

## **P6\_TA(2006)0166**

### **2004 Discharge: sixth, seventh, eighth and ninth European Development Funds**

#### **1. European Parliament decision on the discharge for implementation of the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2004 (COM(2005)0485 – C6-0430/2005 – 2005/2157(DEC))**

*The European Parliament,*

- having regard to the Commission's report on the follow-up to 2003 Discharge Decisions (COM(2005)0449),
- having regard to the Commission communication on the Annual accounts for the financial year 2004 of the 6th, 7th, 8th and 9th European Development Funds (COM(2005)0485 - C6-0430/2005),
- having regard to the Commission communication on the Financial Management Report on the 6th, 7th, 8th and 9th European Development Funds for the year 2004 (COM(2005)0307),
- having regard to the Court of Auditors' Annual Report on the activities funded by the sixth, seventh, eighth and ninth European Development Funds (EDFs), together with the institutions' replies<sup>1</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty<sup>2</sup>,
- having regard to Court of Auditors' Special report No 2/2005 concerning EDF budget aid to ACP countries: the Commission's management of the public finance reform aspect, together with the Commission's replies<sup>3</sup> (submitted pursuant to Article 248(4), second subparagraph, of the EC Treaty),
- having regard to the Council's recommendations of 22 February 2006 (5677/2006 - C6-0094/2006, 5679/2006 - C6-0095/2006, 5680/2006 - C6-0096/2006, 5681/2006 - C6-0097/2006),
- having regard to Article 33 of the Internal Agreement of 20 December 1995 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<sup>4</sup>,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 between Representatives of the Governments of the Member States, meeting within the Council,

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<sup>1</sup> OJ C 301, 30.11.2005, p. 249.

<sup>2</sup> OJ C 301, 30.11.2005, p. 261.

<sup>3</sup> OJ C 249, 7.10.2005, p. 1.

<sup>4</sup> OJ L 156, 29.5.1998, p. 108.

on the Financing and Administration of Community Aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies<sup>5</sup>,

- having regard to Article 276 of the EC Treaty,
  - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention<sup>6</sup>,
  - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund<sup>7</sup>,
  - having regard to Rule 70 and the third indent of Rule 71 of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0110/2006),
- A. whereas, in its statement of assurance on the European Development Funds (EDF), the Court of Auditors concluded that, with certain exceptions, the accounts for the financial year 2004 reliably reflect the revenue and expenditure for the financial year and the financial situation at the end of the year,
- B. whereas the Court of Auditors' conclusion on the legality and regularity of the underlying transactions is based *inter alia* on the audit of a sample of transactions,
- C. whereas the Court of Auditors, on the basis of the documentation examined, is of the opinion that the revenue entered in the accounts, the EDF allocations and the commitments and payments are, taken as a whole, legal and regular,
1. Grants discharge to the Commission for the implementation of the budget of the sixth, seventh, eighth and ninth EDF for the financial year 2004;
  2. Sets out its comments in the resolution below;
  3. Instructs its President to forward this decision and the resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank and to have them published in the Official Journal of the European Union (L series).

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<sup>5</sup> OJ L 317, 15.12.2000, p. 355.

<sup>6</sup> OJ L 191, 7.7.1998, p. 53.

<sup>7</sup> OJ L 83, 1.4.2003, p. 1.

## **2. European Parliament decision on closing the accounts for implementation of the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2004 (COM(2005)0485 – C6-0430/2005 – 2005/2157(DEC))**

*The European Parliament,*

- having regard to the Commission's report on the follow-up to 2003 Discharge Decisions (COM(2005)0449),
- having regard to the Commission communication on the Annual accounts for the financial year 2004 of the 6th, 7th, 8th and 9th European Development Funds (COM(2005)0485 - C6-0430/2005),
- having regard to the Commission communication on the Financial Management Report on the 6th, 7th, 8th and 9th European Development Funds for the year 2004 (COM(2005)0307),
- having regard to the Court of Auditors' Annual Report on the activities funded by the sixth, seventh, eighth and ninth European Development Funds (EDFs), together with the institutions' replies<sup>8</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty<sup>9</sup>,
- having regard to Court of Auditors' Special report No 2/2005 concerning EDF budget aid to ACP countries: the Commission's management of the public finance reform aspect, together with the Commission's replies<sup>10</sup> (submitted pursuant to Article 248(4), second subparagraph, of the EC Treaty),
- having regard to the Council's recommendations of 22 February 2006 (5677/2006 - C6-0094/2006, 5679/2006 - C6-0095/2006, 5680/2006 - C6-0096/2006, 5681/2006 - C6-0097/2006),
- having regard to Article 33 of the Internal Agreement of 20 December 1995 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<sup>11</sup>,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 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 African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000

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<sup>8</sup> OJ C 301, 30.11.2005, p. 249.

