


# Procedure file

Basic information		
DEC - Discharge procedure	<a href="#">2001/2096(DEC)</a>	Procedure completed
2000 discharge : 6th, 7th and 8th 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
	<b>CONT</b> Budgetary Control	PSE <a href="#">BLAK Freddy</a>	06/11/2001
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	<b>DEVE</b> Development and Cooperation	PSE <a href="#">SAUQUILLO PÉREZ DEL ARCO Francisca</a>	11/10/2001
European Commission	Commission DG <a href="#">Budget</a>	Commissioner	

Key events			
18/05/2001	Non-legislative basic document published	COM(2001)0233	Summary
11/06/2001	Committee referral announced in Parliament		
19/03/2002	Vote in committee		Summary
19/03/2002	Committee report tabled for plenary	<a href="#">A5-0088/2002</a>	
09/04/2002	Debate in Parliament		
10/04/2002	Decision by Parliament	<a href="#">T5-0165/2002</a>	Summary
10/04/2002	End of procedure in Parliament		
17/06/2002	Final act published in Official Journal		

Technical information	
Procedure reference	2001/2096(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 100

Stage reached in procedure	Procedure completed
Committee dossier	CONT/5/14815

### Documentation gateway

Non-legislative basic document		COM(2001)0233	18/05/2001	EC	Summary
Court of Auditors: opinion, report		N5-0618/2001 <a href="#">OJ C 359 15.12.2001, p. 0417-0455</a>	10/10/2001	CofA	Summary
Supplementary non-legislative basic document		<a href="#">05787/2002</a>	05/03/2002	CSL	Summary
Supplementary non-legislative basic document		<a href="#">05788/2002</a>	05/03/2002	CSL	
Supplementary non-legislative basic document		<a href="#">05789/2002</a>	05/03/2002	CSL	
Committee report tabled for plenary, single reading		<a href="#">A5-0088/2002</a>	19/03/2002	EP	
Text adopted by Parliament, single reading		<a href="#">T5-0165/2002</a> <a href="#">OJ C 127 29.05.2003, p. 0162-0548 E</a>	10/04/2002	EP	Summary

### Final act

[Budget 2002/446](#)  
[OJ L 158 17.06.2002, p. 0026](#) Summary

[Budget 2002/447](#)  
[OJ L 158 17.06.2002, p. 0034](#)

## 2000 discharge : 6th, 7th and 8th European Development Funds EDF

**PURPOSE :** to present the balance sheets and accounts of the 6th, 7th and 8th European Development fund for the financial year 2000.

**CONTENT:** the balance sheets and revenue and expenditure accounts were drawn up in accordance with the Financial Regulations applicable to the 6th, 7th and 8th EDFs. The relevant documents must be presented to the European Parliament, the Council and the Court of Auditors as provided for in Article 71 of the Financial Regulation applicable to the 7th EDF and Articles 66, 67 and 68 of the Financial Regulation applicable to the 8th EDF. These Financial Regulations stipulate that the accounts be kept according to the following principles: - Universality: all operations pertaining to each Fund are recorded. Each country has a separate record. There is a single treasury. - Justification: all operations are substantiated by supporting documents. - No set-off policy: there is no set-off between revenue and expenditure. - Calendar year: the accounts are kept by calendar year. All expenditure and revenue is registered according to the value date given on the bank statement. The balances thus established are not adjusted at the year-end. - Double-entry bookkeeping: each operation is registered to the debit of one or more accounts and to the credit of one or more accounts, so that the total amount registered on the debit side is equal to the total amount registered on the credit side. With regard to the unity of currency, the accounts for the various EDFs are kept in euro. Assets denominated in currencies belonging to the euro zone are converted in accordance with the exchange rates fixed by the European Central Bank at 31 December 1998. In addition, the Member States' contributions for an EDF must be used up before the contributions relating to the following EDF are called in. Expenditure takes into account all payment orders executed by banks up to 31 December 2000. However, in the case of local expenditure in the ACP States and for those payments for which information was not communicated to the Commission's accounting departments before the end of the financial year, payments are based on the information received for the latest period prior to 31 December. EDF appropriations are not subject to any time limit. Once granted, they are available until they are used up or reassigned. Consequently, expenditure and revenue are booked at the time of payment or actual receipt. ?

