emergency and thematic actions.

The first multi-donor EU Trust Fund called Bêkou, which means "hope" in Sango, was established on 15 July 2014, by the European Union (represented by DGs DEVCO and ECHO, and the EEAS) and three of its Member States (Germany, France and the Netherlands), with the aim to promote the stabilisation and reconstruction of the Central African Republic. It has been established for a maximum duration of 60 months.

**Financial statements of the EDF:** the second part of the document presents statistical tables and figures of EDF implementation, including risk management.

The document presents in particular the main projects funded by the former EDFs (they show the amounts decided, contracted and paid as regards the 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF).

The first multi-donor EU Trust Fund called Bêkou, was established on 15 July 2014, by the EU and Germany, France and the Netherlands, with the aim to promote the stabilisation and reconstruction of the Central African Republic. The maximum duration of the Bêkou Trust fund is 60 months.

**The EDF financial statements:** the second part of the document presents statistical tables and figures concerning EDF implementation, including risk management.

The document presents in particular major projects funded by the previous EDFs (whose amounts have all been committed but are gradually paid as and when the implementation of projects requires it).

**Previous EDFs:** as the Sixth EDF was closed in 2006 and the Seventh EDF was closed in 2008, the annual accounts no longer contain implementation tables for these EDFs. However, implementation of the transferred balances can be found **in the Ninth EDF.**

**10th EDF:** the ACP-EC Partnership Agreement signed on 23 June 2000 in Cotonou by the Member States of the European Community and the States of Africa, the Caribbean and the Pacific (ACP States) entered into force on 1 April 2003. The Cotonou Agreement was amended twice, firstly by the agreement signed in Luxembourg on 25 June 2005, secondly by the agreement signed in Ouagadougou on 22 June 2010. The Internal Agreement on the financing of Community aid under the multiannual financial framework for the period 2008-2013 in accordance with the revised Cotonou Agreement, adopted by the Representatives of the Governments of the Member States of the European Community on 17 July 2006, entered into force on 1 July 2008.

Under the Cotonou Agreement, the second period (2008-2013) of Community aid to the ACP States and OCTs is funded by the 10th EDF for an amount of EUR 22 682 million, of which:

- EUR 21 966 million is allocated to the ACP countries in accordance with the multiannual financial framework set out in Annex Ib to the revised Cotonou Agreement, of which EUR 20 466 million is managed by the European Commission;
- EUR 286 million is allocated to the OCTs in accordance with Annex IIaA of the revised Council Decision on the association of the OCTs with the European Community, of which EUR 256 million is managed by the European Commission;
- EUR 430 million is for the Commission to finance the costs arising from the programming and implementation of 10th EDF resources.

According to the "Sunset clause" of the 10th EDF, (articles 1(4) and 1(5) of the 10th EDF Internal Agreement) no funds could be committed after 31 December 2013. Uncommitted funds were transferred to the 11th EDF performance reserve.

By the entry into force of the 11th EDF, a total of EUR 1 630 million had been de-committed from former EDFs and were therefore potentially available to the **Bridging Facility**, of which EUR 1 595 million were allocated and are accounted for under the 11th EDF, and EUR 4 million remained unallocated on the Bridging Facility and returned to the original performance reserve.

**11th EDF:** the third period (2014-2020) of Community aid to the ACP States and OCTs is funded by the 11th EDF for an amount of EUR 30 506 million, of which:

- EUR 29 089 million is allocated to the ACP countries of which EUR 27 955 million is managed by the European Commission;
- EUR 364.5 million is allocated to the OCTs of which 359.5 million is managed by the European Commission;
- EUR 1 052.5 million is for the Commission to finance the costs arising from the programming and implementation of 11th EDF resources.

The report sets out a series of tables showing how these resources were used during the financial year 2015.

At 31.31.2015, **the net assets amount to EUR 980 million** (against EUR 932 million at 31.12.2014).

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 30/03/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Younous OMARJEE (GUE/NGL, FR) on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

The committee called on the European Parliament to **approve the closure** of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

**Financial implementation in 2015:** the report showed that in 2015, spending concerned four EDFs, in particular the eighth EDF, which amounted to EUR 12 480 million, the ninth EDF, which amounted to EUR 13 800 million, the tenth EDF, which amounted to EUR 22 682 million and the eleventh EDF, which amounted to EUR 30 506 million.

Members welcomed the fact that the Court of Auditors found that the final annual accounts **present fairly, in all material respects**, the EDFs' financial position at 31 December 2015 and that the underlying were legal and regular in all material aspects.

**Components of the assurance framework:** Members welcomed the shift from a general reservation to the issuance of differentiated reservation as requested by Parliament in its previous EDF resolutions, namely (i) one thematic reservation for the two high-risk pending domains of grants in direct management (18 % of the total amount paid in 2015) and indirect management with international organisations; and (ii) a specific reservation for the African peace facility.

