


Procedure file

Basic information		
DEC - Discharge procedure	1998/2014(DEC)	Procedure completed
1997 discharge: 6th and 7th European development Funds EDF		
Subject 6.30.03 European Development Fund (EDF) 8.70.03.07 Previous discharges		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control		29/10/1998
		PSE WYNN Terence	
	Committee for opinion	Rapporteur for opinion	Appointed
	DEVE Development and Cooperation		26/11/1998
		PPE GÜNTHER Maren	

Key events			
01/01/1998	Committee referral announced in Parliament		
13/07/1998	Non-legislative basic document published	COM(1998)0442	Summary
20/04/1999	Vote in committee		
19/04/1999	Committee report tabled for plenary	A4-0198/1999	
03/05/1999	Debate in Parliament		
04/05/1999	Decision by Parliament	T4-0389/1999	Summary
04/05/1999	End of procedure in Parliament		
03/07/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/2014(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 100
Stage reached in procedure	Procedure completed
Committee dossier	CONT/4/09655

Documentation gateway				
Non-legislative basic document		COM(1998)0442	14/07/1998	EC Summary
Court of Auditors: opinion, report		N4-0676/1998	17/11/1998	CofA

Supplementary non-legislative basic document		06321/1999	25/02/1999	CSL	Summary
Supplementary non-legislative basic document		06322/1999	25/02/1999	CSL	
Supplementary non-legislative basic document		06557/1999	08/03/1999	CSL	Summary
Committee report tabled for plenary, single reading		A4-0198/1999 OJ C 279 01.10.1999, p. 0005	20/04/1999	EP	
Text adopted by Parliament, single reading		T4-0389/1999 OJ C 279 01.10.1999, p. 0025-0132	04/05/1999	EP	Summary
Text adopted by Parliament, single reading		T4-0390/1999 OJ C 279 01.10.1999, p. 0025-0134	04/05/1999	EP	
Text adopted by Parliament, single reading		T4-0391/1999 OJ C 279 01.10.1999, p. 0025-0135	04/05/1999	EP	

Final act

[Budget 1999/429](#)
[OJ L 168 03.07.1999, p. 0020](#)

[Budget 1999/430](#)
[OJ L 168 03.07.1999, p. 0022](#)

1997 discharge: 6th and 7th European development Funds EDF

PURPOSE: to present the financial balances and the management accounts for the 6th and 7th European development funds (EDF) for the budgetary year 1997. **CONTENT:** in its document, the Commission recalls once again that the Community and its Member States represent the main official source of development aid in the world. In 38 years, the Community and its development policy have gained in size and importance to the point that today, it is rare to find a country which does not benefit from Community aid in one form or another. The EDF represents the main financial instrument of this North-South cooperation linked to the Lomé Convention and decisions regarding the association of overseas countries and territories (OCT). The resources of the EDF are divided into two categories: programmable aid or overall amounts placed at the disposal of an OCT or African, Caribbean and Pacific (ACP) country or region and non-programmable aid or assistance provided outside the framework of the financial protocols (Stabex, Sysmin, emergency aid and aid to refugees). Currently, 70 ACP countries and 20 OCT benefit from the EDFs, the resources of which are managed by the Commission (with the exception of risk capital and interest bonuses managed by the European Investment Bank). Currently, the Commission manages the 6th and 7th EDFs, which correspond respectively to funds assigned under Lomé III and the first five years of Lomé IV. Initially, the 6th EDF was assigned ECU 7,500 million to which were added ECU 1,120 million from the EIB. The 7th EDF was assigned ECU 10,940 million to which can be added ECU 1,225 million from the EIB. The agreement amending Lomé IV, which was signed at Maurice in 1995 proposes the setting up of an 8th EDF, to be assigned ECU 13,132 million plus 1,693 million ECUs from the EIB. The Commission recalls that the EDF differs from other Community financial instruments in that its resources are provided outside the budget by the Member States and in that an individual financial regulation is established for each EDF. As a result, the financial regulations which are generally applicable to budget allocations do not apply to the EDFs which function on a multiannual basis, obliging the Commission to manage several EDFs in parallel until their final closure. Financial balance and management account for 1997: with commitments amounting to EURO 17,852 million and cumulative payments amounting to EURO 13,353 million at the end of the budgetary year 1997, and taking account of proposed transfers to the 8th EDF (ECU 39 million) the rate of execution of the 6th EDF stands at 95.6% for commitments and 86% for payments. Elsewhere, taking account of proposed transfers from the 7th to the 8th EDF (ECU 253 million) and certain advances decided by the Council to the 8th EDF (withdrawn from the 7th EDF pending the final entry into force of the 8th EDF), the rate of execution of the 7th EDF stands at 89.1% for commitments and 56.6% for payments. In conclusion, the average rate of execution for the 6th and 7th EDFs combined stands at 91.7% for commitments and 68.5% for payments. Details of the rates of execution by instrument and by ACP or OCT countries can be found in the communications annexes (together with commitment and payment rates). With regard to the amounts to be retained to give the Commission discharge of the execution of the EDFs, the total balance on 31/12/97 amounts to (allocations committed at the end of 1997): - ECU 7,534 million for the 6th EDF (of which ECU 6,777 million had been paid by the end of 1997); - ECU 10,319 million for the 7th EDF (of which ECU 6,575 million had been paid by the end of 1997).?

