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REPORT

on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year
(COM(2001) 233 - C5-0209/2001 - 2001/2096(DEC))

Committee on Budgetary Control

Rapporteur: Freddy Blak

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PROCEDURAL PAGE

On 18 May 2001 the Commission forwarded to Parliament the balance sheets and administrative accounts of the sixth, seventh and eighth European Development Funds for the 2000 financial year (COM(2001) 233 - 2001/2096(DEC)).

At the sitting of 11 June 2001 the President of Parliament announced that she had forwarded these documents to the Committee on Budgetary Control as the committee responsible and to the Committee on Development and Cooperation for its opinion (C5-0209/2001).

At its meeting of 6 November 2001 the Committee on Budgetary Control confirmed the appointment of Freddy Blak as rapporteur.

On 12 November 2001 the Court of Auditors forwarded to Parliament its report on the activities of the sixth, seventh and eighth European Development Funds, together with the institutions' replies for the 2000 financial year.

At its sitting of 10 December 2001 the President of Parliament announced that she had referred this document to the Committee on Budgetary Control as the committee responsible and all other committees for their opinion (C5-0618/2001).

On 7 March 2002 the Council forwarded to Parliament the recommendations concerning the discharge to be given in respect of the European Development Funds for the 2000 financial year.

At the sitting of 14 March 2002 the President of Parliament announced that she had referred these documents to the Committee on Budgetary Control (C5-0118/2002, C5-0119/2002, C5-0120/2002).

The Committee on Budgetary Control considered the draft report at its meetings of 27 November 2001, 5 February 2002, 19 February 2002 and 19 March 2002.

At the last meeting it adopted:

1. the proposal for a decision on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year
2. the proposal for a decision on closing the accounts of the sixth, seventh and eighth European Development Funds for the 2000 financial year
3. the motion for a resolution containing the comments which form part of the decision giving discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year

unanimously.

The following were present for the vote: Diemut R. Theato, chairman; Paulo Casaca, vice-chairman; Freddy Blak, rapporteur and vice-chairman; Ioannis Averoff (for Jean-Louis

Bourlanges), María Antonia Avilés Perea, Mogens N.J. Camre, Gianfranco Dell'Alba, Helmut Kuhne, John Joseph McCartin (for Christopher Heaton-Harris), Eluned Morgan, Bart Staes, Gabriele Stauner, Ursula Stenzel (for Brigitte Langenhagen), Ole Sørensen, Jeffrey William Titford and Michiel van Hulst.

The explanatory statement will be presented orally in plenary sitting.

The opinion of the Committee on Development and Cooperation is attached/.

The report was tabled on 22 March 2002.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

PROPOSAL FOR A DECISION

1. European Parliament decision on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Fund for the 2000 financial year (COM(2001) 233 - C5-0209/2001 - 2001/2096(DEC))

The European Parliament,

- having regard to the balance sheets and administrative accounts of the sixth, seventh and eighth European Development Funds for the 2000 financial year (COM(2001) 233 - C5-0209/2001),
 - having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2000 together with the replies of the institutions (C5-0618/2001)¹,
 - having regard to the Statement of Assurance on the European Development Funds of the Court of Auditors (C5-0618/2001),
 - having regard to the Council's recommendations of 5 March 2001 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the 2000 financial year (5787/2002 - C5-0118/2002, 5788/2002 - C5-0119/2002, 5789/2002 - C5-0120/2002),
 - having regard to Article 33 of the Internal Agreement between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention²,
 - 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 Convention³,
 - having regard to Rule 93 and Annex V of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0088/2002),
- A. whereas, in its Statement of Assurance on the European Development Funds⁴, the Court of Auditors concludes that, with certain exceptions, the accounts for the 2000 financial year reliably reflect the revenue and expenditure for the financial year and the financial situation at the end of the year,

¹ OJ C Not yet published.

² OJ L 156, 29.5.1998, p. 108.

³ OJ L 191, 7.7.1998, p. 53.

⁴ OJ C 342, 1.12.2000, p. 213.

