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DRAFT REPORT

on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014
(2015/2203(DEC))

Committee on Budgetary Control

Rapporteur: Claudia Schmidt

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 (2015/2203(DEC))

The European Parliament,

- having regard to the financial statements and revenue and expenditure accounts for the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 (COM(2015)0379 – C8-0248/2015),
- having regard to the Commission’s annual report of [...] on the financial management of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014,
- having regard to the financial information on the European Development Funds (COM/2015/0295),
- having regard to the Court of Auditors’ annual report on the activities funded by the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014, together with the Commission’s replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendations of ... February 2016 on discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2014 (– C8-),
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194 and SWD(2015)0195),
- 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 2000³ and amended in Ouagadougou, Burkina Faso, on 22 June 2010⁴,
- having regard to Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (‘Overseas

¹ OJ C 373, 10.11.2015, p. 289.

² OJ C 379, 13.11.2015, p. 124.

³ OJ L 317, 15.12.2000, p. 3.

⁴ OJ L 287, 4.11.2010, p. 3.

Association Decision')¹,

- 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 Convention²,
- 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 applies³,
- having regard to Article 11 of the Internal Agreement of 17 July 2006 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 applies⁴,
- having regard to Article 11 of the Internal Agreement of 24 and 26 June 2013 between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020 in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies⁵,
- having regard to 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 Convention⁶,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund⁷,
- having regard to Article 50 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund⁸,
- having regard to Article 48 of Council Regulation (EU) 2015/323 on the financial

¹ OJ L 344, 19.12.2013, p. 1.

² OJ L 156, 29.5.1998, p. 108.

³ OJ L 317, 15.12.2000, p. 355.

⁴ OJ L 247, 9.9.2006, p. 32.

⁵ OJ L 210, 6.8.2013, p. 1.

⁶ OJ L 191, 7.7.1998, p. 53.

⁷ OJ L 83, 1.4.2003, p. 1.

⁸ OJ L 78, 19.3.2008, p. 1.

regulation applicable to the 11th European Development Fund¹,

- having regard to Rule 93 and the third indent of Rule 94 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 (A8-0000/2016),
1. Grants the Commission discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 / Postpones its decision on granting the Commission discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution forming an integral part of it to the Council, the Commission, 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).

¹ OJ L 58, 3.3.2015, p. 17.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 (2015/2203(DEC))

The European Parliament,

- having regard to the financial statements and revenue and expenditure accounts for the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 (COM(2015)0379 – C8-0248/2015),
- having regard to the Commission’s annual report of [...] on the financial management of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014,
- having regard to the financial information on the European Development Funds (COM/2015/0295),
- having regard to the Court of Auditors’ annual report on the activities funded by the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014, together with the Commission’s replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendations of ... February 2016 on discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2014 (– C8-),
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working document (SWD(2015)0194 and SWD(2015)0195),
- 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 2000³ and amended in Ouagadougou, Burkina Faso, on 22 June 2010⁴,
- having regard to Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (‘Overseas

¹ OJ C 373, 10.11.2015, p. 289.

² OJ C 379, 13.11.2015, p. 124.

³ OJ L 317, 15.12.2000, p. 3.

⁴ OJ L 287, 4.11.2010, p. 3.

Association Decision')¹,

- 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 Convention²,
- 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 applies³,
- having regard to Article 11 of the Internal Agreement of 17 July 2006 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 applies⁴,
- having regard to Article 11 of the Internal Agreement of 24 and 26 June 2013 between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020 in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies⁵,
- having regard to 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 Convention⁶,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund⁷,
- having regard to Article 50 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund⁸,
- having regard to Article 48 of Council Regulation (EU) 2015/323 on the financial

¹ OJ L 344, 19.12.2013, p. 1.

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³ OJ L 317, 15.12.2000, p. 355.

⁴ OJ L 247, 9.9.2006, p. 32.

⁵ OJ L 210, 6.8.2013, p. 1.

⁶ OJ L 191, 7.7.1998, p. 53.

⁷ OJ L 83, 1.4.2003, p. 1.

⁸ OJ L 78, 19.3.2008, p. 1.

regulation applicable to the 11th European Development Fund¹,

- having regard to Rule 93 and the third indent of Rule 94 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 (A8-0000/2016),
1. Notes that the final annual accounts of the eighth, ninth, tenth and eleventh European Development Funds are shown in Table 2 of the Court of Auditors' annual report;
 2. Approves the closure of the accounts of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 / Postpones the closure of the accounts of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014;
 3. Instructs its President to forward this decision to the Council, the Commission, 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).

