

**2008 discharge: Seventh, Eighth, Ninth and Tenth European Development Funds (EDF)**

**1. European Parliament decision of 5 May 2010 on discharge in respect of the implementation of the budget of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008 (COM(2009)0397 – C7-0171/2009 – 2009/2077(DEC))**

*The European Parliament,*

- having regard to the Commission report on the follow-up to the 2007 discharge decisions (COM(2009)0526 and its annex SEC(2009)1427),
- having regard to the financial statements and revenue and expenditure accounts for the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008 (COM(2009)0397 – C7-0171/2009),
- having regard to the report on the financial management of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008,
- having regard to the financial information on the European Development Funds (COM(2009)0310),
- having regard to the Court of Auditors' annual report on the activities funded by the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008, together with the Commission's 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 the Council's recommendations of 16 February 2010 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2008 (5082/2010 – C7-0056/2010, 5084/2010 – C7-0057/2010, 5085/2010 – C7-0058/2010, 5086/2010 – C7-0059/2010),
- 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 on 23 June 2000<sup>3</sup> and revised in Luxembourg on 25 June 2005<sup>4</sup>,
- having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of

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<sup>1</sup> OJ C 269, 10.11.2009, p. 257.

<sup>2</sup> OJ C 274, 13.11.2009, p. 235.

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

<sup>4</sup> OJ L 287, 28.10.2005, p. 4.

the overseas countries and territories with the European Community (Overseas Association Decision)<sup>1</sup>, amended by Council Decision 2007/249/EC of 19 March 2007<sup>2</sup>,

- 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>3</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 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies<sup>4</sup>,
  - having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
  - 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>5</sup>,
  - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund<sup>6</sup>,
  - having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund<sup>7</sup>,
  - having regard to Rules 76 and 77, third indent of and Annex VI to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0063/2010),
1. Grants the Commission discharge in respect of the implementation of the budget of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008;
  2. Sets out its observations 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 of the European Union, the Court of Auditors and the European Investment Bank and to arrange for their publication in the Official Journal of the European Union (L series).

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<sup>1</sup> OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.

<sup>2</sup> OJ L 109, 26.4.2007, p. 33.

<sup>3</sup> OJ L 156, 29.5.1998, p. 108.

<sup>4</sup> OJ L 317, 15.12.2000, p. 355.

<sup>5</sup> OJ L 191, 7.7.1998, p. 53.

<sup>6</sup> OJ L 83, 1.4.2003, p. 1.

<sup>7</sup> OJ L 78, 19.3.2008, p. 1.

## **2. European Parliament decision of 5 May 2010 on the closure of the accounts of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008 (COM(2009)0397 – C7-0171/2009 – 2009/2077(DEC))**

*The European Parliament,*

- having regard to the Commission report on the follow-up to the 2007 discharge decisions (COM(2009)0526 and its annex SEC(2009)1427),
- having regard to the financial statements and revenue and expenditure accounts for the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008 (COM(2009)0397 – C7-0171/2009),
- having regard to the report on the financial management of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008,
- having regard to the financial information on the European Development Funds (COM(2009)0310),
- having regard to the Court of Auditors' annual report on the activities funded by the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008, together with the Commission's 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 the Council's recommendations of 16 February 2010 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2008 (5082/2010 – C7-0056/2010, 5084/2010 – C7-0057/2010, 5085/2010 – C7-0058/2010, 5086/2010 – C7-0059/2010),
- 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 on 23 June 2000<sup>3</sup> and revised in Luxembourg on 25 June 2005<sup>4</sup>,
- having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community (Overseas Association Decision)<sup>5</sup>, amended by Council Decision 2007/249/EC of 19 March 2007<sup>6</sup>,
- having regard to Article 33 of the Internal Agreement of 20 December 1995, between the

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<sup>1</sup> OJ C 269, 10.11.2009, p. 257.

<sup>2</sup> OJ C 274, 13.11.2009, p. 235.

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

<sup>4</sup> OJ L 287, 28.10.2005, p. 4.