<sup>9</sup> OJ C 301, 30.11.2005, p. 261.

<sup>10</sup> OJ C 249, 7.10.2005, p. 1.

<sup>11</sup> OJ L 156, 29.5.1998, p. 108.

and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies<sup>12</sup>,

- having regard to Article 276 of the EC Treaty,
  - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention<sup>13</sup>,
  - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund<sup>14</sup>,
  - having regard to Rule 70 and the third indent of Rule 71 of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0110/2006),
1. Notes that the financial situation of the sixth, seventh, eighth and ninth European Development Funds (EDF) as at 31 December 2004 was as follows:

**Table 1 – Cumulative utilisation of EDF resources as at 31 December 2004**

	Situation at end of 2003 <sup>(3)</sup>		Budgetary implementation during the financial year 2004 <sup>(3)</sup>						
	Global amount	Implementation rate % <sup>(2)</sup>	6 <sup>th</sup> EDF	7 <sup>th</sup> EDF	8 <sup>th</sup> EDF	9 <sup>th</sup> EDF	Global amount	6 <sup>th</sup> EDF	7 <sup>th</sup> EDF
<b>A – RESOURCES<sup>(1)</sup></b>	<b>43 408.7</b>		-32.2	-58.4	-172.3	656.0	<b>393.1</b>	<b>7 439.4</b>	<b>10 867.</b>
<b>B – UTILISATION</b>									
<b>1. Financial commitments</b>	<b>33 317.0</b>	<b>76.8</b>	-32.2	-58.4	-172.3	2 638.1	<b>2 375.2</b>	<b>7 439.4</b>	<b>10 867.</b>
<b>2. Individual legal commitments</b>	<b>27 566.9</b>	<b>63.5</b>	28.7	121.4	848.7	1 747.5	<b>2 746.3</b>	<b>7 378.3</b>	<b>10 418.</b>
<b>3. Payments<sup>(2)</sup></b>	<b>23 504.1</b>	<b>54.1</b>	30.0	244.5	1 191.9	947.6	<b>2 413.9</b>	<b>7 312.1</b>	<b>9 849.</b>
<b>C – Outstanding payments (B1-B3)</b>	<b>9 812.9</b>	<b>22.6</b>						<b>127.3</b>	<b>1 018.</b>
<b>D – Available balance (A-B1)</b>	<b>10 091.7</b>	<b>23.2</b>						<b>0.0</b>	<b>0.</b>

<sup>(1)</sup> Initial allocations to the 6th, 7th, 8th and 9th EDFs, interest, sundry resources and transfers from previous EDFs.

<sup>(2)</sup> As a percentage of resources.

<sup>(3)</sup> With a view to ensuring consistency with the financial statements and budget implementation statements drawn up by the Commission, these figures do not include operational 2003: resources: € 2 245 million; financial commitments: € 366 million; individual legal commitments: € 140 million; payments: € 4 million).

<sup>12</sup> OJ L 317, 15.12.2000, p. 355.

<sup>13</sup> OJ L 191, 7.7.1998, p. 53.

<sup>14</sup> OJ L 83, 1.4.2003, p. 1.

2. Approves closing the accounts for implementation of the budget of the sixth, seventh, eighth and ninth EDF for the financial year 2004;
3. Instructs its President to forward this decision to the Council, the Commission, the Court of Auditors and the European Investment Bank and to have it published in the Official Journal of the European Union (L series).