¹ OJ L 58, 3.3.2015, p. 17.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014 (2015/2203(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2014,
 - having regard to Rule 93 and the third indent of Rule 94 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 (A8-0000/2016),
- A. whereas successive European Development Funds (EDFs), funded by Member States, constitute the main cooperation instruments for delivering Union aid for development cooperation to the African, Caribbean and Pacific (ACP) States and overseas countries and territories (OCTs);
- B. whereas the overarching objective of the Cotonou agreement focuses on reducing and eventually eradicating poverty for 2020;
- C. whereas sustainability and progressive economic integration became pivotal principles of the development policy and instruments within the Cotonou partnership;
- D. whereas the fact that the spending in 2014 was made under the 8th, 9th, 10th and 11th EDFs, with payments still executed under the 8th EDF opened in 1995, hinders the overall level of transparency and efficiency of the operations;
- E. whereas the Council adopted in December 2013 a bridging facility to ensure the availability of funds between January 2014 and the entry into force of the 11th EDF with transitional resources amounting EUR 1 616 million;
- F. whereas EDF funding is managed both by the Commission and the European Investment Bank (EIB), with the Commission being solely accountable for the management of funds and operations within the discharge procedure;
- G. whereas the Union has a strong record of international cooperation in tackling global challenges and providing development support in many parts of the world;
- H. whereas there is a need for redefining the way global actors and institutions work together, by defining new forms of momentum and *modus operandi*, in particular so as to better deliver results on commitments related to Union external policies;

- I. whereas the Union's external interventions are channelled through international organisations which either implement Union funds or cofinance projects together with the Union including challenges in terms of oversight and governance;
- J. whereas the prevailing operating environment in ACP countries comprises a high-level inherent risk exposure with political instability and security issues and weak institutional and administrative environment;
- K. whereas the level and nature of the Union's engagement must be differentiated and conditional, depending on measurable progress in various fields such as democratisation, human rights, good governance, sustainable socio-economic development, the rule of law, transparency and the fight against corruption;
- L. whereas a regular and thorough political dialogue is key to ensure partners' greater ownership and the adjustment of policy objectives;
- M. whereas budget support presents important risks related to the partner country capacity to use the funds allocated appropriately with a potential impact on the commonly-agreed objectives and also carries, in particular, a number of transparency, accountability and good financial management related challenges;
- N. Whereas illicit financial flows through corruption, tax evasion or money laundering schemes hinder partner countries' efforts to mobilise domestic revenues and undermines their opportunity for growth and the alleviation of poverty;
- O. whereas it is fundamental to expand Union visibility and credibility as well as to promote Union values in all Union interventions;
- P. whereas the 'budgetisation' of the EDF, consisting of its incorporation into the Union budget structure, remains a priority for Parliament; whereas the inclusion of the EDF in the general budget would allow Parliament to have a say in the setting up and allocation of EDF funding whilst also enhancing policy coherence and democratic scrutiny;

Statement of Assurance

Financial and project implementation in 2014

1. Acknowledges the low level of commitments in 2014 with EUR 621 million compared to previous years with EUR 3 923 million in 2013 and EUR 3 163 million for 2012, this being related to the late entry into force of the 11th EDF and the limited transitional resources available under the bridging facility, i.e. EUR 1616 million; notes in the meantime the very high level of payments with EUR 3 516 million compared to EUR 2 963 million for 2013 thanks to the EUR 595 million from the bridging facility affected to budget support disbursements and advances for operations under the African Peace Facility in the Central African Republic and Somalia;
2. Welcomes the efforts carried out by EuropeAid to decrease outstanding commitments - Reste A Liquider - to EUR 9,7 billion by 31.12.2014 (compared to EUR 12,5 billion by 31.12.2013 or a 23% decrease); notes also EuropeAid's efforts to reduce old pre-financing (46% achieved with a 25% target) and old unspent commitments (51,24%

achieved with a 25% target) as well as the number of open expired contracts (15,52% achieved with a 15% target) but with less satisfactory progress for expired contracts under the EDFs; encourages the Commission to continue its efforts for shortening the average period of project implementation;