<sup>5</sup> OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.

<sup>6</sup> OJ L 109, 26.4.2007, p. 33.

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>1</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 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies<sup>2</sup>,
  - having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
  - 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>3</sup>,
  - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund<sup>4</sup>,
  - having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund<sup>5</sup>,
  - having regard to Rules 76 and 77, third indent of and Annex VI to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0063/2010),
1. Notes that the final annual accounts of the Seventh, Eighth, Ninth and Tenth European Development Funds are as shown in Table 1 of the Court of Auditors' annual report;
  2. Approves the closure of the accounts of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008;
  3. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank and to arrange for its publication in the Official Journal of the European Union (L series).

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<sup>1</sup> OJ L 156, 29.5.1998, p. 108.

<sup>2</sup> OJ L 317, 15.12.2000, p. 355.

<sup>3</sup> OJ L 191, 7.7.1998, p. 53.

<sup>4</sup> OJ L 83, 1.4.2003, p. 1.

<sup>5</sup> OJ L 78, 19.3.2008, p. 1.

**3. European Parliament resolution of 5 May 2010 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008 (COM(2009)0397 – C7-0171/2009 – 2009/2077(DEC))**

*The European Parliament,*

- having regard to the Commission report on the follow-up to the 2007 discharge decisions (COM(2009)0526 and its annex SEC(2009)1427),
- having regard to the financial statements and revenue and expenditure accounts for the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008 (COM(2009)0397 – C7-0171/2009),
- having regard to the report on the financial management of the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008,
- having regard to the financial information on the European Development Funds (COM(2009)0310),
- having regard to the Court of Auditors' annual report on the activities funded by the Seventh, Eighth, Ninth and Tenth European Development Funds for the financial year 2008, together with the Commission's replies<sup>1</sup>,
- having regard to the Court of Auditors' Special Report No 15/2009 on EU assistance implemented through United Nations organisations: decision-making and monitoring,
- having regard to the Court of Auditors' Special Report No 18/2009 on the effectiveness of EDF support for Regional Economic Integration in East Africa and West Africa,
- 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 the Council's recommendations of 16 February 2010 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2008 (5082/2010 – C7-0056/2010, 5084/2010 – C7-0057/2010, 5085/2010 – C7-0058/2010, 5086/2010 – C7-0059/2010),
- 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 on 23 June 2000<sup>3</sup> and revised in Luxembourg on 25 June 2005<sup>4</sup>,

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<sup>2</sup> OJ C 274, 13.11.2009, p. 235.

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<sup>4</sup> OJ L 287, 28.10.2005, p. 4.

- having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community (Overseas Association Decision)<sup>1</sup>, amended by Council Decision 2007/249/EC of 19 March 2007<sup>2</sup>,
  - 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>3</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 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies<sup>4</sup>,
  - having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
  - 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>5</sup>,
  - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund<sup>6</sup>,
  - having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund<sup>7</sup>,
  - having regard to Rules 76 and 77, third indent of and Annex VI to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0063/2010),
- A. whereas the European Development Fund (EDF) is the European Union's most important financial instrument for development cooperation with the African, Caribbean and Pacific States,
- B. whereas the total amount of aid channelled through the EDF will increase considerably over the coming years, since the amount of EU aid under the Tenth EDF for the period 2008 to 2013 has been set at EUR 22 682 000 000, which represents a 64 % increase compared with the financial allocations under the Ninth EDF,
- C. whereas budget support is an aid instrument which requires a paradigm shift in

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<sup>1</sup> OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.

<sup>2</sup> OJ L 109, 26.4.2007, p. 33.

<sup>3</sup> OJ L 156, 29.5.1998, p. 108.

<sup>4</sup> OJ L 317, 15.12.2000, p. 355.

<sup>5</sup> OJ L 191, 7.7.1998, p. 53.

<sup>6</sup> OJ L 83, 1.4.2003, p. 1.