**3. European Parliament resolution with comments forming an integral part of the decision on the discharge for implementation of the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2004 (COM(2005)0485 – C6-0430/2005 – 2005/2157(DEC))**

*The European Parliament,*

- having regard to the Commission's report on the follow-up to 2003 Discharge Decisions (COM(2005)0449),
- having regard to the Commission communication on the Annual accounts for the financial year 2004 of the 6th, 7th, 8th and 9th European Development Funds (COM(2005)0485 - C6-0430/2005),
- having regard to the Commission communication on the Financial Management Report on the 6th, 7th, 8th and 9th European Development Funds for the year 2004 (COM(2005)0307),
- having regard to the Court of Auditors' Annual Report on the activities funded by the sixth, seventh, eighth and ninth European Development Funds (EDFs), together with the institutions' replies<sup>15</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty<sup>16</sup>,
- having regard to Court of Auditors' Special report No 2/2005 concerning EDF budget aid to ACP countries: the Commission's management of the public finance reform aspect, together with the Commission's replies<sup>17</sup> (submitted pursuant to Article 248(4), second subparagraph, of the EC Treaty),
- having regard to the 2005 United Nations Millennium Development Goals Report<sup>18</sup>,
- having regard to its resolution of 1 March 2001 on the Commission communication to the Council and the European Parliament on the European Community's Development Policy<sup>19</sup>,
- having regard to its resolution of 9 March 2005 on the work of the ACP-EU Joint Parliamentary Assembly in 2004<sup>20</sup>,
- having regard to its resolution of 8 June 2005 on Policy Challenges and Budgetary Means

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<sup>15</sup> OJ C 301, 30.11.2005, p. 249.

<sup>16</sup> OJ C 301, 30.11.2005, p. 261.

<sup>17</sup> OJ C 249, 7.10.2005, p. 1.

<sup>18</sup> Published by the United Nations Department of Public Information, DPI/2390 - May 2005, <http://millenniumindicators.un.org>.

<sup>19</sup> OJ C 277, 1.10.2001, p. 130.

<sup>20</sup> OJ C 320 E, 15.12.2005, p. 142.

- of the enlarged Union 2007-2013<sup>21</sup>,
- having regard to its resolution of 17 November 2005 on a development strategy for Africa<sup>22</sup>,
  - having regard to the EuropeAid Cooperation Office's annual activity report 2004,
  - having regard to the Commission communication on the Annual Report 2005 on the European Community's Development Policy and the Implementation of External Assistance in 2004 (COM(2005)0292),
  - having regard to the Council's recommendations of 22 February 2006 (5677/2006 - C6-0094/2006, 5679/2006 - C6-0095/2006, 5680/2006 - C6-0096/2006, 5681/2006 - C6-0097/2006),
  - having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou, Benin, on 23 June 2000<sup>23</sup> (the Cotonou Agreement),
  - having regard to Article 33 of the Internal Agreement of 20 December 1995 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<sup>24</sup>,
  - having regard to Article 32 of the Internal Agreement of 18 September 2000 between Representatives of the Governments of the Member States, meeting within the Council<sup>25</sup>, on the Financing and Administration of Community Aid under the Financial Protocol to the Cotonou Agreement and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies,
  - having regard to Article 276 of the EC Treaty,
  - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention<sup>26</sup>,
  - having regard to Articles 119 and 120 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund<sup>27</sup>,
  - having regard to Rule 70 and the third indent of Rule 71 of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0110/2006),

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<sup>21</sup> *Texts Adopted*, P6\_TA(2005)0224.

<sup>22</sup> *Texts Adopted*, P6\_TA(2005)0445.

<sup>23</sup> OJ L 317, 15.12.2000, p. 3.

<sup>24</sup> OJ L 156, 29.5.1998, p. 108.

<sup>25</sup> OJ L 317, 15.12.2000, p. 355.

<sup>26</sup> OJ L 191, 7.7.1998, p. 53.

<sup>27</sup> OJ L 83, 1.4.2003, p. 1.

- A. whereas Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund requires the Commission to take all appropriate steps to act on the observations accompanying the decision giving discharge and to report, at the request of the European Parliament, on the measures taken in the light of those observations and comments,
- B. whereas the reform of the management of the EC's external assistance was launched in May 2000<sup>28</sup> and the reform of the EC's development policy in November 2000<sup>29</sup>,
- C. whereas the Cotonou Agreement entered into force on 1 April 2003,