## 2000 discharge : 6th, 7th and 8th European Development Funds EDF

**PURPOSE :** to present the Annual Report from the Court of Auditors on the activities of the 6th, 7th and 8th European Development Funds for the financial year 2000. **CONTENT :** this Annual Report concentrates on the activities of the 6th, 7th and 8th EDF for the financial year 2000. The Court recalls that the European Development Funds (EDFs) are the outcome of international agreements between the Member States of the European Union and 71 African, Caribbean and Pacific (ACP) States and of Council decisions concerning the association of 24 overseas countries and territories (OCT). The Commission is responsible for administering the EDFs in association with the ACP countries, without prejudice to the responsibilities entrusted to the European Investment Bank (EIB) as regards the implementation of certain financial instruments. In 2000, the sixth, seventh and eighth EDFs were implemented in parallel since, although in principle they last five years, the appropriations from them may be called down at any time. Only when the Commission considers that a fund has been sufficiently advanced does it transfer the balance to a later fund. The Cotonou Agreement, which sets out the rules for the ninth EDF, was concluded on 23 June 2000 and the ACP-EC Council subsequently decided, on 27 July 2000, that, in anticipation of its ratification, the agreement would apply as of 2

August 2000. By virtue of that decision the Commission was authorised to undertake the programming of the ninth EDF, to apply the new procedures to most of the unallocated funds from current EDFs and to continue to finance non-programmable aid and the institutions and bodies put in place by the Fourth Lomé Convention. More specifically, with regard to the Annual Report, the Court highlights the fact that the low payments rate is minimised and is essentially presented as a short-term problem resulting from a low level of commitments in 1999 which is expected to resolve itself in 2001 and 2002, thanks to the level of commitments in 2000. The underlying structural causes of this low level of payments (project designs and programmes that are sometimes defective, cumbersome procedures, weaknesses in national administrations) are linked to the problems of implementing the Lomé Conventions and are mentioned briefly, or not at all. In this connection the translation of decisions into contracts is described as particularly positive, whereas, in terms of the amount of net resources or the amount of programmable aid allocations, the rate of secondary commitments (global and for NIPs) still gives cause for concern, for both the seventh and the eighth EDFs. There is no comment on the deferred implementation of financial instruments such as the Stabex mutual obligations frameworks and the protocols of agreement for the mobilisation of budget aid related to structural adjustment support. The Court has on many occasions made comments on presentation, some of which have been adopted by the Commission. During the production of the accounts for the financial year 2000 a study was commissioned by the Commission with a view to improving and modernising the presentation of the EDF accounts, following a similar study for the budgetary accounts of the Commission. It should be noted that the payments for the financial year 2000 totalled 1 548 million euro, compared with 1 275,4 million euro in 1999. After deduction of decommitments, commitments for the financial year 2000 amounted to 3 758 million euro. The figure for 1999 was 2 692,8 million euro. Despite a substantial increase in financing decisions, principally under the eighth EDF, implementation of the EDFs progresses slowly. This is demonstrated by, amongst other things, the level of payments effected during the financial year 2000, well below the targets announced by the Commission. The weak rate of execution was apparently not always sanctioned on the occasion of the mid-term review of the eighth EDF which adopted other criteria for the grant of the second instalment and the supplementary funds. Improved execution of the EDFs is foreseeable only in as far as the Commission succeeds in meeting the double challenge with which it is confronted: to complete successfully the reform of its own external aid management methods and structures to which it committed itself in 2000 and 2001 and, in association with other donors, to increase the recipient governments' management and absorption capacities. As regards the wider responsibilities which the Lomé Conventions and the Cotonou Agreement bestow on national authorising officers as regards the management of resources, reinforcing these capabilities must be treated as an absolute imperative if the effects of the reforms are to have any impact in the immediate future. Lastly, with regard to the legality and regularity of the underlying transactions, the Court believes that these are overall legal and regular. It should however be noted that, as with last year, the payments made in the ACP States under the responsibility of national and regional authorities in the framework of certain programmes or financial instrument, showed discrepancies.?

## 2000 discharge : 6th, 7th and 8th European Development Funds EDF

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**PURPOSE :** to present the Council Recommendation concerning the discharge to be given to the Commission in respect of the implementation of the operations of the 6th, 7th and 8th European Development Funds for the financial year 2000. Having examined the revenue and expenditure account and the balance sheet relating to the operations of the European Development Funds (6th (1984), 7th (1989) and 8th (1995)) as at 31 December 2000 and the Court of Auditors' report relating to the financial year 2000, the Council recommends that the European Parliament give the Commission discharge in respect of the implementation of the operations of the European Development Funds for the financial year 2000. This recommendation is not accompanied by any specific comments, the Council considers that for its part the discharge on the whole is satisfactory.?