- B. whereas the Court of Auditors has examined the underlying transactions on the basis of the documentation available but did not carry out any on-the-spot audits to ACP States in order to verify the reality of the works, supplies or services underlying the documentation,
- C. whereas the Court of Auditors finds that with certain exceptions these transactions underlying the financial statements are, taken as a whole, legal and regular,
 - 1. Gives discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year;
 - 2. Presents its comments in the attached resolution;
 - 3. Instructs its President to forward this decision, and the resolution which forms an integral part of this decision, to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank and to have it published in the Official Journal (L series).

PROPOSAL FOR A DECISION

2. European Parliament decision on closing the accounts of the sixth, seventh and eighth European Development Funds for the 2000 financial year (COM(2001) 233 - C5-0209/2001 - 2001/2096(DEC))

The European Parliament,

- having regard to the balance sheets and administrative accounts of the sixth, seventh and eighth European Development Funds for the 2000 financial year (COM(2001) 233 - C5-0209/2001),
 - having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2000 together with the replies of the institutions (C5-0618/2001)¹,
 - having regard to the Statement of Assurance on the European Development Funds of the Court of Auditors (C5-0618/2001),
 - having regard to the Council's recommendations of 5 March 2001 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the 2000 financial year (5787/2002 - C5-0118/2002, 5788/2002 - C5-0119/2002, 5789/2002 - C5-0120/2002),
 - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention²,
 - having regard to Rule 93 and Annex V of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0088/2002),
1. Notes that the financial situation of the sixth, seventh and eighth EDF as at 31 December 2000 was as follows:

	(Mio €)			
Financial situation of the EDF as at 31 December 2000	6th EDF	7th EDF	8th EDF	TOTAL
Net resources	7 829.1	11 608.5	13 308.8	32 746.4
Use	7 496.1	10 754.5	8 348.1	26 598.7
Balance available for new decisions	333.0	854.0	4 960.7	6 147.7

2. Instructs its President to forward this decision and the resolution containing its observations to the Commission, the Council, the Court of Auditors and the European Investment Bank, and to have them published in the Official Journal (L series).

¹ OJ C ...

² OJ L 191, 7.7.1998, p. 53.

MOTION FOR A RESOLUTION

3. European Parliament resolution containing the comments which form part of the decision giving discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year

(COM(2001) 233 - C5-0209/2001 - 2001/2096(DEC))

The European Parliament,

- having regard to the balance sheets and administrative accounts of the sixth, seventh and eighth European Development Funds for the 2000 financial year (COM(2001) 233 - C5-0209/2001),
 - having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2000 together with the replies of the institutions (C5-0618/2001)¹,
 - having regard to the Statement of Assurance on the European Development Funds of the Court of Auditors (C5-0618/2001),
 - having regard to the Council's recommendations of 5 March 2001 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the 2000 financial year (5787/2002 - C5-0118/2002, 5788/2002 - C5-0119/2002, 5789/2002 - C5-0120/2002),
 - having regard to Article 33 of the Internal Agreement between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention²,
 - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention³,
 - having regard to Rule 93 and Annex V of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0088/2002),
- A. whereas, pursuant to Article 74 of the Financial Regulation of 16 June 1998, the Commission is required to take all appropriate steps to act on the observations appearing in the discharge decisions,
- B. whereas EC development cooperation has poverty reduction as its central objective,

¹ OJ C ...

² OJ L 156, 29.5.1998, p. 108.

³ OJ L 191, 7.7.1998, p. 53.

