Procedure file

Basic information

DEC - Discharge procedure 2012/2166(DEC)	Procedure completed
2011 discharge: 8th, 9th and 10th European Development Funds (EDF)	
Subject 8.70.03.07 Previous discharges	

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control	Shadow rapporteur	
		PPE GRÄSSLE Ingeborg	
		S&D BRZOBOHATÁ Zuzana	
		ALDE SCHMIDT Olle	
		Verts/ALE STAES Bart	
		ECR CZARNECKI Ryszard	
		EFD ANDREASEN Marta	
		NI EHRENHAUSER Martin	
	Committee for opinion	Rapporteur for opinion	Appointed
	DEVE Development		18/09/2012
		S&D BERMAN Thijs	
	BUDG Budgets	The committee decided not to give an opinion.	
European Commission	Commission DG	Commissioner	
	Budget	ŠEMETA Algirdas	

Key events

24/07/2012	Non-legislative basic document published	COM(2012)0435	Summary
13/09/2012	Committee referral announced in Parliament		
18/03/2013	Vote in committee		
21/03/2013	Committee report tabled for plenary	A7-0062/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Results of vote in Parliament		
17/04/2013	Decision by Parliament	T7-0125/2013	Summary
17/04/2013	End of procedure in Parliament		
16/11/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2166(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10315

Documentation gateway

Non-legislative basic document		COM(2012)0435	25/07/2012	EC	Summary
Court of Auditors: opinion, report		N7-0126/2012 OJ C 344 12.11.2012, p. 0243	06/09/2012	CofA	Summary
Committee draft report		PE497.958	29/01/2013	EP	
Supplementary non-legislative basic document		05190/2013	04/02/2013	CSL	Summary
Supplementary non-legislative basic document		05191/2013	04/02/2013	CSL	Summary
Supplementary non-legislative basic document		05192/2013	04/02/2013	CSL	Summary
Committee opinion	DEVE	PE502.096	19/02/2013	EP	
Amendments tabled in committee		PE497.959	27/02/2013	EP	
Committee report tabled for plenary, single reading		A7-0062/2013	21/03/2013	EP	Summary
Text adopted by Parliament, single reading		T7-0125/2013	17/04/2013	EP	Summary

Final act

Decision 2013/552
OJ L 308 16.11.2013, p. 0146 Summary

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

PURPOSE: to present the final accounts of the 8th, 9th and 10th European Development Funds (EDF) for the financial year 2011.

CONTENT: this communication presents the final accounts of the 8th, 9th and 10th EDF, which must be presented to the European Parliament, the Council and the Court of Auditors, in accordance with the relevant provisions regarding the EDF.

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 funded by the Member States, subject to its own financial regulation 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.

During the period 2008-2013, the geographic aid granted to ACP States and OCTs will continue to be mainly funded by the EDF. Each EDF is usually concluded for a period of around five years. Since the conclusion of the first partnership convention in 1964, the EDF programming cycles have generally followed the partnership agreement/convention cycles. Each EDF is governed by its own Financial Regulation, which imposes 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 European 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 European Commission is responsible.

The Investment Facility was established within the framework of the Cotonou agreement. This Investment Facility is managed by the European

Investment Bank and is used to support private sector development in the ACP States by financing essentially but not exclusively private investments. As the Investment Facility is not managed by the European Commission, it is not consolidated in the Commission document. The financial statements of the Investment Facility are included as a separate part of the annual accounts to provide a full picture of the development aid of the EDF.

Funding of the EDF: unlike the European Union budget, the EDF is a fund operating on the basis of multiannuality 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. Since Member States have their own development and aid policies in addition to the Union wide policies, they must coordinate their policies with the EU to ensure they are complementary.

Until 2010, contributions were called from the 15 participating Member States. In 2011, the first contributions under the 10th EDF, in which the 27 Member States participate, were called.

While some funds of the 10th EDF have been set aside for unforeseen needs, most are being programmed in indicative multi-annual frameworks, mainly geographic but also thematic, currently set for the years 2008-2013.