***EDF and Millennium Development Goals (MDGs)***

1. Takes the view that development policy is an essential component of the Union's external action, the aims of which are to eradicate poverty by means of economic and social reform and by bolstering social, educational and health-related infrastructure, increasing the production capacity of poor populations, ensuring environmental sustainability and granting support to the countries concerned to enable them to increase growth and local potential; welcomes the fact that the Commission is continuing to seek to achieve the MDGs on this basis;
2. Takes the view that the European Development Fund (EDF) is an important tool for carrying out this policy in the African, Caribbean and Pacific (ACP) countries and that it must be made more effective through a focus on actions aimed at poverty eradication and through swift implementation characterised by transparency, accountability and compliance with the principles of sound financial management;
3. Recognises the problems of measuring the impact of Community assistance on the achievement of the MDGs in multi-donor environments; calls on the Commission to make greater efforts to establish an appropriate mechanism to measure such an impact and not to confine itself to measuring the progress of the developing countries towards the MDGs;
4. Agrees with the Court of Auditors<sup>30</sup> on the need for objective, useful and comprehensive indicators to measure the output of aid; trusts that these will be put in place for the period 2007-13;
5. Notes that, in 2004, out of a total of EUR 2 723 million in funding provided by EuropeAid to ACP countries (EDF and EU general budget), 41 % (EUR 1 129 million) was committed for infrastructure and social services; deplores the fact that only EUR 12 million (0.4%) was earmarked for basic education and EUR 74 million (2.7%) for basic health, despite the recommendation at paragraph 6 of its previous discharge resolution<sup>31</sup>; urges the Commission to increase funding for these sectors and calls for the percentage of European Union development cooperation spending earmarked for basic education and

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<sup>28</sup> Commission communication on reform of the management of external assistance, adopted by the Commission on 16 May 2000.

<sup>29</sup> Declaration of the Council and the Commission on the European Community's development policy, adopted by the General Affairs (Development) Council on 10 November 2000.

<sup>30</sup> Special Report No 4/2005, paragraph 63.

<sup>31</sup> OJ L 196, 27.7.2005, p. 155.



health in the developing countries to be substantially increased;

6. Insists that greater priority be given to the main MDG sectors of health and education in the next round of Country Strategy Papers;
7. Welcomes the identification of sector budget support<sup>32</sup> as a means of increasing the level of financing for education and health; considers this option more effective than general budget support, even when linked to progress in these sectors;
8. Supports the Commission in its efforts to put the provisions of the Cotonou Agreement into practise; notes, however, that the Commission has not promoted fair trade appropriately, though this is stipulated in Article 23(g) of the Agreement; calls on the Commission to support all provisions in the Cotonou Agreement, in particular Article 23(g) concerning trade development, including the promotion of fair trade;
9. Takes the view that democratisation, good governance, human rights, equal opportunities (with particular reference to respect for women's rights), consolidation of the rule of law and judicial and civil administrative capacity building are not just important values in themselves, to be pursued as external aid objectives, but can also have a beneficial effect in terms of sound management of external aid projects;

#### ***Accounts***

10. Expresses concern at the fact that modernisation of the EDF accounts was not completed within the deadlines set and that, for the moment, the existing On-line Accounting System (OLAS) is being used to keep the accounts; asks to be kept informed every six months on progress with modernisation of the new integrated IT system (ABAC-FED) and its implementation at head office and within the delegations;
11. Notes that although EDF funds managed by the European Investment Bank (EIB) are not audited by the Court of Auditors or controlled by Parliament as part of the discharge procedure, they are included in the EDF accounts; considers that transparency would be enhanced if information on these funds (amounts by type of use, overview of results) were provided to the discharge authority which is responsible for signing off the EDF accounts; calls on the EIB and the Commission to provide such information and to include it in their reports on the EDF;

#### ***Statement of assurance***

12. Notes that, with the exception of problems relating to the following<sup>33</sup>, the Court of Auditors is of the opinion that the accounts reliably reflect the revenue and expenditure relating to the sixth, seventh, eighth and ninth EDFs:
  - (a) the incompleteness of the assets, as the Commission has not sufficiently investigated which part of the outstanding advances are to be reimbursed by the debtors to the EDF;

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<sup>32</sup> Reply to question 1.4 of the questionnaire of the Committee on Development (DEVE).

<sup>33</sup> Court of Auditors, Annual Report concerning the financial year 2004, p. 261.