- C. whereas, with the conclusion of the Cotonou Agreement on 23 June 2000¹, the partnership between the ACP States and the EU has been put on a new footing, which should also entail reform of financial co-operation,
- D. whereas aid will more and more shift towards sectoral budget support programmes instead of aid earmarked for specific projects,
- E. whereas information is still imprecise; trusts that, in future budgetary procedures, the figures provided will be totally reliable and asks, in particular, for the terms and results of the application of social conditionality in relation to structural adjustment aid to be clarified;
- F. whereas aid will more and more focus on key sectors and heavy investment in a limited number of programmes,
- G. whereas the Commission has taken tangible steps within the framework of an action plan (creation of EuropeAid, strengthening of Commission delegations, simplification of procedures) to satisfy the demands made in the European Parliament resolution of 6 July 2000 containing its comments accompanying the European Parliament decision giving discharge to the Commission in respect of the sixth, seventh and eighth European Development Funds for the 1998 financial year²,
- H. whereas it is still too early to assess the effectiveness of these measures, which were to improve the performance of Commission services and delegations,
- I. Whereas the budget 2000 had been the first to be implemented under the sole responsibility of the present Commission which took office in September 1999,

Budget and Budgetary Implementation in 2000

1. Regrets that, according to the Commission's preliminary estimates for 2000, the funds set aside for infrastructure and social services are unacceptably low; recalls the results of the budgetary procedure for 2002, through which the Commission has undertaken to amend this situation in line with the objectives set;
2. Notes that in 2000 both the level of commitments and the level of payments were markedly higher than in the previous year:
 - a) In 2000 commitments amounted to 3758 million euro, compared with 2692 million in 1999.
 - b) In 2000 payments totalled 1548 million euro, compared with 1275 million in 1999.
3. Notes that in 2001 there was a further and significant increase in payments;

¹ OJ L 317, 15.12.2000, p. 3.

² OJ L 234, 16.9.2000, p. 37.

4. Welcomes this trend but believes that it is too early to predict whether the fundamental problem of delays in implementing the EDF will be definitively solved in the coming years;

Monitoring of aid

5. Stresses that a transparent information system which complies with Development Assistance Committee (DAC) standards is a first step towards an approach more closely geared to results, and stresses that indicators showing development results in relation to the objectives must be a priority for the Commission; calls for Parliament to be comprehensively informed and consulted on this process;
6. Reaffirms its view¹ that the granting of further aid should be made conditional upon the submission and effective implementation of reform programmes to improve the quality of public financial management in the beneficiary countries; highlights again the importance of the following points:
 - a) ongoing assessment of implementation of the measures designed to reform the public administration,
 - b) monitoring of the progress achieved in key sectors (health and education) with the aid of meaningful indicators (e.g. increase in the number of teachers or doctors),
 - c) annual audit of accounting and sound management of resources on the basis of samples,
 - d) clearly defined sanctions (reduction or suspension of payments) in cases where the agreed reform measures are not complied with;
7. Stresses that the Commission has to increase and improve its audit capacities in a very substantial manner in order to meet these requirements;
8.
 - a) Welcomes the reply delivered on 15 March on points of concern regarding the number and nature of audits carried out by the Commission in 2000;
 - b) Is pleased with the thorough, systemic explanation on how the Commission's audit activities are supposed to work;
 - c) Regrets however that the Commission is not able to supply any additional information on the list of audits carried out in 2000 as DG-AIDCO "keeps a rather simple inventory of decentralised audits" (cf. Commission reply dated 13 March);
9. Asks the Commission if, on the basis of the system in place, it is able to give a declaration of assurance that all EDF funds have been spent legally and regularly and in accordance with the principles of sound and efficient management especially as regards:
 - a) internationally recognised audit standards applied in all terms of reference for

¹ Paragraph 20 and 21 of its resolution on EDF discharge for 1999, see Minutes of 24 October 2001,

private audit firms as well as Commission audits;

