


Procedure file

Basic information		
INI - Own-initiative procedure	2003/2163(INI)	Procedure completed
Budgetisation of the European Development Fund EDF		
Subject 6.30.03 European Development Fund (EDF)		

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	DEVE Development and Cooperation		12/01/2003	
		GUE/NGL SCARBONCHI Michel-Ange		
	Committee for opinion	Rapporteur for opinion	Appointed	
	BUDG Budgets (Associated committee)		26/11/2003	
		ELDR VIRRANKOSKI Kyösti		

Key events			
04/09/2003	Committee referral announced in Parliament		
08/03/2004	Vote in committee		Summary
08/03/2004	Committee report tabled for plenary	A5-0143/2004	
31/03/2004	Debate in Parliament		
01/04/2004	Decision by Parliament	T5-0275/2004	Summary
01/04/2004	End of procedure in Parliament		

Technical information	
Procedure reference	2003/2163(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 57; Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/5/20000

Documentation gateway

Committee report tabled for plenary, single reading		A5-0143/2004	08/03/2004	EP	
Text adopted by Parliament, single reading		T5-0275/2004 OJ C 103 29.04.2004, p. 0686-0838 E	01/04/2004	EP	Summary

Budgetisation of the European Development Fund EDF

The committee adopted the own-initiative report by Michel-Ange SCARBONCHI (EUL/NGL, F) on the budgetisation of the European Development Fund (EDF). MEPs repeated Parliament's longstanding demand, which had been consistently supported by the Commission, for the EDF to be brought within the EU budget rather than being funded by voluntary contributions from Member States, as at present. They pointed out that there had been difficult negotiations between Member States over recent contributions, leading to less generous increases than in the past, and that the forthcoming enlargement of the EU could exacerbate this problem. The Convention on the Future of Europe had also called for the budgetisation of the EDF. MEPs were also sharply critical of the lack of parliamentary accountability implicit in the fact that, under the present system, Parliament took no part in any aspect of decision-making over EDF funding levels, programming or allocation by country, region or sector, and that its powers were limited to an annual discharge. The committee called for the EDF to be integrated into the EU budget without compromising the existing cooperation and development policies and in such a way as to ensure complementarity with the current external programmes. It stressed that EDF funds would have to be ring-fenced, by creating an EDF sub-heading in the Financial Perspective, to prevent money being siphoned off to meet needs elsewhere or to address concerns responding more to the needs of donors than development, such as combating terrorism, money-laundering, illegal migration or the reconstruction of a non-ACP state. MEPs also pointed to the likelihood that a budgetised EDF would show a more even pattern of disbursement year-on-year than under the current system where levels of aid delivery build to a peak as each successive EDF comes on stream. Lastly, they stressed the importance of consulting ACP countries during discussions on EDF budgetisation and maintaining the current procedures which required agreement from ACP countries at every stage in setting political priorities and in implementing the EDFs.?

Budgetisation of the European Development Fund EDF

By adopting the report from Michel-Ange SCARBONCHI (EUL/NGL, F), Parliament has approved the integration of the European Development Fund (EDF) into the EU budget. (Please refer to the summary dated 08/03/2004). Up to now, this fund was financed from voluntary contributions from the Member States. The Commission is proposing to 'budgetise' the EDF starting from the 2007/08 budget. MEPs believe budgetisation has several advantages, the main one being parliamentary scrutiny. Unlike the present situation, Parliament, in its role as budgetary authority, will vote on the funds allocated to African, Caribbean and Pacific (ACP) states, and, through the discharge process, will verify how they are spent. The main argument against budgetisation is the lack of predictability for the ACP states. Currently, each EDF is set for five years, during which time the recipient countries know how much will be provided and can be sure that the sums will not be reallocated to meet other budgetary needs. To deal with this concern, MEPs are calling for funds allocated to EU-ACP partnership to form a sub-heading in the Financial Perspectives, and for a solution to be found to avoid the EDF budget being diverted for goals other than development spending in the ACP countries. MEPs want to involve the ACP-EU Joint Parliamentary Assembly in the EDF budget process. Once budgetisation is complete, the JPA could provide a useful contribution to the EU's budgetary authority on budgetary matters relating to ACP states. More specifically, Parliament notes that fulfilling the collective commitment to achieving the MDGs will entail a redoubling of efforts to increase aid levels and improve aid effectiveness and it welcomes, therefore, the commitment made by international donors to increase the aid levels in line with the Monterrey Financing for Development Conference and urges that this commitment be fulfilled. Equally, Parliament considers that aid would be more effective if donors better coordinated their efforts better and completely untied all aid, in particular, food aid and technical assistance, and if foreign policy and external trade were brought closer into line with the major development objectives set by the United Nations. Parliament takes the view that the non-budgetised system of financing for the EDF has its roots in historical factors which are no longer applicable to the modern European Union and will be even less relevant after enlargement. It notes that EDF budgetisation is proposed as a new financing model to replace the forthcoming 10th EDF and hence as of 2007/2008 budgets. It notes that such budgetisation will require amendments to both the body and annexes of the Cotonou Agreement and hence ratification by the ACP-EU Joint Council of Ministers. Parliament reiterates its position that ACP-EU cooperation, and its financial conventions (EDFs), should be politically anchored, controlled and legitimised through the full association of the European Parliament, thus ensuring the link with European citizens, the institutional balance within the European Union's institutions, and an equal footing for ACP cooperation with the rest of the Union's external programmes. It considers it necessary, likewise, to examine the role that the ACP-EU Joint Parliamentary Assembly should play with regard to the EDF budget, and, when the EDF is indeed budgetised, to encourage it to provide valuable input to the EU budgetary authority on budget matters relating to ACP countries. It welcomes the fact that agreement was reached in the Copenhagen Agreement on the accession countries' participation in EDF funding as of the 10th EDF. It expresses its concern that if the EDF were to remain outside the Community budget, the voluntary nature of Member States' contributions and the impact of enlargement would make increases in funding levels less probable for future EDFs than in the past. Parliament points out that the current own resources ceiling at 1.24% of GNI does not include the 0.03% GNI represented by the annual share of EDF; urges the Commission and the Council, in future Financial Perspectives, to take the share of EDF into account when setting the ceilings of own resources and external actions. Parliament stresses that a precondition for the budgetisation of the EDF is to guarantee ring-fencing for a budgetised EDF to prevent funds being siphoned off to meet needs elsewhere or to address concerns responding more to the needs of donors than development, such as combating terrorism, money-laundering, illegal migration or the reconstruction of a non-ACP state. Parliament does acknowledge the concerns of ACP countries about the effects of the principle of annuality which applies to the Community budget but is not applicable to the EDF, and also the n+3 rule under the new Financial Regulation, stating that individual contracts which implement financing agreements with the beneficiary third countries shall be concluded no later than three years following the date of the budgetary commitment. Parliament is of the opinion that the new provisions of the Financial Regulation applicable to the EDF, with the Financial Regulation for the general budget, including the n+3 rule and the development of 'rolling programming' (decisions on country-specific allocations, within a co-decided envelope, where implementation and output/performance plays a greater role) will ensure that aid is managed more efficiently and hence more effectively. Parliament stresses the importance of taking a

decision on EDF budgetisation before entering into serious debate over the shape of the Financial Perspectives post 2006. It equally welcomes the long-standing support of the Commission for EDF budgetisation and calls on the Council of Ministers to vote unanimously in favour of the budgetisation of the EDF.?