<sup>7</sup> OJ L 78, 19.3.2008, p. 1.

parliamentary oversight, moving from control over inputs to the checking of results and outputs,

- D. whereas, despite Parliament's repeated request that the EDF be budgetised, the EDFs currently do not fall under the general budget of the European Union and the general Financial Regulation, but are implemented in accordance with specific financial rules,
- E. whereas it is determined to continue to develop its oversight capabilities in order to fulfil as efficiently as possible its obligations as discharge authority,
  - 1. Welcomes the implementation of the Lisbon Treaty, particularly the creation of the office of High Representative of the Union for Foreign Affairs and Security Policy and the creation of the European External Action Service (EEAS); is concerned that the effectiveness of European development aid could be hindered by the fragmented way in which it is managed, and points out that improvements aimed at better management of the EDFs must be maintained and not be blocked; calls on the Commission to give it a description and detailed explanation of the operation of the new system;
  - 2. Recalls and supports the Commission's undertaking that it will fully incorporate the EDF into the budget during discussions on the next financial framework; repeats its request to the Commission to keep its Committee on Budgetary Control fully informed concerning the preparation of this initiative; takes the view that incorporation of the EDF into the general budget of the European Union would make it possible to enhance the coherence, transparency and effectiveness of the EDF and to strengthen its oversight system;
  - 3. Asks to be kept informed concerning the mid-term review due to be held for the Tenth EDF in 2010 and urges that the joint programming should be adequately strengthened to obtain a greater concentration and better coordination and division of work; takes the view that the implementation strategy for the Tenth EDF should focus on a limited number of areas, without excluding non-governmental organisations (NGOs) that are effective at local level and are of crucial importance for sustainable development, in order to avoid the harmful effects arising from a proliferation of objectives; in this connection, calls on the Commission to verify whether management by the respective NGOs in the field is in fact more efficient and cost-effective than management by the Commission;
  - 4. Repeats its invitation to the Commission, when fine-tuning its control strategy, to identify the point at which lack of results and the costs of control call for a policy change; in this connection looks forward to receiving the Commission report on the results of the tolerable risk/cost effectiveness studies on external action and the review of the EuropeAid control strategy, in good time for the 2009 discharge procedure;

#### ***Statement of Assurance***

- 5. Notes that the Court of Auditors, with the exception of the Commission's method of estimating the provision for costs incurred, takes the view that the accounts reliably reflect the revenue and expenditure relating to the Seventh, Eighth, Ninth and Tenth EDFs; encourages the Commission to refine its method in the next few months for the discharge in respect of the financial year 2009;

#### ***Underlying transactions***

6. Notes with satisfaction that, according to the Court of Auditors, the revenue and commitments are free from material error; is, however, concerned about the high incidence of non-quantifiable errors in budget support commitments and assessments of a material level of error in the payments;
7. Deplores and finds unacceptable the fact that the Court of Auditors was not able to obtain all the information and documentation concerning 10 sampled payments to international organisations and that consequently it is not able to express an opinion on the regularity of expenditure amounting to EUR 190 000 000, i.e. 6,7 % of the annual expenditure;
8. Calls on the Commission to take a sufficiently firm line with international organisations and draw up an ad hoc calendar ensuring that requests for information will be dealt with on time, so as to support the requests of the Court of Auditors for information/documentation and to ensure that the financial and administrative framework agreement (FAFA) is respected;

### ***Financial implementation***

9. Notes with satisfaction that the Seventh EDF was closed on 31 August 2008 and that EUR 10 381 000 000 was disbursed, amounting to 98,3 % of the EUR 10 559 000 000 allocated; notes that the balance (EUR 178 000 000) was transferred to the Ninth EDF;
10. Notes that the Tenth EDF (for the period 2008-2013, for a total amount of EUR 22 682 000 000) entered into force on 1 July 2008, and welcomes the speedy implementation of the Tenth EDF and the Commission's generally good performance, as regards commitments and payments and the management of outstanding commitments; encourages the Commission to continue its efforts with regard to old and dormant outstanding commitments;