- b) audits foreseen in all financing agreements;
10. Asks the Commission to explain how the present control system will ensure that EDF money is spent legally and regularly with the increased use of direct budget support;
 11. Calls on the Commission to transmit to Parliament its indicative programme of audits of expenditure under the EDF for 2002 by its central services or under their close supervision, it being understood that these on-the-spot audits shall assess the implementation of measures designed to improve public administration in the ACP States and shall verify the reality of works, supplies or services financed from the EDF;
 12. Deplores that the follow-up of audit results by the Commission services has not yet improved;
 13. Calls on the Commission to provide a more persuasive explanation as to why the cases of ineligible expenditure amounting to some 14 million euro identified in a Court of Auditors study ⁽¹⁾, have not yet been brought to a satisfactory conclusion;
 14. Asks the Commission to suspend payments to Senegal until a verdict from the Senegalese Court has been enforced regarding the misappropriation of around 6 million euro of funds from the seventh EDF uncovered by an audit in 1995²;
 15. Notes the continuing tendency for traditional cooperation in the form of projects to be replaced by a system whereby a growing proportion of funds known as rapid disbursement instruments – chiefly aid for structural adjustment – is allocated to direct support for budgets; believes that the Commission and Parliament must undertake a detailed analysis of the advantages and disadvantages of this approach and urges the Commission to submit a communication on this subject;
 16. Asks to be fully informed by OLAF of all enquiries started, conducted or finished in 2000; notes that OLAF is currently providing assistance to Kenya in connection with a criminal investigation into serious allegations concerning a tendering procedure; asks to be updated on this case;
 17. Notes that no disciplinary proceedings have been launched so far following the Administrative Enquiry into the effectiveness of monitoring and control arrangements on the use of counterpart funds in Ivory Coast, Tanzania and Togo; recalls³ that there had been obvious fraud with, amongst other things, overpriced medical equipment in the Ivory Coast totalling about 28 million euro; expects to be informed of possible future cases as soon as they occur;
 18. Takes the view that complementarity with Member State development policies and coordination with other donors are a key element in achieving the above objectives;

¹ See paragraph 58 of the Annual Report 2000, OJ C 359, 15.12.01, p. 454.

² See paragraph 60 of the Annual Report 2000, OJ C 359, 15.12.01, p. 454.

³ See Commission press release N° JP/00/64 of 20.01.00.

calls, in this context, for the Commission to provide Parliament, in future discharge procedures, with specific information on actions carried out jointly with other donors, and on their results;

19. Notes the delays in the implementation of projects co-financed with NGOs; asks the Commission to provide information on the simplification and harmonisation of procedures;

ACP Secretariat

20. Disapproves that the Commission signed on 9 March 2000 an 18 million euro financing agreement for 2000-2004 for the benefit of the Brussels-based ACP Secretariat representing a 50 % increase per annum compared with the previous funding period,
 - a) without linking this fixed-rate funding to workload or expected results,
 - b) without making transparent to what extent *ad hoc* projects financed from the EDF continue to contribute to the running costs of the ACP Secretariat;
 - c) without insisting that the ACP Secretariat finally comply with judgements of the Belgian courts since 1995 requiring it to pay compensation to a former employee;
21. Asks the Commission to inform the ACP Secretariat that it must, in all cases, respect the final rulings of the Belgian Courts on matters still pending;
22. Asks the Commission to comply with the recommendation of the Court of Auditors¹ and to request from the ACP Secretariat not only annual financial accounts and external audit reports but also activity reports, incorporating performance indicators in order to monitor progress towards results and to support claims for funding;

Parliament's budgetary and legislative powers with regard to the EDF

23. Reaffirms its view² that the present situation, in which the European Parliament is called upon to take an annual discharge decision in respect of the EDF without having corresponding budgetary and legislative powers, is an anomaly; calls once again for EDF resources to be included in the development co-operation section of the general budget of the European Union.

Decentralisation

24. Calls on the Commission to report to Parliament in full on the launching of the deconcentration process as regards delegations in developing countries, and on the results for the management of aid by the delegations;

¹ Paragraph 51 of the Annual Report, OJ C 359, 15.12.01, p. 439.

² Paragraph 30 of its 1999 EDF discharge resolution, see Minutes of 24 October 2001.