In this regard, the Commission communication gives details on how the EDF is managed technically by the Commission with respect to management which is centralised, decentralised or joint management with international organisations, and discusses the different financial actors involved in the financial and accounting processes.

Implementing the EDF resources: the vast majority of financial resources awarded to ACP States and OCTs through the EDF are grants. At the beginning of each EDF, the European Union informs the ACP States and the OCTs about the level of grants that should be available to them over the period of the fund. The beneficiary country develops a cooperation strategy while or after holding consultations with its development partners (donors). A National Indicative Programme (NIP) is then drawn up to implement the cooperation strategy. This contains the procedure for granting funds, for monitoring and accounting, which is detailed in the communication (expenditure, payments and, in certain cases, recovering undue payments).

Audit and discharge: the process of audit and discharge is detailed in the communication. It is the Accounting Officer's responsibility to prepare the annual accounts and ensure that they present a true and fair view of the financial position of the EDF.

The EDF annual accounts and resource management are overseen by its external auditor, the European Court of Auditors, which draws up an annual report for the Council and the European Parliament. The Court's main task is to conduct an external, independent audit of the EDF annual accounts. 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 Court of Auditors. The discharge represents the political aspect of the external control of financial implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission from its responsibility for management of the financial implementation of a given financial year. This discharge procedure may produce one of two outcomes: the granting or postponement of the discharge.

2. Financial implementation of the EDF in 2010: in 2010, the 8th, 9th and 10th EDFs were implemented simultaneously. Although funds for each EDF are committed over a period of five years, payments can be made over a longer period.

The document contains a table showing the aggregated use of EDF resources at 31 December 2011, which are as follows:

Capital called as at 31 December 2011 for each EDF:

- 8th EDF: EUR 12.840 billion,
- 9th EDF: EUR 11.699 billion
- 10th EDF: EUR 2.44 billion

Total capital called as at 31.12.2011: EUR 26.979 billion.

The fund capital represents the total amount of contributions from the Member States for the relevant EDF fund as laid down in each of the internal agreements. Called fund capital represents the amount of the initial allocations which has been called up for transfer to the treasury accounts by Member States. The capital of the 8th and the 9th EDF has been called up and received in its entirety. The 10th EDF entered into force in 2008 with a fund capital amounting to EUR 21 152 million, according to the internal agreement applicable to the 10th EDF.

Funding of the EDF at 31 December 2011:

- 8th EDF: EUR 10 663 billion
- 9th EDF: EUR 16 552 billion
- 10th EDF: EUR 21 639 billion.

Total allocations EUR 10 663 billion.

The report sets out a series of tables showing how these resources were used during the financial year 2011, (by project, country and type of action).

It also sets out certain precise figures:

- Amount of the 10th EDF: the 10th EDF covers the period 2008-2013 and has a total budget of EUR 22 682 million. Of this amount, EUR 21 966 million were allocated to ACP countries, EUR 286 million allocated to the OCT; EUR 430 million for the Commission to finance the costs arising from the programming and implementation of 10th EDF resources.

RAL (outstanding commitments): the outstanding budgetary commitments correspond to the amount of open commitments for which payments have not yet been paid. At 31.12.2011, the outstanding budgetary commitments not yet paid amounted to EUR 5.594 billion.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

OBJECTIVE: presentation of the 2011 Annual Report of the Court of Auditors on the activities funded by the 8th, 9th and 10th European Development Funds (EDF).

CONTENT: in accordance with the tasks and objectives conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, it provides under the discharge procedure, for both the European Parliament and Council, a statement of assurance (DAS) about the reliability of the accounts and the legality and regularity of the transactions of each institution, body or agency of the EU, based on an independent external audit.

The audit also focuses on the budget implementation of the EDF. To recall, the EDF is the main instrument for providing European Union aid for development cooperation to the African, Caribbean and Pacific (ACP) States as well as the Overseas Countries and Territories (OCTs), on the basis of the Cotonou Agreement of 2000. It is centred on the objective of reducing and eventually eradicating poverty, consistent with the objectives of sustainable development and the gradual integration of the ACP countries and OCTs in the world economy.