Risks related to regularity

3. Takes note of the multiplicity of delivery modes used for the implementation of the EDFs with centralised direct management (representing 38 % of payments made in 2014 of which 22 % of the total concerned budget support) and indirect management for the remaining 62 % (dispatched as follows: 32 % through international organisations, 25 % through third countries and 5 % with national bodies of the Member States); acknowledges the wide geographical coverage with 79 countries as well as the complexity of the implementing rules and procedures at stake such as the processes for tendering and awarding contracts;
4. Notes that in two areas of budget support and cooperation with international organisations, particularly with Union contributions to United Nations multi-donor projects, the nature of the instruments and payment conditions limit the extent to which transactions are prone to errors;

Reliability of the accounts

5. Welcomes the Court of Auditors' opinion that the final annual accounts of the 8th, 9th, 10th and 11th European Development Funds for the year 2014 present fairly, in all material respects, the financial position of the EDFs as of 31 December 2014, and that the results of their operations, their cash flows and the changes in net assets for the year then ended are in accordance with the provisions of the EDF financial regulation and with accounting rules based on internationally accepted accounting standards for the public sector;
6. Is deeply concerned, as in previous years, that in the case of pre-financing payments over EUR 750 000, authorising officers in sub-delegations still do not systematically comply with the rule by which the Commission is required to recover interest on an annual basis (EUR 2,5 million in 2014 compared to EUR 5,7 million in 2013) and that the amount of interest revenue disclosed in the accounts is partly based on estimates; calls the Commission Directorate-General for Development and Cooperation (DG DEVCO) to strictly monitor authorising officers by sub-delegation; regrets also that the interest earned on pre-financing between EUR 250 000 and 750 000 has still not been recognised as a financial revenue in the financial statements;
7. Notes that EUR 83,3 million have been recovered in 2014 representing 2,3 % of the total amount of EUR 3,58 billion paid for EDF in 2014; stresses, however, that these recoveries also pertain to the 8th, 9th and 10th EDF and the recovery rate therefore varies greatly;

Legality and regularity of the transactions underlying the accounts

8. Welcomes the Court's opinion, according to which revenue underlying the accounts for the year 2014 is legal and regular in all material aspects;

9. Expresses concern at the Court's assessment of the legality and regularity of payments, which are materially affected by error, and that supervisory and control systems at EuropAid's Headquarters and Union delegations are assessed as only partially effective in ensuring the legality and regularity of payments; is concerned by the results of the sampling of payments transactions whereby 54 among 165 payments (33 %) were affected by error;
10. Regrets that according to the Court's estimation in its annual report, the most likely error rate for expenditure transactions from the 8th, 9th, 10th and 11th EDFs is 3,8 %, which indicates a second consecutive increase compared to 2013 (3,4 %) and to 2012 (3%);
11. Regrets that non-compliance with procurement rules by beneficiaries and the absence of supporting documents for expenditure are still the two main causes of errors representing 63 % of the estimated level of error; considers it indispensable that consistent attention be devoted to the development of internal financial and control know-how;
12. Regrets that out of the 133 payment transactions checked by the Court, 34 were affected by quantifiable error and that 19 % of the 34 were related to expenditure not incurred, which could be evidence of fraudulent activity;
13. Expresses concern that the Commission had sufficient information to prevent, detect and correct the quantifiable errors before validating and accepting the expenditure, which would have resulted in an error rate 2,3 percentage points lower; expects DG DEVCO to be more rigorous in the running of its overall control system and use of the information available;
14. Welcomes the entering into force of the anti-fraud strategy in 2014 and requests a focus on and development of anti-fraud mechanisms and that the transparency of the EDFs financing be strengthened;

Supervision of operations and reinforcement of the management assurance

15. Notes that out of the 133 payment transactions related to projects, 52 (or 39 %) were affected by error of which 34 (65 %) were quantifiable errors; deplors that 14 of these 34 transactions were final transactions that went through all *ex ante* checks; reiterates its concern at the unsatisfactory performance and recurrent weaknesses of *ex ante* checks;
16. Reiterates its call to the Commission to pay regular attention to the quality and adequacy of the *ex ante* controls it performs, especially given the volatile political and operational environment;
17. Acknowledges that the residual error rate (RER) for 2014 is estimated at 2,81 % (EUR 205,7 million); takes note that this method of estimation was assessed by the Court as an appropriate methodology providing useful information on areas where the implementation of control has to be further enhanced and sufficient evidence that the RER is material;
18. Reiterates Parliament's stance that it would be useful to clearly identify which activity-based budgeting or sectors of intervention present the most weaknesses and errors and

the highest level of vulnerability; asks DG DEVCO to undertake the necessary analysis to be able to present it as soon as possible in the annual activity report;