25. Insists that Parliament must be fully involved in evaluating the pilot delegations selected for the deconcentration process, and that it must be informed of the assessment of the delegations' performance, which will be a crucial element in future staffing decisions.
26. Asks the Commission to report on steps taken to act on the observations in this resolution by 31 May 2002; asks its Committee on Budgetary Control to analyse this information and draw up a follow-up report to the discharge 2000 resolution;

21 February 2002

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

for the Committee on Budgetary Control

on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year (COM(2001) 233 - C5-0209/2001 - 2001/2096(DEC))

Draftsperson: Francisca Sauquillo Pérez del Arco

PROCEDURE

The Committee on Development and Cooperation appointed Francisca Sauquillo Pérez del Arco draftsman at its meeting of 11 October 2001.

The committee considered the draft opinion at its meeting of 20 February 2002.

At the meeting of 21 February 2002 it adopted the following conclusions unanimously.

The following were present for the vote: Joaquim Miranda (chairman), Margrietus J. van den Berg, Marieke Sanders-ten Holte and Anders Wijkman (vice-chairmen), Francisca Sauquillo Pérez del Arco (draftsman), Yasmine Boudjenah, Marie-Arlette Carlotti, Maria Carrilho, John Alexander Corrie, Nirj Deva, Fernando Fernández Martín, Michael Gahler (for Jürgen Zimmerling), Vitaliano Gemelli, Karin Junker, Glenys Kinnock, Karsten Knolle, Paul A.A.J.G. Lannoye, Nelly Maes (for Didier Rod), Mario Mantovani (for Hervé Novelli), Maria Martens (for Luigi Cesaro), Miguel Angel Martínez Martínez, Hans Modrow, Luisa Morgantini and Tokia Saïfi.

SHORT JUSTIFICATION

Adoption of this opinion for the Committee on Budgetary Control will conclude, as far as the Committee on Development and Cooperation is concerned, the discharge procedure for the financial year 2000. The Development Committee would stress its intention to follow closely the way in which Community funds are spent, focusing on both the results and the initial allocation of funds in line with the commitments undertaken by the Commission as regards spending on social development.

Leaving the analysis of the accounts relating to the management of the development budget to the Committee on Budgetary Control, we take the view that the Committee on Development should concentrate on analysing the progress made in achieving the objective of reducing poverty, in keeping with the forecasts given in its opinion on the 2000 budget, and with the corresponding commitment given by the Commission and Council. We shall therefore base this opinion on a follow-up of the conclusions adopted by the Committee on Development in its previous opinions on the discharge.

I. Context: Community aid in 2000

The year 2000 saw fundamental changes in EU development policy in two areas: the redefining of its objectives and administrative reform. Re-directing the budget towards social development first had an impact on the budget for 2001, but it responds to the objective of poverty reduction agreed in 2000.

Poverty reduction is the fundamental objective¹; the main objective in terms of administrative reform is the deconcentration process².

It should be pointed out that the development budget for 2000³, the implementation of which is the subject of this opinion, was characterised by a cut in the funds set aside for developing countries, basically owing to the commitments linked to reconstruction in the Balkans, which chiefly affected title B7-6: 'Other cooperation measures'. Despite the budgetary constraints, the EC has remained the main world donor of humanitarian aid and ODA, with 25% of total ODA, according to Council figures (55% if Member State funds are added to the total), amounting to EUR 4670 million.

¹ COM(2000) 212 final, communication from the Commission to the Council and the European Parliament on the European Community's development policy and statement by the Council and Commission on Community development policy, Development Council of 10 November 2000.

² Reforming the Commission. The consultation prior to the adoption of the White Paper. *An information note from Mr Kinnock to the Commission*, 1 March 2000; communication to the Commission on the reform of the management of external assistance, 16 May 2000.

³ Opinion for the Committee on Budgets on the draft general budget for the financial year 2000 – Section III, PE 231.577/fin; Bourlanges report, opinion by Marie-Arlette Carlotti.

