









Procedure file

Basic information		
DEC - Discharge procedure	2023/2183(DEC)	Procedure completed, awaiting publication in Official Journal
2022 discharge: General budget of the EU - 8th, 9th, 10th and 11th EDFs		
Subject 8.70.03.12 2022 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control		05/06/2023
		 KUHS Joachim	
		Shadow rapporteur	
		 CHINNICI Caterina	
		 GARCÍA MUÑOZ Isabel	
		 CHASTEL Olivier	
		 THIOLLET François	
		 CZARNECKI Ryszard	
		 OMARJEE Younous	
	Committee for opinion	Rapporteur for opinion	Appointed
	DEVE Development		20/09/2023
	BUDG Budgets	NI COMÍN I OLIVERES Antoni	
European Commission		The committee decided not to give an opinion.	
	Commission DG Budget	Commissioner HAHN Johannes	

Key events			
28/06/2023	Non-legislative basic document published	COM(2023)0392	
12/09/2023	Committee referral announced in Parliament		
04/03/2024	Vote in committee		

15/03/2024	Committee report tabled for plenary	A9-0110/2024	Summary
10/04/2024	Debate in Parliament		
11/04/2024	Decision by Parliament	T9-0279/2024	Summary

Technical information

Procedure reference	2023/2183(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed, awaiting publication in Official Journal
Committee dossier	CONT/9/13028

Documentation gateway

Non-legislative basic document		COM(2023)0392	28/06/2023	EC	
Court of Auditors: opinion, report		N9-0060/2023 OJ C 000 04.10.2023, p. 0000	04/10/2023	CofA	
Committee draft report		PE753.512	11/01/2024	EP	
Committee opinion	DEVE	PE756.271	25/01/2024	EP	
Amendments tabled in committee		PE758.971	09/02/2024	EP	
Supplementary non-legislative basic document		05889/2024	12/03/2024	CSL	
Supplementary non-legislative basic document		05891/2024	12/03/2024	CSL	
Supplementary non-legislative basic document		05892/2024	12/03/2024	CSL	
Committee report tabled for plenary, single reading		A9-0110/2024	15/03/2024	EP	Summary
Text adopted by Parliament, single reading		T9-0279/2024	11/04/2024	EP	Summary

2022 discharge: General budget of the EU - 8th, 9th, 10th and 11th EDFs

The Committee on Budgetary Control adopted the report by Joachim KUHS (ID, DE) on discharge in respect of the implementation of the budget of the ninth, tenth and eleventh European Development Funds for the financial year 2022.

Budget implementation

The report noted that, in 2022, the financial implementation for the 10th and 11th EDF (individual commitments: EUR 853 million and payments EUR 2 386 million) was marked by the Council Decision EU 2022/1223 to reuse EUR 600 million of de-committed funds from the 10th and 11th EDF.

Members took note of the Councils decision which allocated EUR 600 million from de-committed projects under the 10th and 11th EDFs for the purpose of financing actions addressing the food security crisis and economic shock in African, Caribbean and Pacific (ACP) countries following Russias war of aggression against Ukraine. They believe that in view of the exceptionally dire food security situation in ACP countries, those funds need to be complemented with appropriate measures to enhance food autonomy of local communities.

The EDF represents 33.2 % of the portfolio of DG INTPA in terms of payments in 2022, which amounted to EUR 2 452 million (i.e., 98.08 % of the annual target). European Investment Bank (EIB) payments amounted to EUR 461 million. There were no new commitments in 2022, with the exception of commitments of the funds stemming from the reuse of the 10th & 11th EDF reserve.

Members noted the efforts of DG INTPA to reduce old pre-financing with a target of 40 % and old unspent commitments with a target of 35 %.

As regards unspent commitments, it achieved the target of 35 % for the EDFs with 36.83 %. However, the Court considered that the DG INTPAs key performance indicator does not reflect the difficulties it had encountered in clearing older pre-financing transactions, some of

which had been open for up to 12 years.

Impact of the activities in the financial statements

The report noted that pre-financing experienced a decrease of EUR 239 million largely as a result of fewer advances paid out due to the decrease in the number of contracts signed (EUR 2 118 million in 2021 compared to EUR 853 million in 2022). It noted an increase of EUR 123 million of accrued charges as a result of the increase in the number of open contracts at the end of the year. It also noted an overall decrease in operating expenses of EUR 74 million mainly as a result of the winding down of the Trust Funds.

Legality and regularity of the transactions underlying the accounts

The Court stated that the accounts for the financial year ending 31 December 2022 present fairly, in all material respects, the EDFs financial position, the results of their operations, their cash flows and the changes in their net assets for the year then ended. The revenue underlying the accounts for the year ended 31 December 2022 is legal and regular in all material respects.