- (b) the incompleteness of the provisions on doubtful debts, which do not reflect the real level of bad debts;
  - (c) the unreliability of the balance of Stabex funds disclosed in a report attached to the financial statements (EUR 832 million);
13. Notes that, according to the Court of Auditors' annual report, the EuropeAid Director-General's activity report makes no mention of major internal control weaknesses; notes that these weaknesses consist mainly of insufficient audits and follow-up and that weaknesses in national authorising officers' management capability result in a heavier workload for the delegations; calls on the Commission to take appropriate action and to report on that action;
  14. Notes that, with regard to the underlying transactions, the Court of Auditors is of the opinion that the revenue entered in the accounts, the EDF allocations and the commitments and payments for the financial year are, taken as a whole, legal and regular;
  15. Points out that in its annual report the Court of Auditors stresses that the cases of deliberate irregularity and corruption committed outside the Commission's control environment cannot, by their nature, be systematically detected through application of the Court's auditing policies and standards; considers that, in all its external aid-related activities, the Commission should endeavour to ensure that:
    - its control environment is protected, extended, strengthened or made more effective,
    - protection is provided for anyone reporting fraud, irregularities and maladministration both within the Commission and its intermediary organisations and within national authorising services and beneficiary organisations, with due reference to the recommendation at paragraph 9 above;

### ***Financial Management Report***

16. Welcomes the improvement in the quantity and quality of information contained in the Financial Management Report but, like the Court of Auditors, calls on the Commission to provide more details in future reports, particularly so as to enable comparisons to be made of the amounts allocated to projects, budgetary support and non-programmable aid coming under the ninth EDF to those for previous EDFs and in order to have an overview of the related administrative expenditure;
17. Welcomes the increase in average staff per EUR 10 million managed from 4,1 in 1999 to 4,8 in 2004; regrets that this figure remains well below the average for European donors and is now falling;

### ***Accountability***

18. Notes that while the Commissioner for Development and Humanitarian Aid is responsible for EDF policy and for specific matters concerning the related projects and programmes managed by EuropeAid, the Commissioner for External Relations and European Neighbourhood Policy is responsible for all general policy and management matters concerning the functioning of EuropeAid, which implements the EDF; remains concerned that the lack of clarity over responsibility may create ambiguities and disrupt operations;

calls on the Commission to clarify the breakdown of responsibilities for the EDF and external aid;

### ***Implementation and RAL***

19. Notes that EuropeAid quotes a figure as at the end of 2004 of EUR 9 776 million in outstanding commitments (reste à liquider - RAL) for the EDF and a figure of EUR 11 607 million for the budget lines which it manages; considers these figures to be far too high and urges the Commission to speed up implementation of external aid;
20. Points out that, while desirable, more rapid implementation is not of itself sufficient to conclude that the performance of the EDFs has improved, and that better achievement of objectives is also required; notes the comparison between objectives and achievements included in the Financial Management Report, but asks the Commission to make more effort to set quantifiable objectives as defined in the Financial Regulation;
21. Calls on the Commission to look into the feasibility of administrative, legislative, technical and other measures to ensure that, before further increases are planned, RAL in the field of external aid is better kept under control and reduced, and to report thereon;

### ***Budgetary support for ACP countries***

22. Notes the increasing significance of budget support, with EUR 624 million disbursed in 23 ACP countries in 2004; acknowledges that budget support can contribute effectively towards realising the objectives of reducing poverty and improving public financial management in recipient countries, in particular by giving them a greater sense of 'ownership'; calls on the Commission to adjust its instruments to assess economic reforms and the quality of public financial management as conditions for eligibility for budget support within the meaning of Article 61(2) of the Cotonou Agreement<sup>34</sup>;
23. Supports the Commission's efforts to introduce and improve the necessary instruments for monitoring and assessing progress made in implementing public finance reform in beneficiary countries; expects decisions and funding agreements, as well as how appropriate tools are used to monitor implementation of reforms, henceforth to be presented in a more structured manner, so as clearly to indicate whether the public finance reforms in beneficiary countries are going in the right direction;
24. Expects the Commission to pay special attention to the collection of domestic revenue and action to combat fraud and corruption in beneficiary countries and to make further efforts to take due account of such issues in connection with the implementation of public finance reforms;
25. Calls on the Commission to improve, where possible, its relations at local level with other donors, particularly as regards information on the allocation and disbursement of

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<sup>34</sup> "Direct budgetary assistance in support of macroeconomic or sectoral reforms shall be granted where:

- (a) public expenditure management is sufficiently transparent, accountable and effective;
- (b) well defined macroeconomic or sectoral policies established by the country itself and agreed to by its main donors are in place; and
- (c) public procurement is open and transparent."

budgetary assistance, with a view to improving the design and programming of public finance reforms and, thereby, the assessment of the quality and effectiveness of such reforms;

26. Urges the Commission to step up and place on a more systematic footing its cooperation with supreme audit institutions and, where possible, to call on governments of beneficiary countries to secure more active parliamentary involvement in audit and the public finance reform process;