BUDGET 2000 :COMMITMENT APPROPRIATIONS /PAYMENT APPROPRIATIONS

(EUR Million)

Budget chapter	Commitments available/ Payments available	Commitments entered into/ Payments made	%
B7-20 Food aid	458,4	454	99,9
	<i>439,7</i>	<i>437,5</i>	<i>99,5</i>
B7-21 Humanitarian aid, ECHO	492,5	489,7	99,4
	<i>547</i>	<i>540,9</i>	<i>98,9</i>
B7-30 Asia	494,5	480,9	97,3
	<i>331,3</i>	<i>323,3</i>	<i>97,6</i>
B7-31 Latin America	367,5	277,9	75,6
	<i>215</i>	<i>195,2</i>	<i>90,8</i>
B7-32 South Africa	123,5	123,5	100
	<i>131,6</i>	<i>110,1</i>	<i>83,7</i>
B7-60 NGOs	200	199,8	99,99
	<i>168</i>	<i>131</i>	<i>78</i>
B7-61 Training and promotion of awareness of development issues	9	8	89
	<i>10,3</i>	<i>8,4</i>	<i>81,1</i>
B7-62 Environment, health, drugs	73,9	60,5	81,9
	<i>86</i>	<i>65,7</i>	<i>76,3</i>
B7-64 Rehabilitation and reconstruction + Decentralised cooperation	20	19,4	97
	<i>31,1</i>	<i>26,5</i>	<i>85,1</i>
B7-65 Assessment and measures to combat fraud	12	11,8	98,4
	<i>7,5</i>	<i>5,7</i>	<i>75,4</i>
B7-66 Specific measures	46,7	44	94,2
	<i>47,1</i>	<i>41</i>	<i>87</i>
B7-70 Human rights and democracy	96,9	93,8	96,8
	<i>91,9</i>	<i>53,2</i>	<i>57,9</i>
B7-41 MEDA	963,1	942,8	97,9
	<i>374</i>	<i>345,9</i>	<i>92,5</i>
B7-52 New Independent States	450,6	448,5	99,5
	<i>433,4</i>	<i>428,8</i>	<i>98,9</i>
B7-54 Balkan countries	861,2	859,7	99,8
	<i>744,9</i>	<i>676,4</i>	<i>90,8</i>

The Commission communication COM(2000) 212 lays down six priority areas for action for Community development policy in line with the DAC strategy (link between trade and development, support for regional cooperation and integration, support for macro-economic policies, transport, food security and sustainable rural development strategies and institutional capacity-building), as means of achieving the fundamental objective of poverty reduction.

Underdevelopment in the world can be summed up in the following figures¹: 22% of the world population have an income below \$1 per day; 20% have no access to drinking water; 95% of the 36 million people who are HIV positive live in developing countries, 70% of them in sub-Saharan Africa; 113 million children receive no school education and 826 million people suffer from hunger in developing countries.

Poverty reduction

An analysis of spending on social development and of the funds set aside for the least-developed countries (LDCs) as essential criteria in measuring the fight against poverty does not produce very encouraging results:

Breakdown by sector of external aid financed on the General Commission Budget(1) and the EDF in the year 2000

ACP countries including South Africa	Mediterranean & Middle East	Asia	Latin America	Balkans	NIS (Newly Independent States of the ex-USSR)	Multi-Regional or Non-specified	Totals	
46,10	122,45	195,85	37,25	15,85			417,50	
155,45	93,00	6,29	12,53	46,94			314,21	
26,33	1,61	7,69	3,30		0,03	4,29	43,25	
148,38	72,90	7,40	13,78				242,46	
276,47	126,39	34,13	37,85	46,74	144,60	17,18	683,36	
102,78	0,34	29,69	60,56	0,06	43,36	5,80	242,59	
755,51	416,69	281,05	165,27	109,59	187,99	27,27	1.943,36	22,24%
357,52				100,00	13,67		471,19	
26,67	69,50			30,00	13,67		139,84	
12,08	16,80		4,59	200,86	53,00		287,33	
44,87	53,06	0,51	10,16	1,00			109,59	
114,77							114,77	
555,91	139,36	0,51	14,75	331,86	80,34	0,00	1.122,73	12,85%
285,36		41,48	61,53	12,19		42,65	443,21	
69,18	24,90	0,29	5,18				99,55	
19,61	3,00	8,38	13,78				44,77	
374,15	27,90	50,15	80,49	12,19	0,00	42,65	587,53	6,72%
87,27		17,45	13,82		19,50	8,61	146,65	
1,85		0,30	1,80			0,20	4,15	
117,59	113,31	43,46	1,74	123,18	156,46	16,20	571,94	
206,71	113,31	61,21	17,36	123,18	175,96	25,01	722,74	8,27%

¹ World report on human development 2001, New York, UNDP, 2001.