It is based on three complementary pillars:

- development cooperation;
- economic and trade cooperation;
- the political dimension.

The EDFs are funded by the Member States; they are governed by their own financial regulations and managed outside the framework of the EU general budget. The European Commission is responsible for the financial implementation of operations funded with resources from the EDFs.

The key conclusions of the Court are given in a Statement of Assurance (DAS) the main elements of which can be summarised as follows:

Statement of assurance:

- Reliability of the accounts: the Court found that the accounts of the EDFs for the financial year ended on 31 December 2011 fairly present, in all material respects, the financial position of the EDFs and the results of their operations and cash flows, in accordance with the provisions of the respective Financial Regulations and the relevant accounting rules adopted by the accounting officer.
- Legality and regularity of the transactions underlying the accounts: on the basis of its audit, in the Court's opinion, revenue underlying the accounts for the 2011 financial year is legal and regular in all material respects. However, the external aid financed by the EDFs and the general budget is implemented in a high risk environment, notably due to geographically dispersed activities, whilst many partner countries have weak institutional and administrative capacities. The types of quantifiable errors found in EDF payments concerned eligibility (for example, expenditure incurred outside the implementation period or related to activities and services not included in the contract, non-compliance with the rules of origin or nationality, non-compliance with procurement procedures by the beneficiary.
- The question of payments: the Courts report indicates that the payments are materially affected by error. The Courts estimate for the most likely error rate for payments from the 8th, 9th and 10th EDFs is 5.1 %. For the transactions related to projects, the majority of the errors were found in grants and contribution agreements with international organisations.
- Control systems: the Court found weaknesses in the ex ante checks, as well as in the functioning and monitoring of external audit at the level of delegations. It also notes that the quality of the external aid management information system (CRIS) data remains a source of concern and that the internal audit structure of EuropeAid was able to implement only about half of its initial annual work plan.

Recommendations of the Court: the Court evaluated the follow-up to its previous recommendations. The Commission has made significant progress in implementing many of the Courts recommendations. This is notably the case in relation to the dissemination of the financial management toolkit to improve the beneficiaries knowledge of eligibility rules, the planning and monitoring of audits and the assessment of eligibility for budget support.

However, further efforts are necessary to fully implement the Courts recommendations concerning the quality of CRIS data, the follow-up of audit findings and recommendations and the assessment of the cost-effectiveness of the transactional ex- post control system.

Following this review and the findings and conclusions for 2011, the Court recommends that EuropeAid:

- improve the management of contract awarding procedures, by setting out clear selection criteria and better documenting the evaluation process;
- introduce documented risk-based planning and systematic follow-up for verification visits and on- the-spot monitoring visits;
- render compulsory the guidelines on risk analysis for the preparation of annual audit plans by delegations and EuropeAids headquarters;
- review the design of Key Performance Indicators (KPIs) to ensure that they are unambiguous and easy to interpret;
- assess the Internal Audit Capability (IAC)s capacity to perform its task effectively.

The report also contains a table establishing the totals for the execution of the EDF budget for 2011:

In particular, the report confirms the following amounts:

- cumulative EDF resources: EUR 48.854 billion;
- global commitments: EUR 40.827 billion, 83.6% implementation rate;
- individual commitments: EUR 34.83 billion, 71.3% implementation rate;
- net payments: EUR 29.208 billion, 59.8% implementation rate;
- payments still outstanding: EUR 11.619 billion;
- available balance: EUR 8.027 billion.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

Council Recommendation : 8th 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 the eighth European Development Fund (EDF) and having examined the revenue and expenditure account and the balance sheet relating to the operations of the eighth EDF as at 31 December 2011, as well as the Annual Report of the Court of Auditors on the activities funded by the eighth, ninth and tenth EDFs, concerning the financial year 2011, the Council recommends that the European Parliament give the Commission a discharge in respect of the implementation of the operations of the eighth EDF for the financial year 2011.