19. Considers it necessary to keep the cost of controls reasonable and to refine the information related to the cost-effectiveness of controls, such as information on errors detected and corrected as a result of external audits and the Commission's own checks, the inclusion of all types of direct costs or indicators of the cost-effectiveness of controls to avoid accumulation of unnecessary control layers;
20. Takes the view that, in that context, the balance between control and responsibility has to be taken into account along with the equilibrium between oversight and attractiveness of Union funding;
21. Welcomes the launch of the EU International Cooperation and Development Results Framework to measure results in relation to strategic development objectives; considers it of utmost importance to continuously track the impact of a project throughout its life cycle or the impact of budget support and to develop adequate reporting of project results;
22. Reiterates strongly, as in previous years, that the accountability of Union delegations staffed by the European External Action Service (EEAS) needs to be increasingly enforced; believes that this should be done in addition to the external assistance management reports (EAMR), which are prepared and signed by the heads of Union delegations; ;
23. Takes the view that heads of Union delegations should be clearly reminded of their duties and their management and oversight responsibilities in the management assurance related to their delegation portfolio of operations (key management processes, control management, adequate understanding and assessment of the key performance indicators) and that they should not only concentrate on the political component of their duties;
24. Believes that the heads of Union delegations should be provided with clear guidance in the general guidelines on the definition of reservations, their components, the elements to be considered for the issuance of a reservation (the level of the financial and reputational risks at stake, the operational weaknesses, internal and external constraints identified) and the related impact on the management of funding and payments operations; recalls that a reservation should clearly identify the process facing recurrent or temporary weaknesses and the functioning, adequacy and performance of the set of internal control standards;
25. Calls on EuropeAid to provide a general overview and analysis in its annual activity report to get more visibility on the achievements of the Union delegations and to ensure sufficient quality, consistency and homogeneity in the formulated replies by the head of delegations;
26. Believes it is important to identify trends based on management information and key performance indicators to adjust programming cycles and to improve overall sectoral performance of Union development aid;

27. Calls on EuropeAid and the EEAS to reinforce the supervision of the heads of delegations in their capacity as authorising officers by Sub-Delegation for the Commission in view of increasing their accountability by providing qualitative and exhaustive reporting in the annual activity report;

Implementing the new development policy framework and related challenges

28. Welcomes the renewed and extended development agenda by 2030 with the adoption of seventeen sustainable development goals with 169 associated targets, constituting a real and comprehensive step up for the development policy;
29. Calls for a higher level of ambition in the strategy, management and accountability of EDF funds; emphasises that this is an opportunity to optimise all EDF activities' resilience by reinforcing the economic and financial efficiency criteria and by identifying gains in efficiency and effectiveness, reflected in the management performance; considers the preparation of needs assessments as an efficient preliminary stage towards ensuring final effectiveness of the Union funding;
30. Invites the Commission to review and fine-tune the link between policy strategy and coordination among donors for the various existing aid instruments, in particular as regards budget support, blending operations and the management of projects; takes the view that private sector investments and private capital flows are key drivers towards sustainable development alongside the shaping of institutional capacity and solid governance systems to increase transparency, reduce corruption and to stem tax evasion;

Overseeing of Union trust funds and blending facilities

31. Welcomes the creation of the EU emergency trust fund for Africa and its funding allocation (amounting to EUR 1,8 billion) in order to allow for a rapid and comprehensive response to the refugees crisis and to address the root causes of irregular migration and displaced persons in Africa;
32. Acknowledges the close link between development and migration policies, which is of utmost importance in the Union-ACP relations; considers it necessary, in that context, to further reflect on the coherence, value for money and best articulation of such trust-fund activities with other existing bilateral development policies and instruments;
33. Believes also that particular attention should be given to the effectiveness and political governance of this EU emergency trust fund for Africa, to a lack of guarantees and oversight on the final use of the allocated funds;
34. Reiterates the call for regular reporting to Parliament on the use of the blending facilities and results to allow Parliament to exercise its power of scrutiny, namely on the assessment of management capacities and added value;
35. Stresses that any new financial instruments and blended financial instruments should remain in line with the overarching objectives of Union development policy and focus on areas where added value and strategic impact are the highest;