ACP countries including South Africa	Mediterranean & Middle East	Asia	Latin America	Balkans	NIS (Newly Independent States of the ex-USSR)	Multi-Regional or Non-specified	Totals	
619,05	150,00						769,05	
219,17	14,09	151,73	34,22	12,92	25,50	105,79	563,42	
365,88							365,88	
1.204,10	164,09	151,73	34,22	12,92	25,50	105,79	1.698,35	19,44%
1.028,97		9,00	45,00				1.082,97	
1.028,97	0,00	9,00	45,00	0,00	0,00	0,00	1.082,97	12,39%
15,00							15,00	
184,22	39,96	117,58	22,56	457,42	48,93	76,30	946,97	
199,22	39,96	117,58	22,56	457,42	48,93	76,30	961,97	11,01%
18,38							18,38	
19,67		8,83	12,36			61,13	101,99	
147,18	220,61		0,59	11,21	50,19	67,68	497,46	
185,23	220,61	8,83	12,95	11,21	50,19	128,81	617,83	7,07%
4.509,79	1.121,92	680,05	392,60	1.058,37	568,91	405,83	8.737,48	
51,61%	12,84%	7,78%	4,49%	12,11%	6,51%	4,64%		

(et chapters B7-0...)

Even though these are preliminary figures which are not totally reliable, they do show a clear tendency: the percentages set aside for social sectors are uneven and generally do not tally with Parliament's objectives. In Asia, for example, health accounted for less than 1% of aid, and for 3% in Latin America. Education in the ACP countries also accounts for around 1%. The figures for women and development are derisory: 0.45% in Latin America, 0% in the Mediterranean and 0.04% in the ACP countries.

The percentages earmarked for structural adjustment and transport are far higher. Parliament's goal is for 35% of funds to be set aside for social sectors in line with the classification made by the OECD's Development Assistance Committee (DAC), which includes macro-financial assistance provided that it is linked to social conditions. The data available make it difficult to gauge the extent to which the large amount of aid for structural adjustment has an impact on social sectors.

With regard to the total amount of Community external assistance allocated to the LDCs, only one –Uganda – figures among the major beneficiaries, occupying eighth place. Attention should also be drawn to the wide disparity between the amounts allocated to the main recipients of Community aid and those corresponding to the LDCs which have received most funds.

The major recipients of EU aid

Country (all)	2000
Poland	964
Yugoslavia, Rep. Fed.	748
Romania	655
Turkey	343
Bulgaria	308
Hungary	248
India	236
Uganda	200
Czech Republic	196
Palestinian Admin. Areas	174

Country (LDCs)	2000
Uganda	200
Tanzania	162
Zambia	160
Mozambique	143
Niger	133
Sierra Leone	104
Rwanda	101
Ethiopia	90
Mauritania	89
Sudan	77

EDF & Budget
Commitments in EUR million
Figures do not take account of multi-
country actions

It should be borne in mind that EU aid for several of the least-developed countries has been suspended owing to armed conflicts or problems in the area of democracy and human rights (Angola, Ethiopia, Eritrea, Haiti, Fiji, Nigeria and Togo).

If account is taken only of aid to developing countries (i.e. excluding assistance to the applicant countries), the answers given by the Commission show that LDCs are the recipients of 75.2% of such aid, mainly thanks to the Commission's participation in the World Bank's debt relief initiative (HIPC).