### ***The Commission's financial management of the EDFs***

11. Notes with satisfaction that in the opinion of the Court of Auditors the Commission's report on the financial management of the Seventh, Eighth, Ninth and Tenth EDFs for the financial year 2008 presents 'an accurate description of the achievement of the Commission's operational objectives for the financial year (...), the financial situation and the events that had a significant influence on the activities carried out in 2008'<sup>1</sup>;

### ***Reliability of the accounts***

12. Notes that, under Article 1 and Article 103(3) of the Financial Regulation of 27 March 2003 applicable to the 9th EDF and Articles 2, 3, and 4 and Article 125(3) of Regulation (EC) No 215/2008, the statement of assurance (DAS) does not extend to the part of the Ninth and Tenth EDFs' resources that is managed by the European Investment Bank (EIB) (more than EUR 3 500 000 000)<sup>2</sup>; takes the view that resources not covered by the DAS should regularly be the subject of an EIB report;
13. Welcomes the fact that the Court of Auditors takes the view that the final annual accounts of the Seventh, Eighth, Ninth and Tenth EDFs fairly present, in all material respects, the

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<sup>1</sup> See the Court of Auditors' 2008 annual report on the EDFs, point 8.

<sup>2</sup> See the Court of Auditors' 2008 annual report on the EDFs, point 2.



financial position of the EDFs as at 31 December 2008;

14. Notes with satisfaction that the new accrual-based accounting system adapted to the EDF (ABAC EDF) was introduced in February 2009;

### ***Project management and payments***

15. Welcomes the record levels of commitments which were reached in 2008 and the timely implementation of the Tenth EDF; stresses that speeding up implementation should not come at the expense of the quality of funded operations;
16. Notes with satisfaction that the Court of Auditors found that the advance payments were free from material error; deplors nevertheless the fact that the Court of Auditors found a material level of error affecting the amount of payments audited;
17. Can accept the argument that some of the errors (lack of invoices or other supporting documents), i.e. those relating to the occurrence of expenditure in Angola, can be explained by the particularly difficult conditions in which the audit was carried out in that country; stresses, however, that 47 % of the quantifiable errors relate to the eligibility of expenditure and therefore calls on the Commission to improve its control system so as to reduce errors<sup>1</sup>; draws the Commission's attention in this connection to the recommendation of the Court of Auditors that *ex ante* checks should be improved by focusing on key risks;
18. Calls on the Commission, when the Financial Regulation is revised, to identify any procedural problems that it has encountered during crises and to present to Parliament an effective control procedure, particularly as regards the financing of emergency aid measures by Member States, that is flexible enough not to harm the flow of funds and that ensures the transparency of the projects undertaken;

### ***Annual activity report***

19. Welcomes the finding of the Court of Auditors that the quality of the annual activity report has significantly improved and congratulates the Commission *inter alia* on greater use of quantitative indicators<sup>2</sup>;

### ***Monitoring of implementing organisations***

20. Criticises the fact that, as in previous years, there are still significant weaknesses in the financial procedures and controls of implementing organisations, supervisors and National Authorising Officers (NAOs); welcomes nevertheless the efforts of EuropeAid and the delegations in particular to address those weaknesses; calls for those efforts to be stepped up in future and expects that future improvements expected in CRIS Audit will make a better result possible;
21. Stresses that democracy and the right for people to live under conditions where their human rights are not violated must be integrated goals of the implementing organisations in countries where EDF support is distributed.

### ***Budget support***

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<sup>1</sup> See the Court of Auditors' 2008 annual report on the EDFs, point 22.

<sup>2</sup> See the Court of Auditors' 2008 annual report on the EDFs, point 29.