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Given the management account and balance sheet pertaining to operations under the 6th and 7th EDF as well as the Court of Auditor's report regarding the budgetary year 1997, the Council recommends to the European Parliament that it should grant the Commission discharge for the execution of operations under the 6th and 7th EDF for the financial year 1997.?

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In a complementary Council document, concerning the statement of assurance (SOA) by the Court of Auditors regarding the activities of the 6th and 7th EDFs and concerning the reliability and regularity of the accounts and related operations for the budgetary year 1997, the Council declares that it is satisfied with the conclusions drawn by the Court and its subsequent statement of assurance, which demonstrates improvement in the EDF accounts. Essentially, the Court considered that the accounts for the budgetary year 1997 give a true picture of the receipts and expenditure of the EDFs and that the related commitment and payment operations are on the whole legal and regular. At the same time, the Court made some observations about the reliability of certain EDF accounts, notably with regard to certain advances in relation to financing study grants and the lack of transparency for certain advances on contracts. The Commission has responded to these observations and has undertaken to resolve these shortcomings. Elsewhere, the Court made more serious observations with regard to the legality and regularity of related operations. The Court considers, in effect, that the number of significant errors affecting commitments would amount to EURO 15 million. It further notes definite errors affecting commitments for certain operations managed by the EIB. In this context, the Council supports the position of the Court and charges the Commission to undertake an assessment of the impact of risk capital within the framework of ACP-EU cooperation. It notes the work already undertaken by the Commission within this framework as well as its desire, in collaboration with the EIB, to widen in 1999 its reexamination of risk capital operations by means of a general assessment. Finally, with regard to certain payments, the Court observes that in 1997, the Stabex and structural adjustment share has not been significant, which has provoked substantial errors in traditional subvention payments. As far as the Commission is concerned, these kind of errors have had no financial effect on the EDF. According to the Council, however, it is necessary to proceed with a reexamination of the entire regulation applicable to the EDF and of the internal rules in order to assess the appropriateness of that regulation. The Council welcomes the Commission's intention shortly to deliver to the Council a communication on simplifying the management of the EDF and underlines the relevance of such an exercise in the perspective of ongoing negotiations with a view to concluding an ACP-EU partnership agreement upon the expiry in February 2000 of the current Lomé Convention. In conclusion, the Council welcomes the largely positive assessment of the Court of Auditors with regard to the legality and regularity of EDF operations for the budgetary year 1997.?

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Adopting the report by Terence Wynn (PSE,UK), the European Parliament grants discharge to the Commission in respect of the financial management of the sixth and seventh European Development Funds for the financial year 1997.