This recommendation is not accompanied by any further observations. The Council considers that the overall budget implementation has been satisfactory.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

Council Recommendation : 10th 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 to which Part Four of the EC Treaty applies setting up the tenth European Development Fund (EDF) and having examined the revenue and expenditure account and the balance sheet relating to the operations of the tenth EDF as at 31 December 2011 and the Annual Report of the Court of Auditors on the activities funded by the eighth, ninth and tenth European Development Funds (EDFs), concerning the financial year 2011, the Council recommends that the European Parliament give the Commission a discharge in respect of the implementation of the operations of the tenth EDF for the financial year 2011.

This recommendation is not accompanied by any further observations. The Council considers that the overall budget implementation has been satisfactory.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

Council Recommendation : 9th 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 ACP and the European Community and its Member States signed in Cotonou and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies, setting up the ninth European Development Fund (EDF) and having examined the revenue and expenditure account and the balance sheet relating to the operations of the ninth EDF as at 31 December 2011 as well as the Annual Report of the Court of Auditors on the activities funded by the eighth, ninth and tenth EDFs, concerning the financial year 2011, the Council recommends that the European Parliament give the Commission a discharge in respect of the implementation of the operations of the ninth EDF for the financial year 2011.

This recommendation is not accompanied by any further observations. The Council considers that the overall budget implementation has been satisfactory.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

The Committee on Budgetary Control adopted the report by Søren Bo SØNDERGAARD (GUE/NGL, DK) in which it recommends the European Parliament to grant the Commission discharge in respect of the implementation of the budget of the Eighth, Ninth and Tenth European Development Funds for the financial year 2011.

In parallel, it calls on the Parliament to approve the closure of these accounts for 2011. They make a number of recommendations that should be taken into account when discharge is granted.

Firstly, Members recall that global commitments, individual commitments and payments reached EUR 3.279 billion, EUR 2.786 billion and EUR 2.941 billion respectively for the financial year 2011.

Statement of assurance: Members note with satisfaction that according to the Court of Auditors, the revenue and commitments are free from material error despite a high frequency of encoding errors, which remain a source of concern as they affect the accuracy of data used for the preparation of the annual accounts, in particular with respect to the annual cut-off exercise at year-end. They are concerned that material error in EDF payments was found for the second year in row and to a significantly higher degree than in 2010 (with an estimated error rate of 5.1% in 2011, i.e. a significant increase over 2010, when it was 3.4%). They are concerned that many of these errors had been detected neither by external audits nor by the Commission's own checks, which points to weaknesses in EuropeAid's (EuropeAid) supervisory and control systems. They urge the Commission to examine the causes of these errors and to undertake remedial actions to eliminate them.

Contrary to the Commissions optimism of a constant improvement of budget management, Members call on the Commission to use a 'traffic light' system in its annual EDF report in order to show what has improved or deteriorated from one year to the next.

Effectiveness of systems: Members are deeply worried by the Court of Auditors' finding that the supervisory and control systems are only partially effective. They note that delays in contracting important infrastructure programmes and withheld budget support payments caused individual commitments and payments to be respectively 13 % and 16 % below target in 2011. They reiterate their particular concern about the low commitment rate of the 10th EDF regional envelope (31 %), only two years before the end of the programming period.

They are concerned that human resources policy has continued to be a persistent concern and that EuropeAid staff members were being used for tasks other than aid management.

They call on the Commission to:

- improve further the management of contract awarding procedures with a view to reducing the high number of errors found in project payments;
- establish a blacklist of external service providers that do not meet the required standards, including a set of binding criteria;
- call on the Commission to reconsider its whistleblowing policy, including the implementation of that policy in the delegations;
- strengthen all audit policy.

Illicit capital outflows: Members recognise that one of the biggest challenges developing countries are facing is the massive outflows of illicit capital. They also recognise that off-shore centres and tax havens facilitate an annual illicit capital flight of USD 1 trillion. These illicit monetary outflows are roughly ten times the amount of aid money going into developing countries for poverty alleviation and economic development.