They welcomed the fact that a residual error rate (RER) study was carried out for the fourth consecutive year and has become a key tool within the control, monitoring and auditing strategy.

The Commission is called upon to: (i) continue **refining the risk assessment of its activity based budgeting** to further ensure an adequate level of sectorial assurance; (ii) **maintain high methodological standards in its RER assessment** as well as to extensively monitor and enforce financial corrections by Member States.

**Results-based approach:** the report considered it to be necessary to refrain from focusing on budgetary outturn as the sole management objective. It recalled that the regular monitoring and mapping of high risk factors (external, financial and operational) and their quantification, from identification to implementation phases, is a prerequisite not only for a good financial management and quality expenditure but also to ensure the credibility of Union interventions. It also stressed the need to regularly adapt the control environment and risk management functions to take into account the emergence of new forms of assistance instruments and facilities.

**Aid effectiveness:** with a view improving EDF aid effectiveness, Members underlined the need to: (i) **prove that the value for money and results achieved** with this support can be demonstrated, but also that coherence between external policies and actions of the Union and the objectives of development aid; (ii) ensure the partner country ownership of development results; (iii) adapt the mode of implementation of projects is adapted to the objectives pursued in each case and for each project; (iv) carry out an independent *ex ante* assessment that takes the social and environmental impact of the projects into account, as well as their added value; (vi) increase support for technical and administrative resources to improve the effectiveness of EDF aid in particular with regard to the complexity of rules.

**Budgetary support:** EUR 1 266 44 million out of EUR 5 746 million in total payments (or 22 %) were devoted in 2015 to budget support. Members considered that although budget support is a key-driver for change and to address main developments challenges, it carries a considerable fiduciary risk and should be granted only if it provides sufficient **transparency, traceability, accountability and effectiveness** alongside to proven commitment in policy reforms.

**Trust funds:** Members recognised the rationale for developing dedicated trusts funds as pooling instruments for financial resources from various stakeholders, with a view to increasing flexibility and speeding up the Union response to global international issues, major crises or emergency situations. The Commission is called upon to implement **comprehensive control mechanisms** to ensure political scrutiny, especially from Parliament, on the governance, management and implementation of these new instruments in the context of the discharge procedure.

The report also stressed the need to:



- improve the models of **cooperation frameworks used with all international organisations** to ensure in particular a more thorough control of the management costs;
- adapt the governance, coordination and respective responsibilities of stakeholders involved (i.e. the Commission services, the European External Action Service and the Union delegations) in the monitoring of the **African Peace Facility** funding and reporting on its ongoing projects;
- implement more synergies with the Union internal and horizontal policies with concrete OCTs-participation.

**EDF's response to urgent global challenges:** the report acknowledged that the EDF's funds are contributing to addressing the root causes of the **current global refugee and migration crisis**. They underlined that the EDF's funds must not be misused for purposes other than determined in the provisions such as secure border control and effective return measures. It called on the Commission to engage constructively to **achieve synergies** between the Union budget, the EDF and bilateral cooperation in order to address issues concerning migration crisis prevention.

As regards **EIB contributions**, Members took note that in 2015, EUR 936 million was allocated to ACP countries and OCTs in projects implemented in 15 countries and 6 regional groupings. They welcomed the EIB's efforts to contribute to a Union response to critical international matters. They invited the EIB to **insist and give priority to long-term effect of investments and their contribution to sustainable development** in all economic, social and environmental aspects.

Members considered that in the **post-Cotonou agreement**, further coherence should be ensured between the objectives of development and all the Union's external policies, and elements such as the fight against inequalities and actions in favour of sustainable development should be central.

Members recommended that the post-Cotonou agreement should: (i) go beyond economic questions and promotes an **efficient political dialogue**; (ii) recall that political dialogue is one of the keys to ensure aid performance and effectiveness; (iii) promote the empowerment and the participation of **local communities** and civil society in general; recognise the impact of **climate change** and its challenges and be more focused on the sustainable development of beneficiary countries and especially on the issue of energy self-efficiency.

## 2015 discharge: 8th, 9th, 10th and 11th European Development Funds (EDFs)

2016/2202(DEC) - 27/04/2017 - Final act

**PURPOSE:** to grant discharge to the European Commission in respect of the implementation of the budget of the European Development Funds for the financial year 2015.

**NON-LEGISLATIVE ACT:** Decision (EU) 2017/1630 of the European Parliament on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

**CONTENT:** with the present decision, the European Parliament grants the Commission discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015.

This decision is in line with the European Parliament's resolution adopted on 27 April 2017 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 27 April 2017).