Performance of the ACP Investment Facility managed by the EIB

36. Recalls that the funds allocated to the investment facility from the ninth and tenth EDFs amounted to EUR 3 185,5 million for ACP and OCTs with a replenishment of EUR 500 million under the 11th EDF through the Impact Financing Envelope which will allow it to take even more risks for even more development, through 'impact investing';
37. Welcomes the first EIB report in 2014 on the results of its external operations and the use of the 3 Pillar Assessment Framework (3PA) and the Results Measurement (ReM) Framework by the EIB for the *ex ante* assessment of expected results from investment projects;
38. Invites the EIB to give decisive priority to the long-term effect of investments and their contribution to sustainability;
39. Encourages the EIB to further support local private sector development as a key driver of sustainability, to support basic social and economic infrastructure of immediate interest for the beneficiaries as well as the search for new local and regional partners in the specific domain of micro-finance; invites the EIB to increase additionality with a better justification of the use of the funds;
40. Welcomes the special report dedicated to the added value of the ACP investment facility as a positive example of follow-up by the Court of the 2012 and 2013 discharge procedure wherein Parliament asked for a special report on the performance and alignment with Union development policies and objectives of EIB external-lending activities before the mid-term review of the EIB's external mandate and the mid-term review of the investment facility;
41. Considers the audit on the ACP Investment Facility as a good practice in terms of cooperation and collaborative scrutiny between Parliament and the Court; believes that this audit report is a stepping stone as it is the first audit carried out by the Court in this specific area; deplors the fact that the investment facility does not fall within the scope of the Court's annual statement of assurance audit;
42. Acknowledges the audit's conclusions regarding the coherence of the ACP investment facility with the Union development policy objectives and its catalytic effect; welcomes the good cooperation between the EIB and the Commission in project prospection and selection; regrets that the added value delivered by the ACP investment facility could not be identified more precisely; invites the Court therefore, in future special reports, to give more concrete examples and to single out some projects to better illustrate its conclusions and recommendations;
43. Calls for a systematic disclosure of the ACP Investment Facility on-lending agreements and access to the board decisions and steering documents;
44. Believes that it is crucial for the EIB to continuously invest time in due diligence policy combined with results assessment tools in order to get a better knowledge of the profile of financial intermediaries and beneficiaries and to also better evaluate the impact of projects on final beneficiaries;

45. Believes that there should be no Union taxpayers' money not subject to Parliament's discharge; therefore reiterates and strongly believes that the ACP Investment Facility managed by the EIB on behalf of the Union should be subject to Parliament's discharge procedure as the investment facility is financed by Union taxpayers' money;
46. Notes that the Tripartite Agreement mentioned in Article 287 (3) of the Treaty on the Functioning of the European Union governing cooperation between the EIB, the Commission and the Court with respect to the modes for controls exercised by the Court on the EIB's activity in managing Union funds and Member States' funds is currently under review for renewal (in 2015); reiterates Parliament's stance to update the remit of the Court in this respect by including any new EIB financial instruments involving public funds from the Union or the EDF;
47. Encourages the EIB to develop and deploy the necessary comprehensive approach in response to the severe challenges generated by the flow of migrants to Europe, including enhanced operations in countries of origin of such flows as well as in countries which border directly on countries of origin;

Managing budget support

48. Notes that the total payments for budget support in 2014 represent EUR 794 million; observes also from the 32 transactions on budget support activities reviewed by the Court that only two were affected by quantifiable errors of minor impact;
49. Recalls that budget support, as a mode of bilateral cooperation, presents recurrent fiduciary risks related to the partners' effectiveness and risk of corruption and fraud; asks for a close monitoring and thorough policy dialogue between the Union and the partner countries regarding objectives, progress towards agreed results, performance indicators and a systemic risk analysis and risk mitigation strategy;
50. Believes that the focus should be put on progress in public finance management, budgetary transparency and macro conditionality in partner countries, to optimise the capacity development and the monitoring of results attained;