22. Notes the significant increase in the share of cumulative financing decisions accounted for by budget support and structural adjustment under the Tenth EDF (over 45 %) as compared with the Eighth and Ninth EDFs (around 15 %)<sup>1</sup>;
23. Deplores the fact that the Court of Auditors' audit of budget support commitments and payments found them to be affected by a high level of non-quantifiable errors; urges the Commission to evaluate those payments with even greater rigour and to tighten up its payment procedures as of now; notes with satisfaction in this context that a review of the financial circuits for these payments was carried out in February 2009;
24. Welcomes the improvement in the clarity and structure of the Commission's assessments of compliance with the Cotonou Agreement; deplores the fact, however, that the Court of Auditors still found frequent cases where the Commission did not demonstrate in a sufficiently structured and formalised manner that public finance management in the beneficiary countries was sufficiently transparent, accountable and effective or at least that those countries had a credible and relevant reform programme to this end;
25. Agrees with the Court of Auditors that the Commission must continue its efforts to substantiate its decisions on the eligibility of budget support and to ensure that all financing agreements provide a comprehensive and clear basis for the assessment of compliance with payment conditions<sup>2</sup>; looks forward to receiving information on the outcome of the guidance review promised by the Commission for the end of 2009;
26. Urges the Commission to help partner countries develop parliamentary control and audit capacities and to involve parliaments, as well as civil society, in drawing up their national development strategies;
27. Recalls, as already pointed out in paragraph 79 of its resolution of 23 April 2009 with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Seventh, Eighth and Ninth European Development Funds for the financial year 2007<sup>3</sup> (hereinafter 'resolution of 23 April 2009'), that its role as regards budget support is to hold the Commission accountable for the results of spending, and that budget support is an aid instrument that requires a paradigm shift in oversight behaviour, moving from control over inputs to the checking of results against indicators, thus ensuring that support spending benefits the population of the recipient country;
28. Repeats its request to the Commission to identify, with the utmost rigour, the countries or issues in budgetary support implementation where particular parliamentary attention could prove useful in improving donor accountability<sup>4</sup> in addition to the special guidance on how to manage budget support operations in countries in a situation of fragility promised in the Commission's replies of 2 December 2009 to the Committee on Budgetary Control's written questions to Commissioner Karel De Gucht;
29. Repeats its call to the Court of Auditors to inform it of the quality of the Commission's risk assessment and management, and would welcome more performance audits assessing the

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<sup>1</sup> See the Court of Auditors' 2008 annual report on the EDFs, Chart II, p. 266.

<sup>2</sup> See the Court of Auditors' 2008 annual report on the EDFs, point 56.

<sup>3</sup> OJ L 255, 26.9.2009, p. 98.

<sup>4</sup> See paragraph 43 of the resolution of 23 April 2009.

results of development spending in general and budget support in particular<sup>1</sup>;

30. Calls on the Commission to ensure that budget support is reduced or cancelled when clear goals are not achieved;

#### ***Disclosure statement by beneficiary states***

31. Reiterates its view that development aid in general and budget support in particular should be tied to an *ex ante* disclosure statement, issued by the recipient country's government and signed by its finance minister, concerning selected issues that affect the governance and accountability structure of a beneficiary country; does not accept the Commission's argument that sufficient information on governance is obtained from analyses carried out with the cooperation of other parties and stakeholders;
32. Calls again on the Commission to take the lead and to present a proposal along these lines to other international donors, in particular the World Bank, with a view to developing and implementing such an instrument in agreement with other donors; looks forward to being informed of a possible timeframe for these negotiations;

#### ***Human resources***

33. Is very concerned at the risk of loss of institutional memory as a result of significant staff constraints (excessive turnover, and excessively high and increasing vacancy rates) disclosed in EuropeAid's annual activity report<sup>2</sup> and expresses concern that the number of EuropeAid staff has continued to decline in comparison to funds committed;
34. Reiterates its concern that there is a risk that a shortage or inadequate allocation of staff or the unavailability of specific skills and knowledge will have an impact on the effectiveness of action taken and the quality of the controls, verification and monitoring<sup>3</sup>;
35. Supports the intention expressed by the Commission to recruit additional external staff to increase numbers at headquarters and in the delegations for the management and control of the EDF; considers such an increase in staff to be all the more necessary because of the substantial increase in commitments under the Tenth EDF;