## 2000 discharge : 6th, 7th and 8th European Development Funds EDF

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The committee adopted the report by Freddy BLAK (EUG/NGL, DK), recommending that discharge be granted to the Commission in respect of the financial management of the 6th, 7th and 8th European Development Funds for 2000. ?

## 2000 discharge : 6th, 7th and 8th European Development Funds EDF

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**PURPOSE :** to approve the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth EDF for the 2000 financial year. **COMMUNITY MEASURE :** Decision 2002/446/EC and 2002/447/EC of the European Parliament on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year. **CONTENT :** with the present decisions, the European Parliament gives discharge to the Commission on the financial management of the six, seventh and eighth EDF and closes the accounts of the EDF in question. There is a resolution which accompanies the discharge procedure which conforms to the European Parliament's opinion of 10 April 2002 (please refer to the summary of the Parliament's resolution 10/04/02).?

## 2000 discharge : 6th, 7th and 8th European Development Funds EDF

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By adopting the report by Mr Freddy BLAK (EUG/NGL, DK), the European Parliament voted to clear the accounts of the 6th, 7th and 8th European Development Fund which covers expenditures in the year 2000. In a resolution annexed to its opinion, the European Parliament made a certain number of observations. Firstly, Parliament is concerned about delays in the implementation of programmes and notes that payments for the year only amount to EUR 1,548 million against a commitment figure of EUR 3,758. For the future, therefore, Parliament is recommending that the granting of further aid should be conditional on effective administrative reforms. There is criticism of the decision to increase the spending for the Brussels based ACP secretariat to EUR 18 million for the 2000-2004 period, without a fixed objective. More specifically, with regard to the monitoring of aid, Parliament stresses that a transparent information system which complies with Development assistance Committee (DAC) standards is a first step towards an approach more closely geared to results, and stresses that indicators showing development results in relation to the objectives must be a priority for the Commission. It reaffirms its view that the granting of further aid should be made conditional upon the submission and effective implementation of reform programmes to improve the quality of public financial management in the beneficiary countries and it highlights the importance of the following points: - ongoing assessment of

implementation of the measures designed to reform the public administration, - monitoring of the progress achieved in key sectors (health and education) with the aid of meaningful indicators (e.g. increase in the number of teachers or doctors); - annual audit of accounting and sound management of resources on the basis of samples; - clearly defined sanctions (reduction or suspension of payments) in cases where the agreed reform measures are not complied with. It also stresses that the Commission has to increase and improve its audit capacities in a very substantial manner in order to meet these requirements. Moreover, it calls on the Commission to provide a more persuasive explanation as to why the cases of ineligible expenditure amounting to some EUR 14 million identified in a Court of Auditors study, have not yet been brought to a satisfactory conclusion. It asks the Commission to suspend payments to Senegal until a verdict from the Senegalese Court has been enforced regarding the misappropriation of around EUR 6 million of funds from the seventh EDF uncovered by an audit in 1995. With regard to the Centre for Development of Enterprise (CDE), the Parliament notes that the EDF contribution for the CDE in 2000 was EUR 18 738 and it deplores that there have been serious problems with the management of the Centre including lack of monitoring of contracts, high representation expenses and costly travel arrangements during the period 1997-1999; regrets that the report on the audit of the 1999 financial year by the auditors appointed by the ACP-EC Committee of Ambassadors revealed that overall there was no improvement in the financial management of the Centre in 1999. The resolution welcomes the fact that the Commission has initiated an additional audit for the period 1997/98/99. Parliament informs the Commission that it will come back to the matter in the framework of the 2001 discharge. With regard to the access to documents, the Parliament notes that the EDF 2000 discharge exercise has once again shown that the rules in the existing Framework Agreement concerning access to confidential documents are unsatisfactory for Parliament as discharge authority it states that the rules - are unclear concerning different levels of confidentiality. Parliament asserts that it needs to have access to complete original documents without prior alterations or obliterated text. Lastly, Parliament asks the Commission to report on steps taken to act on the observations in this resolution by 31 May 2002 and asks its Committee on Budgetary control to analyse this information and draw up a follow-up report to the discharge resolution 2000.?