Cooperation with international organisations

51. Notes that the payments in 2014 from EDFs for projects implemented by international organisations was EUR 908,6 million;
52. Calls on the relevant Union and UN institutions to respect and implement fully the Financial and Administrative Framework Agreement (FAFA); asks the Commission to report to Parliament on the implementation of FAFA and the related guidelines, to identify areas needing improvement and make relevant proposals in this regard;
53. Encourages the UN and relevant UN institutions to continue deepening their cooperation with the Union through continuous development of exhaustive monitoring and reporting systems; regrets that reporting to the Commission by its partner organisations entrusted with implementing the Union budget under indirect management is often incomplete or insufficiently results-oriented;

54. Recalls that structured cooperation between the Union and the UN is the only efficient means to prevent ineffective use of funds and overlapping of activities; acknowledges that channelling Union aid through the UN enables the Union to reach regions of the world that it might not be able to reach on its own;
55. Insists on the need to achieve the highest level of transparency and institutional accountability at all levels by ensuring access to exhaustive and sound budgetary information and financial data to allow Parliament's scrutiny; calls for an enhanced disclosure policy regarding intents, beneficiaries and funding with a view to achieving a better stewardship of Union money;
56. Considers it fundamental to ensure the Union's visibility, especially in co-financed and multi-donor initiatives, that regular information be swiftly provided on the pooling of funds to ensure traceability of Union funds;
57. Believes that the results-oriented approach, in light of the focus on the performance of Union aid, has to be improved through the introduction of a results accountability and measurement framework enabling the assessment of the soundness of projects in terms of economic and social sustainability and the evaluation of projects in terms of effectiveness and efficiency;

Evaluation and results-oriented monitoring systems

58. Is seriously concerned by the insufficient reliability of EuropeAid evaluation and results-oriented monitoring (ROM) systems, because of the inadequate level of supervision and monitoring of programme evaluation and also by the fact that EuropeAid cannot ensure that staff and financial resources are appropriate and efficiently allocated to the various evaluation activities;
59. Points out that it is indispensable to provide Parliament as the budgetary control authority with a clear view of the real extent to which the Union's main objectives have been achieved;
60. Recalls that external, objective and impartial feedback on the performance of Commission aid projects and programmes should be provided as part of the Commission's commitment to quality assurance; considers that outcomes of the evaluations are key elements of the policy and political review process to adjust strategic political objectives and enhance the overall coherence with other Union policies;
61. Believes that investing in the analysis and aggregation of results provides not only an overall picture of trends but allows lessons to be drawn that strengthen the effectiveness of the evaluation processes while also yielding better evidence for decision and policy-making;
62. Considers that the sharing of knowledge by all means and tools is crucial for developing not only a culture of evaluation but mainly an effective culture of performance;

Union support to timber-producing countries under the FLEGT Action Plan

63. Considers the FLEGT initiative to be essential to improving forest governance, to keeping forests standing and ensuring law enforcement, in particular by deploying all possible means inter alia voluntary partnership agreements or financial due diligence, in order to address the global issue of illegal logging and help to secure timber exports to the Union;
64. Deplores, however, the cumulative shortcomings identified in the implementation phase of the FLEGT Action Plan and projects, which now require a thorough evaluation; strongly believes it is time, after allocating EUR 300 million over 2003-2013 for FLEGT-related support, to undertake a serious cost-benefits analysis of the FLEGT process for reducing illegal logging;
65. Deplores the slow implementation of the FLEGT Action Plan, the late adoption of the Union timber regulation and the slowness of the Commission to learn the lessons from the overall funding for FLEGT;
66. Calls on the Commission to re-structure Union funding so as to move away from multiple budgets and consider using one single, clearly defined budget;
67. Recalls that the traceability of timber products through an operational legally established licensing system between the Union and timber exporting countries should be considered as a continuous core objective, particularly in light of widespread corruption, poor law enforcement and insufficient assessment of risk and constraints in projects;

ACP-EU Energy Facility support for renewable energy in East Africa

68. Welcomes the fact that a preliminary feasibility analysis has become compulsory from the second call for proposals under the Energy Facility; emphasises that the preliminary study should be based on accurate and realistic scenarios and estimates of how the local community can be included in the implementation of the project to improve local ownership and project promotion;
69. Strongly underlines that the link between feasibility of the project and social economic and environmental sustainability should be better established to ensure not just efficiency, coherence and visibility of the Energy Facility's investment projects but also effectiveness and broader results in the regions concerned;
70. Considers that the monitoring of projects and associated risks should be regularly performed and accompanied by rapid mitigation measures;
71. Stresses the need to ensure that local stakeholders such as NGOs or local communities are involved over the whole life-span of the projects supported by the Energy Facility, from launch to post-completion, carefully considering the requirement for continued support to local capacity-building and to further improve local ownership so that the project is viable and sustainable after the funding period expires;