Referring specifically to its resolution of 8 March 2011 on Tax and Development Cooperating with Developing Countries on Promoting Good Governance in Tax Matters, Members stress that in the cross-border flow of illicit money, proceeds from commercial tax evasion, mainly through trade mispricing, represent the biggest component.

Members call on the Commission to identify areas for improvement in both Union legislation and administrative cooperation between Member States. They welcome the Commission's Action Plan to strengthen the fight against tax fraud and tax evasion and believe that a common definition and blacklist of tax havens as well as enhanced corporate transparency, including the introduction of beneficial ownership in company registrations, are important steps to curb the illicit capital flows.

Measures are also called for to strengthen the effectiveness of customs authorities given that in many developing countries they are not functioning effectively, principally due to absence of efficient risk management systems. The Commission is urged to take all necessary steps in order to remedy the situation by strengthening its cooperation with international networks.

Coordination of development assistance, development priorities, and getting results from Union aid: Members regret that only four countries - Sweden, Luxembourg, Denmark and the Netherlands - exceeded Union targets for international development assistance in 2012, despite the fact that all have committed themselves to contribute 0.7% of their Gross Domestic Product (GDP) in development aid.

According to Members, the Union needs a wide range of tools for development cooperation adapted to different contexts. Members emphasise the need to minimise contradictions between trade policy, foreign and security policy and development priorities. More emphasis should be given to the sustainability of aid as well as its efficiency and effectiveness of ongoing projects and programmes in Sub Saharan Africa.

A number of general considerations are made as regards the importance of aid for education and long-term socio-economic development in the ACP countries.

Budget support: Members note that, in 2011, EUR 207 million were committed for budget support which represents 6.3% of the overall amount of total commitments. They state that 23% of budget support payments were affected by non-quantifiable errors which resulted from the lack of a structured demonstration of compliance with the eligibility criteria. The Commission is called upon to ensure a rigorous control of recipient countries both before and after the decision to grant budget support in order to ensure that European taxpayers money is not misappropriated for funding terrorism or corruption.

Whilst acknowledging the potential advantages of budget support, Members draw attention to the risks that this aid modality entails in that it is more vulnerable to fraud and corruption than other forms of aid, due to its fungibility. Those risks are especially alarming in the context of the massive outflows of illicit capital from developing countries.

Members urge the Commission to therefore take into account existing reporting on corruption and fraud levels before taking a decision on granting budget support; insists that an independent national audit body must be a condition for granting budget support. They repeat their call on the Commission to provide regular reports on the accomplishment of the goals set for Union budget support and on specific problems encountered in particular recipient countries. The Commission is also called upon to ensure that budget support is reduced or cancelled when clear goals are not achieved.

Cooperation with international organisations: Members are deeply concerned by the Court of Auditors' finding that the majority of errors for payments were found in grants and contribution agreements with international organisations where 58% of audited transactions were affected by error. The safeguards for the implementation of control and the follow-up of Union funds under joint management are not satisfactory. Members call on all parties involved to remedy this situation. Furthermore, Members regret that so far, there are no sustainable solutions and procedures for the provision of necessary financial information from the WBG to the Union institutions in each and every case.

Members reiterate their regret that the investment facility is not covered by the Court of Auditors Statement of Assurance or Parliaments discharge procedure, even though the operations are conducted by EIB on behalf of and at the risk of the Union, using EDF resources. They urge the Commission to make public the performance indicators for budget support to the Republic of Haiti, and the respective assessments of the Government of Haitis performance in order to qualify for budget support.

Lastly, Members welcome the Commission's commitment to propose EDF budgetisation for 2020, when the Cotonou Agreement expires. They insist that, were budgetisation to be considered for the MFF 2014-2020, it must imply transferring the entire EDF financial envelope as proposed by the Commission (EUR 30.3 billion in 2011 prices) to heading 4 on Global Europe and should under no circumstances be used as a pretext for reducing overall spending ceilings for Union's external action in general.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

The European Parliament adopted a decision granting the Commission discharge in respect of the implementation of the budget of the Eighth, Ninth and Tenth European Development Funds for the financial year 2011.