### ***Supreme audit institutions***

27. Recalls the importance attached by Parliament, the Council and the Court of Auditors to involving ACP states' supreme audit institutions in EDF control<sup>35</sup>;
28. Notes that the Commission is considering different modalities for supporting and promoting the role of the supreme audit institutions in the ACP states; asks for an assessment of the various options under consideration and of progress in their implementation to be submitted in time for the next discharge exercise;

### ***Budgetisation***

29. Considers that budgetisation of the EDF would remove many of the complications and difficulties of implementing successive EDFs, help speed up disbursement and eliminate the current democratic deficit;
30. Draws attention to the following statement made in its above mentioned resolution of 8 June 2005:

"European Development Fund (EDF):

recalls that the European Parliament has strongly supported the integration of the EDF into the general budget on the basis of the principle of the unity of the budget and for reasons of transparency, but observes that, in financial terms, the budgetisation should not jeopardise other policies; underlines therefore that the budgetisation is only acceptable if the overall ceiling of the financial framework brings additional resources into the general budget; points out that the appropriations budgeted should be ring-fenced to avoid any negative effect on the ACP countries; stresses that the principle of partnership with the ACP countries must be respected when the EDF is integrated into the general budget";

31. Regrets that at its meeting in Brussels on 15 and 16 December 2005 the European Council did not agree to the budgetisation of the EDF, but welcomes the fact that the Member States did agree to allocate EUR 22 682 million at current prices to cooperation with the ACP states over the period 2008-2013; calls, nonetheless, on the Council and Commission to continue to work on incorporating the EDF into the general budget; is awaiting the final decision on the financial perspective 2007-2013 which depends on agreement between Parliament and the Council on the new interinstitutional agreement;

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<sup>35</sup> See paragraphs 21 to 24 in the resolution containing the comments accompanying the decision concerning discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2002 financial year (OJ L 330, 4.11.2004, p. 128).

### ***Devolution of management of aid and support***

32. Supports the Commission's devolution of resources and decision-making powers to the delegations of the Commission; expects that this new organisational structure will contribute to even swifter implementation of commitments and payments and to better project follow-up;
33. Notes the risks of the process of devolution to the Commission delegations in ACP countries, such as difficulties in finding appropriate staff and the possibility of incoherent interpretation of rules between Commission delegations; underlines the need to improve the rules and to find a balance between reinforced control mechanisms and the need for reporting on one hand, and efficient and speedy decision-making locating the main decisions on projects in the delegations on the other;
34. Welcomes the fact that the devolution process has now extended to almost all delegations; seeks confirmation that appropriate staff training and controls are accompanying the devolution of resources and decision-making powers to delegations; asks for a report outlining the state of play of the devolution process, describing the expected benefits with quantifiable indicators and setting out the benefits so far achieved and detailing the control structures in place in delegations, including the state of implementation of internal control standards;

### ***Stabex funds***

35. Notes that the Commission completed the inventory of Stabex funds in 2004, showing that some ACP states do not supply the required financial statements and that, as a result, an unknown portion of the declared bank balance of EUR 832 million has not been certified by the Commission on the basis of reliable supporting documents; reiterates the request it made to the Commission last year to work with the beneficiary countries to enhance monitoring and ensure that the outstanding funds are committed as rapidly as possible;

### ***Internal control standards***

36. Welcomes the internal control efforts made by the Commission; expresses concern, nonetheless, at the fact that the Commission is complying with only the minimum requirements for certain control standards; asks the Commission to report on compliance with control standards;

### ***Visibility and transparency***

37. Urges the Commission, in the interests of greater transparency and better information as to reliability and sound management in connection with implementation of the sixth, seventh, eighth and ninth EDF, to clarify its reply to the request for additional explanations on key issues made by the Court of Auditors in paragraph 8(a) of Chapter 1 of its annual report covering the increase in resources for the ninth EDF, with specific reference to the item concerning aid granted to the Democratic Republic of Congo;
38. Acknowledges the progress made by the Commission in ensuring a higher profile for Community external aid action and urges it to continue the efforts currently being made; deplores, however, the fact that the public is not aware of the European Union's close

involvement in many projects and programmes conducted jointly with the United Nations and other organisations; calls on the Commission to make representations to these organisations with a view to:

- ensuring public awareness of EU contributions and involvement;
- laying down provisions enabling proper assessment, audit and control operations to be carried out, including in connection with projects and programmes conducted jointly with or through these international organisations or NGOs.