Members noted with concern that, out of the 140 transactions examined, 57 (40.7 %) contained errors, compared to 54 (38.8 %) in 2021 for the same number of transactions. Moreover, the Court quantified 48 errors (43 in 2021), on the basis of which it estimated the level of error for the financial year 2022 to be 7.1 % (4.6 % in 2021).

The estimated level of errors in the financial year 2022 related to expenditure not incurred was 51 % (14.9 % in 2021), to ineligible expenditure was 24 % (38.6 % in 2021), to serious failure to respect public procurement rules was 16 % (14.6 % in 2021), to absence of essential supporting documents was 7 % (23.3 % in 2021) and related to other types of errors was 2 % (8.6 % in 2021).

Members noted that in 2022 DG INTPAs ex-ante controls have prevented the payment of a total amount of EUR 167.94 million of ineligible expenditure. They are concerned that Benin's EDF national authorising officer awarded a contract to a consultancy company to strengthen civil society involvement in the country, in serious breach of the public procurement rules.

Transparency and effectiveness of the monitoring and assurance systems

Members noted the Courts observation that, in 2022, the Commission and its implementing partners committed more errors in transactions relating to programme estimates and grants and to contribution and delegation agreements with beneficiary countries, international organisations and Member State agencies than they did with other forms of support (such as those covering works, supply and service contracts). According to the Courts report, in 23 cases of quantifiable error and five cases of non-quantifiable error the Commission had sufficient information to prevent, or to detect and correct the error before accepting the expenditure.

Members are concerned that, as in previous years, some international organisations provided only limited access to documents which hindered the planning, execution and quality control of ECA audit and led to delays.

The report noted that, since 2014, DG INTPA has developed and implemented its own anti-fraud strategy on the basis of the methodology provided by the European Anti-Fraud Office (OLAF) and that the strategy has been updated three times since its entry into force. DG INTPA also contributed to the Commission anti-fraud strategy and followed up to OLAFs financial recommendations issued in 2018-2022 resulting in the closure of only 24 % of financial recommendations and the follow-up of 76 % of financial recommendations.

Union budget support

The report noted that the budget support payments made under EDF in 2022 amounted to EUR 105.2 million. Ukraine came out as the third budget support portfolio in 2022, with nearly EUR 800 million of ongoing operations.

In 2022, the European neighbourhood became the largest recipient of budget support (38 %), followed by sub-Saharan Africa (24 %), Asia (18 %), the western Balkans (8 %), Latin America (6 %), the Caribbean (2 %), overseas countries/territories (2 %) and the Pacific region (2 %), and that by contract type, sector reform performance contracts (SRPCs) outweigh state- and resilience-building contracts (SRBCs) and SDG contracts (SDG-Cs), with 74 % of the portfolio in value compared to 24.5 % and 1.5 % respectively.

The largest recipients of EDF payments in 2022 were Mozambique, Sudan and Democratic Republic of Congo, while the sectors with the highest funding were government and civil society, agriculture, energy and social infrastructures and services.

The report noted that the implementation of the EDF concerns countries that are facing aggravating impacts of climate change, biodiversity loss and food insecurity and are weakened by rising debt, new and forgotten humanitarian crises and conflicts, generating growing inequality and poverty. It called for the EDF to be conditional when there is evidence of human rights violations and to be checked against corruption and tax evasion.

2022 discharge: General budget of the EU - 8th, 9th, 10th and 11th EDFs

The European Parliament decided by 242 votes to 62, with 294 abstentions, to grant the Commission discharge in respect of the implementation of the budget of the ninth, tenth and eleventh European Development Funds for the financial year 2022.

Budget implementation

In 2022, the financial implementation for the 10th and 11th EDF (individual commitments: EUR 853 million and payments EUR 2 386 million) was marked by the Council Decision EU 2022/1223 to reuse EUR 600 million of de-committed funds from the 10th and 11th EDF;

Members noted the Councils decision which allocated EUR 600 million from de-committed projects under the 10th and 11th EDFs for the purpose of financing actions addressing the food security crisis and economic shock in African, Caribbean and Pacific (ACP) countries following Russias war of aggression against Ukraine. They believe that in view of the exceptionally dire food security situation in ACP countries, those funds need to be complemented with appropriate measures to enhance food autonomy of local communities.

In 2022, the implementation of the EDF contributed to improvements in water and sanitation, access to electricity, access to legal aid, food security and nutrition, environmental protection, climate change mitigation strategies and natural ecosystems, health, education, and entrepreneurship/employability.