In parallel, it approves the closure of these accounts for 2011 and adopts a resolution in which it makes a number of recommendations that should be taken into account when discharge is granted.

Parliament firstly recalls that global commitments, individual commitments and payments reached EUR 3.279 billion, EUR 2.786 billion and EUR 2.941 billion respectively for the financial year 2011.

Statement of assurance: Parliament notes with satisfaction that according to the Court of Auditors, the final annual accounts are free from material error despite a high frequency of encoding errors, which remain a source of concern as they affect the accuracy of data used for the preparation of the annual accounts, in particular with respect to the annual cut-off exercise at year-end. It is concerned that material error in EDF payments was found for the second year in row and to a significantly higher degree than in 2010 (with an estimated error rate of 5.1% in 2011, i.e. a significant increase over 2010, when it was 3.4%). It is concerned that many of these errors had been detected neither by external audits nor by the Commission's own checks, which points to weaknesses in EuropeAid's (EuropeAid) supervisory and control systems. It calls on the Commission to complete the comparative analysis of the errors detected by the Court of Auditors in 2010 and 2011 and to report its findings to Parliament.

Contrary to the Commissions optimism of a constant improvement in budget management, Parliament calls on the Commission to use a 'traffic light' system in its annual EDF report in order to show what has improved or deteriorated from one year to the next.

Effectiveness of systems: Parliament considers that the supervisory and control systems are only partially effective. It notes that delays in contracting important infrastructure programmes and withheld budget support payments caused individual commitments and payments to be respectively 13 % and 16 % below target in 2011. It reiterates its particular concern about the low commitment rate of the 10th EDF regional envelope (31%), only two years before the end of the programming period.

It notes that human resources policy continues to be a concern due to the high staff turnover and that the level of control of National Authorising Officers (NAOs) in EDF beneficiary countries is relatively low.

It calls on the Commission to:

- improve further the management of contract awarding procedures with a view to reducing the high number of errors found in project payments;
- establish a blacklist of external service providers that do not meet the required standards, including a set of binding criteria;
- improve monitoring and supervision in the delegations because staffing problems is recurring;
- call on the Commission to reconsider its whistleblowing policy, including the implementation of that policy in the delegations;
- strengthen all audit policy.

In an amendment adopted in plenary, Parliament takes note of the Commissions assurance that there are no bank accounts held or managed by the Commission outside the budget in the sense that funds are used for payments of actions which are not authorised by the Budget Authority.

Illicit capital outflows: Parliament recognises that one of the biggest challenges developing countries are facing is the massive outflows of illicit capital. It also recognises that off-shore centres and tax havens facilitate an annual illicit capital flight of USD 1 trillion. These illicit monetary outflows are roughly ten times the amount of aid money going into developing countries for poverty alleviation and economic development.

Referring specifically to its resolution of 8 March 2011 on Tax and Development Cooperating with Developing Countries on Promoting Good Governance in Tax Matters, Parliament stresses that in the cross-border flow of illicit money, proceeds from commercial tax evasion, mainly through trade mispricing, represent the biggest component.

It calls on the Commission to identify areas for improvement in both Union legislation and administrative cooperation between Member States. It welcomes the Commission's Action Plan to strengthen the fight against tax fraud and tax evasion and believes that a common definition and blacklist of tax havens, as well as enhanced corporate transparency, including the introduction of beneficial ownership in company registrations, are important steps to curb the illicit capital flows.

Measures are also called for to strengthen the effectiveness of customs authorities in both developing countries and the Member States.

Coordination of development assistance: Parliament notes that Union aid remains fragmented between Union instruments with regard to levels of action in the Union as well as Member States' bilateral programmes and the European Investment Bank's (EIB) interventions. This situation contributes to weaknesses in aid programming in crisis and fragile situations. It calls on the Commission to coordinate the different aid instruments across the Union.