Union support in Haiti

72. Recalls that 'state building' measures are at the centre of the Union's development strategy; takes the view that in any such crisis, due care has to be given to the soundness and operational effectiveness of the national governance framework for managing disaster risk reduction as a pre-condition for the success of the Union's intervention;
73. Reiterates its call on the Commission and the EEAS to inform Parliament of developments, in particular with regard to risk management and preparations to implement and achieve programme objectives in a post-disaster context;

Union support for the fight against torture and the abolition of death penalty

74. Recalls that the respect of human rights and democracy constitute one of the cornerstones of the ACP-Union partnership; encourages the EEAS and the Commission to improve the Union delegations' capacity to deepen effectiveness and results and to impact culture in human rights and democracy policies;
75. Believes that more joint programming and monitoring between the EEAS and the Commission on human rights issues should be pursued to make them more in line with local political and human-rights strategies;
76. Points out in this regard that the systems for measuring impact are rather weak, which is partly due to unclear logical frameworks for projects which lack well-defined benchmarks and targets; calls on the Commission to clarify the logical frameworks requirements for the projects to increase their results and added value;

Shaping a new EU-ACP partnership

77. Considers that the adoption of a new global framework on sustainable development goals has an impact on the overall functioning of the EDFs with the definition of clearer priorities and should also lead to further consideration of the current financing modalities in light of this extra-budgetary aspect; is of the opinion that the EDF can yet achieve greater impact based on coherent performance indicators and more geographical coherence within groups of countries facing similar challenges;
78. Strongly reiterates Parliament's call on the Council and Member States to proceed to the integration of the EDF in the Union's budget for the purpose of strengthening democratic scrutiny; requests that the Commission, namely the Task Force Post-Cotonou, to inform Parliament of the state of play of discussions related to the replacement of the Cotonou agreement after 2020 and possible options;

The EDF in relation to the 2014-2016 migration crisis

79. Acknowledges that development aid is used to reduce poverty in the poorest countries in the world and that the EDFs have so far achieved remarkable progress in ACP countries and in the OCTs;
80. Is seriously concerned about the current flow of refugees, particularly because of the fact that while the share of war refugees and asylum seekers is high, the share of economic migrants is steadily growing;

81. Is of the opinion that development aid needs to be disbursed much more efficiently and that it needs to fulfil criteria of value added; stresses that this is the only way to provide people with worthwhile living conditions and to avoid an increase in flows of economic migration;
82. Stresses the fact that currently EUR 9 673 million from the current and all previous EDFs are locked in various stages of commitment such as RAL (reste à liquider), RACs (reste à contracter) and RAP (reste à payer); finds the following table highly illustrative:

EDF	Sum of RAL	Sum of RAC	Sum of RAP
8	36.291.173	15.067.281	21.223.892
9	754.545.794	298.932.156	455.613.639
10	8.195.173.994	3.072.710.058	5.122.463.936
11	565.263.991	429.067.226	136.196.765
Co-funding	121.744.226	14.408.394	107.335.833
Total	9.673.019.179	3.830.185.114	5.842.834.065

83. Finds it worrying that the heads of Union-delegations in the ACPs and OCTs, under the responsibility of the EEAS, are in charge of overseeing 917 projects, of which 428 are delayed or have endangered objectives; finds it seriously concerning that the affected project value amounts to EUR 9 188 million ;
84. Calls for a lessons-learned approach regarding findings by Parliament's Committee on Budgetary Control and underlines that a more targeted approach towards the use of EDF funds is necessary; therefore proposes the idea of a more flexible disbursement strategy in line with Union needs to master the migration crisis;
85. Is of the opinion that one fourth of the 11th EDF's funds should be earmarked for migration crisis prevention and the management of already existing migration flows;

Follow-up of Parliament resolutions

86. Calls upon the Court to include in its next annual report a review of the follow-up to the Parliament's recommendations in Parliament's annual discharge report.