The EDF represents 33.2 % of the portfolio of DG INTPA in terms of payments in 2022, which amounted to EUR 2 452 million (i.e., 98.08 % of

the annual target). Members noted the efforts of DG INTPA to reduce old pre-financing with a target of 40 % and old unspent commitments with a target of 35 %. DG INTPA exceeded the target by reducing the EDFs old pre-financing by 54.31 % and by 52.51 % for both the EDFs old unspent commitments and across its entire area of responsibility. Regarding unspent commitments, it achieved the target of 35 % for the EDFs with 36.83 %.

Concerning the ageing of open invoices and pre-financings that have remained uncleared for up to 12 years, the majority of these old pre-financings are linked to litigation cases. The Commission is called on to continue to report to Parliament on these litigation cases.

Impact of the activities in the financial statements

Parliament noted that pre-financing experienced a decrease of EUR 239 million largely as a result of fewer advances paid out due to the decrease in the number of contracts signed (EUR 2 118 million in 2021 compared to EUR 853 million in 2022). It noted an increase of EUR 123 million of accrued charges as a result of the increase in the number of open contracts at the end of the year. It also noted an overall decrease in operating expenses of EUR 74 million mainly as a result of the winding down of the Trust Funds.

Legality and regularity of the transactions underlying the accounts

Parliament noted the Court's opinion that the revenue underlying the accounts for the year to 31 December 2022 is, in all material respects, legal and regular. It stressed that the remaining EDF projects should focus on advancing the implementation of the Sustainable Development Goals (SDGs).

Members noted with concern that, out of the 140 transactions examined, 57 (40.7 %) contained errors, compared to 54 (38.8 %) in 2021 for the same number of transactions. Moreover, the Court quantified 48 errors (43 in 2021), on the basis of which it estimated the level of error for the financial year 2022 to be 7.1 % (4.6 % in 2021). They also noted with concern that by typology of errors the estimated level of errors in the financial year 2022 related to expenditure not incurred was 51 %, to ineligible expenditure was 24 %, to serious failure to respect public procurement rules was 16 %, to absence of essential supporting documents was 7 % and related to other types of errors was 2 %.

Parliament recalled that transparency and accountability are essential for NGOs, which are called upon to act in full compliance with Union financial rules and values, especially in the management of Union funds, and stresses that NGOs should be supported in their control and monitoring systems, especially those operating in third countries.

Transparency and effectiveness of the monitoring and assurance systems

Members noted the Courts observation that, in 2022, the Commission and its implementing partners committed more errors in transactions relating to programme estimates and grants and to contribution and delegation agreements with beneficiary countries, international organisations and Member State agencies than they did with other forms of support (such as those covering works, supply and service contracts). According to the Courts report, in 23 cases of quantifiable error and five cases of non-quantifiable error the Commission had sufficient information to prevent, or to detect and correct the error before accepting the expenditure.

Parliament highlighted the role of local implementing partners and the need to ensure their support and capacity building. Union projects should be subject to evaluation, monitoring and reporting in order to determine their effectiveness and avoid unintended negative impacts.

Members noted that the eleventh residual error rate (RER) study, carried out by an external contractor on its behalf in 2022, estimated the overall RER to be below the 2 % materiality threshold set by the Commission for the seventh year in a row: 1.15 % (1.14 % in 2021).

Union budget support

Budget support payments made under EDF in 2022 amounted to EUR 105.2 million. Ukraine came out as the third budget support portfolio in 2022, with nearly EUR 800 million of ongoing operations.

In 2022, the European neighbourhood became the largest recipient of budget support (38 %), followed by sub-Saharan Africa (24 %), Asia (18 %), the western Balkans (8 %), Latin America (6 %), the Caribbean (2 %), overseas countries/territories (2 %) and the Pacific region (2 %), and that by contract type, sector reform performance contracts (SRPCs) outweigh state- and resilience-building contracts (SRBCs) and SDG contracts (SDG-Cs), with 74 % of the portfolio in value compared to 24.5 % and 1.5 % respectively.

The largest recipients of EDF payments in 2022 were Mozambique, Sudan and Democratic Republic of Congo, while the sectors with the highest funding were government and civil society, agriculture, energy and social infrastructures and services.

Parliament noted that the implementation of the EDF concerns countries that are facing aggravating impacts of climate change, biodiversity loss and food insecurity and are weakened by rising debt, new and forgotten humanitarian crises and conflicts, generating growing inequality and poverty. It called for the EDF to be conditional when there is evidence of human rights violations and to be checked against corruption and tax evasion.

Transparency				
GARCÍA MUÑOZ Isabel	Shadow rapporteur	CONT	09/11/2023	Directorate-general for International Partnerships of the European Commission