As regards the reform of the management of aid, no information is available on the launching of the deconcentration process, which is intended to have the biggest impact in terms of

making Community aid more effective. Even though there may not be any results in the short term, the Development Committee must be informed of progress made in strengthening external delegations in developing countries (not only the ACP countries).

CONCLUSIONS

The Committee on Development and Cooperation calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Notes that poverty reduction is the fundamental objective of Community development policy, and in order to achieve that objective it must be adapted to the terms and calendar adopted at the Millennium Summit;
2. Notes that the Commission has lifted its reservation concerning sectoral targets as introduced in the 2002 budget and that it has begun to fulfil its commitments in relation to the DAC classification system;
3. Notes, nevertheless, that the information is still imprecise; trusts that, in future budgetary procedures, the figures provided will be totally reliable and asks, in particular, for the terms and results of the application of social conditionality in relation to structural adjustment aid to be clarified;
4. Points out that information on the results of Community participation in the HIPC strategy for debt reduction is poor; calls on the Commission to urge the African Development Bank to speed up negotiations on agreements with the beneficiary countries; asks the Commission to provide clarification by country and outcome concerning the implementation of its contribution to the HIPC strategy;
5. Regrets that, according to the Commission's preliminary estimates for 2000, the funds set aside for infrastructure and social services are unacceptably low; recalls the results of the budgetary procedure for 2002, through which the Commission has undertaken to amend this situation in line with the objectives set;
6. Stresses that a transparent information system which complies with Development Assistance Committee (DAC) standards is a first step towards an approach more closely geared to results, and stresses that indicators showing development results in relation to the objectives must be a priority for the Commission; calls for Parliament to be comprehensively informed and consulted on this process;
7. Takes the view that complementarity with Member State development policies and coordination with other donors are a key element in achieving the above objectives; calls, in this context, for the Commission to provide Parliament, in future discharge procedures, with specific information on actions carried out jointly with other donors, and on their results;
8. Notes the delays in the implementation of projects co-financed with NGOs; asks the

Commission to provide information on the simplification and harmonisation of procedures;

9. Notes the continuing tendency for traditional cooperation in the form of projects to be replaced by a system whereby a growing proportion of funds known as rapid disbursement instruments – chiefly aid for structural adjustment – is allocated to direct support for budgets; believes that the Commission and Parliament must undertake a detailed analysis of the advantages and disadvantages of this approach and urges the Commission to submit a communication on this subject;
10. Calls on the Commission to report to Parliament in full on the launching of the deconcentration process as regards delegations in developing countries, and on the results for the management of aid by the delegations;
11. Insists that Parliament must be fully involved in evaluating the pilot delegations selected for the deconcentration process, and that it must be informed of the assessment of the delegations' performance, which will be a crucial element in future staffing decisions.

Documents received by the rapporteur

1. Commission staff working paper (SEC(2001) 1317) on Measures taken and to be taken by the Commission to address the poverty reduction objective of EC development policy.
2. List of all the projects implemented by the ACP Secretariat since 1997.
3. Financing Agreement 6267/REG signed on 9 March 2000.
4. Work programme of the ACP Secretariat for 2000.
5. ACP-EC development finance co-operation committee report.
6. Executive summary of the DG Audit Report on the administrative expenditures of the ACP Secretariat.
7. Executive summary of the 1999 DG Audit report on the financial management of the EDF.
8. Screening study of the ACP Secretariat.
9. List of the 38 people in post at the ACP Secretariat on 31 December 2000 financed under the 6267/REG Agreement, with the indication for each one of the country of origin, function and salary scale.
10. Montesinos report on modernising the presentation of the EDF accounts (*available in Spanish only*).
11. The reports of the CDI/CDE auditors on the financial years 1997/1998/1999.
12. Guidelines for Commission administrators and national authorising officers
13. List of audits carried out by EU-delegations in the financial year 2000.

ANNEX II

Documents asked for but not yet received by the rapporteur

1. Report on the effectiveness of EBAS.
2. Complete DG Audit report on the administrative expenditures of the ACP Secretariat.
3. Complete DG Audit report on the financial management of the EDF.