It regrets that only four countries - Sweden, Luxembourg, Denmark and the Netherlands - exceeded Union targets for international development assistance in 2012, despite the fact that all have committed themselves to contribute 0.7% of their Gross Domestic Product (GDP) in development aid. In Parliaments view, there is a need to ensure improved policy coherence so that other considerations such as trade policy and foreign and security policy do not cut across the Union's development priorities. The plenary stresses that long term social and economic development requires sustainable sources of income other than aid. It considers that sound and well-functioning trade relations in line with WTO principles is a key issue in this regard for developing countries and therefore urges the Council, the Commission and the ACP countries to find solutions to the issues concerning the Economic Partnership Agreements and free trade between the Union and the ACP region.

Parliament also stresses that more emphasis should be given to the sustainability of aid as well as its efficiency and effectiveness of ongoing projects and programmes in Sub-Saharan Africa.

A number of general considerations are made as regards the importance of aid for education and long-term socio-economic development in the ACP countries.

Budget support: Parliament notes that, in 2011, EUR 207 million were committed for budget support which represents 6.3% of the overall amount of total commitments. It observes that 23% of budget support payments were affected by non-quantifiable errors which resulted from the lack of a structured demonstration of compliance with the eligibility criteria. The Commission is called upon to ensure a rigorous control of recipient countries both before and after the decision to grant budget support in order to ensure that European taxpayers money is not misappropriated for funding terrorism or corruption.

Whilst acknowledging the potential advantages of budget support, Parliament draw attention to the risks that this aid modality entails in that it is more vulnerable to fraud and corruption than other forms of aid, due to its fungibility. Those risks are especially alarming in the context of the massive outflows of illicit capital from developing countries. Parliament therefore urges the Commission to take into account existing reporting on corruption and fraud levels before taking a decision on granting budget support. It also insists that an independent national audit body must be a condition for granting budget support. It repeats its call on the Commission to provide regular reports on the accomplishment of the goals set for Union budget support and on specific problems encountered in particular recipient countries. The Commission is also called upon to ensure that budget support is reduced or cancelled when clear goals are not achieved.

Cooperation with international organisations: Parliament is deeply concerned by the Court of Auditors' finding that the majority of errors for payments were found in grants and contribution agreements with international organisations (58% of audited transactions were affected by error). Safeguards are required to ensure the control and the follow-up of Union funds under joint management. It makes a series of further recommendations on aid under the management of the World Bank Group (WBG) in order to ensure its effectiveness.

Parliament regrets that the investment facility is not covered by the Court of Auditors Statement of Assurance or Parliaments discharge procedure, so that projects financed under this instrument can be monitored. It urges the Commission to make public the performance indicators for budget support to the Republic of Haiti and deplores the lack of sustainability of some of the projects implemented. This is why the plenary calls on the Commission to provide an assessment of the sustainability of the Union-funded projects in Haiti based in a five-year perspective and to report to the discharge authorities on an annual basis.

Lastly, Parliament reiterates its demand for the EDF budgetisation for 2020, as the Commission has committed itself to do. It insists that, were budgetisation to be considered for the MFF 2014-2020, it must imply transferring the entire EDF financial envelope as proposed by the Commission (EUR 30.3 billion in 2011 prices) to heading 4 on Global Europe and should under no circumstances be used as a pretext for reducing overall spending ceilings for Union's external action in general.

2011 discharge: 8th, 9th and 10th European Development Funds (EDF)

PURPOSE: to grant discharge to the Commission in respect of the implementation of the budget of the 8th, 9th and 10th European Development Funds for the financial year 2011.

NON-LEGISLATIVE ACT: Decision 2013/552/EU of the European Parliament on discharge in respect of the implementation of the budget of the 8th, 9th and 10th European Development Funds for the financial year 2011.

CONTENT: with the present decision, and in accordance with Article 318 off the Treaty on the Functioning of the European Union (TFEU), the European Parliament grants discharge to the Commission in respect of the implementation of the budget of the 8th, 9th and 10th European Development Funds for the financial year 2011.

The parallel decision 2013/553/EU approves the closure of the accounts of the EDFs for the financial year in question.

The decision is in line with the European Parliament's resolution adopted on 17 April 2013 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 17 April 2013).