#### ***Comments on the conclusions and recommendations of the Court of Auditors***

36. Notes with satisfaction that the Court of Auditors has recognised EuropeAid's efforts to make significant improvements in its supervisory and control systems; supports the Commission in its determination to continue to improve the control systems' architecture;
37. Fully agrees with the recommendations of the Court of Auditors expressed in points 55(a) to (f) and 56(a) and (b) of the annual report on the EDFs;
38. Draws attention in particular, pending solutions to the lack of human resources, to the recommendation of the Court of Auditors on the need for the Commission to carry out a more structured risk analysis, to provide a more realistic assessment of the resources available when preparing the annual audit plans, and to closely monitor the implementation

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<sup>1</sup> See paragraph 53 of the resolution of 23 April 2009.

<sup>2</sup> See the Court of Auditors' 2008 annual report on the EDFs, point 30.

<sup>3</sup> See paragraph 61 of the resolution of 23 April 2009.

of the audit plans throughout the year;

39. Points out that, in its Special Report No 18/2009, the Court of Auditors assesses EDF support for regional economic integration in East Africa and West Africa, to which a considerable proportion – over 50 % – of EDF funding is allocated, as only partially effective; calls on the Commission to take steps to implement the measures proposed by the Court of Auditors, particularly as regards coordinating with and ensuring coherence with regional organisations, providing sufficient staffing, coordinating regional and national strategies and providing a precise clarification of tasks, responsibilities and objectives;

#### ***Development priorities and visibility***

40. Calls for the Development Cooperation Instrument benchmark allocating 20 % of spending to basic and secondary education and basic health to apply also to the EDF; urges the Commission to place greater emphasis on maternal health, as this is the Millennium Development Goal for which progress has been most disappointing; urges the Commission to ensure better visibility for EU-funded activities overseas;
41. Reiterates its support for EDF budgetisation, as a means of making spending more democratic, more accountable and more transparent;

#### ***The Investment Facility***

42. Notes that the EIB manages the Investment Facility, a risk-bearing instrument funded from the EDF that aims to foster private investment in the difficult economic and political context of the ACP countries; recalls its comments in its resolutions of 22 April 2008<sup>1</sup> and 23 April 2009 accompanying its decisions on discharge in respect of the implementation of the budget of the European Development Fund for the financial years 2006 and 2007, expressing its concern that the management of the Investment Facility by the EIB was excluded from the discharge; further recalls that EDF resources are derived from public money contributed by European taxpayers and not by the financial markets;
43. Deplores, as did the Court of Auditors in its Opinion No 9/2007 on the proposal for a Council Regulation on a Financial Regulation applicable to the 10th European Development Fund, the creation of two separate areas of management, as this limits the scope of the discharge, creates an additional need for coordination between the Commission and the EIB, and makes it difficult to obtain a complete picture of results achieved;
44. Notes that the EIB's annual report on the Investment Facility contains mainly financial information and very little – if any – information on the results of the various programmes financed;
45. Recalls that, in paragraph 24 of its above-mentioned resolution of 22 April 2008, it suggested that, during the discharge procedure, the EIB present its annual report on the implementation of the Investment Facility immediately to Parliament's Committee on Budgetary Control; proposes, in this connection, that the Committee on Budgetary Control invite the President of the EIB as soon as possible to discuss this possibility;
46. Repeats the invitation it made to the EIB in its resolution of 23 April 2009 to focus its

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<sup>1</sup> OJ L 88, 31.3.2009, p. 253.

reporting on results and to present complete, relevant and objective information as regards outcomes, objectives set, objectives achieved and reasons for possible deviation, as well as evaluations carried out and a summary of evaluation results;

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47. Calls on the Commission to provide more comprehensive information than when following up the resolution of 23 April 2009 on the specific procedures it has established with the EIB with a view to coordinating the two institutions' efforts to achieve EU objectives relating to development, and on the efficiency of those procedures.