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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 2020
(2021/2158(DEC))

Committee on Budgetary Control

Rapporteur: Younous Omarjee

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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 2020 (2021/2158(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 2020 (COM(2021)0379 – C9-0310/2021)),
- having regard to the financial information on the European Development Funds (COM(2021)0379),
- 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 2020, 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendations of 18 October 2021 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 2020 (00553/2022 – C9-1140/2022, 00554/2022 – C9-0115/2022, 00555/2022 – C9-0116/2022, 00556/2022 – C9-0117/2022),
- having regard to the Commission’s reports on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the accompanying Commission staff working document (SWD(2021)0000),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou (Benin) on 23 June 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 Association Decision’)⁵,

¹ OJ C tbc, 18.10.2021, p. tbc.

² OJ C tbc 18.10.2021, p. tbc.

³ OJ L 317, 15.12.2000, p. 3.

⁴ OJ L 287, 4.11.2010, p. 3.

⁵ OJ L 344, 19.12.2013, p. 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 Convention⁶,
 - 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 applies⁷,
 - 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 applies⁸,
 - 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 Convention⁹,
 - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund¹⁰,
 - 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 Fund¹¹,
 - having regard to Article 48 of Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund¹².
 - having regard to Rule 99 and the third indent of Rule 100 of, and Annex V to, its Rules of Procedure,
 - having regard to the opinion of the Committee on Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0124/2022),
1. Grants the Commission discharge in respect of the implementation of the budget of the

⁶ OJ L 156, 29.5.1998, p. 108.

⁷ OJ L 317, 15.12.2000, p. 355.

⁸ OJ L 210, 6.8.2013, p. 1.

⁹ OJ L 191, 7.7.1998, p. 53.

¹⁰ OJ L 83, 1.4.2003, p. 1.

¹¹ OJ L 78, 19.3.2008, p. 1.

¹² OJ L 58, 3.3.2015, p. 17.

eighth, ninth, tenth and eleventh European Development Funds for the financial year 2020;

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).

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 2020 (2021/2158(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 2020 (COM(2021)0379 – C9-0310/2021)),
- having regard to the financial information on the European Development Funds (COM(2021)0379),
- 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 2020, 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendations of 18 October 2021 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 2020 (00553/2022 – C9-1140/2022, 00554/2022 – C9-0115/2022, 00555/2022 – C9-0116/2022, 00556/2022 – C9-0117/2022),
- having regard to the Commission’s reports on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the accompanying Commission staff working document (SWD(2021)0000),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou (Benin) on 23 June 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 Association Decision’)⁵,
- having regard to Article 33 of the Internal Agreement of 20 December 1995 between

¹ OJ C tbc 18.10.2021, p. tbc.

² OJ C tbc 18.10.2021, p. tbc.

³ OJ L 317, 15.12.2000, p. 3.

⁴ OJ L 287, 4.11.2010, p. 3.

⁵ OJ L 344, 19.12.2013, p. 1.

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 Convention⁶,

- 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 applies⁷,
 - 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 applies⁸,
 - 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 Convention⁹,
 - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund¹⁰,
 - 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 Fund¹¹,
 - having regard to Article 48 of Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund¹².
 - having regard to Rule 99 and the third indent of Rule 100 of, and Annex V to, its Rules of Procedure,
 - having regard to the opinion of the Committee on Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0124/2022),
1. Approves the closure of the accounts of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2020;

⁶ OJ L 156, 29.5.1998, p. 108.

⁷ OJ L 317, 15.12.2000, p. 355.

⁸ OJ L 210, 6.8.2013, p. 1.

⁹ OJ L 191, 7.7.1998, p. 53.

¹⁰ OJ L 83, 1.4.2003, p. 1.

¹¹ OJ L 78, 19.3.2008, p. 1.

¹² OJ L 58, 3.3.2015, p. 17.

2. 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).

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 2020 (2021/2158(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 2020,
 - having regard to the answers provided by the Commission to the written questions to Commissioner Urpilainen for the hearing before the Committee on Budgetary Control on 30 November 2021, as well as the additional questions sent after the hearing,
 - having regard to the Commission's reports on the follow-up to the discharge for the 2019 financial year,
 - having regard to Rule 99 and the third indent of Rule 100 of, and Annex V to, its Rules of Procedure,
 - having regard to the opinion of the Committee on Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0124/2022),
- A. whereas the Commission entirely supports the management of the European Development Funds (EDFs), bearing both the ultimate responsibility for the legality and regularity of EDF operations and for overseeing the EDFs' financial reporting process;
- B. whereas Parliament will only be able to exercise its role as discharge authority properly if the Commission updates it, in a regular, timely and comprehensive manner, with detailed information regarding EDF-funded projects and their recipients;
- C. whereas Parliament is not involved in establishing and allocating EDF resources compared to other development instruments;
- D. whereas effective pre-conditionalities and regular checks are key components in ensuring the effectiveness and sound financial management of the EDFs;
- E. whereas it is crucial, in the context of a changing global environment, to ensure a strategic balance between addressing social, economic, demographic, migration and environmental challenges, while retaining poverty reduction as the primary objective of Union aid as provided for in Article 208 of the Treaty on the Functioning of the European Union (TFEU), with due consideration for aid and development effectiveness principles;
- F. whereas European development aid and public investments should promote joint priorities and policy objectives as espoused in the UN's 17 Sustainable Development

Goals (SDGs), which include the eradication of poverty, climate and environmental action and economic and trade policies, and should be fully aligned with the principles of fundamental human rights, democracy and good governance; whereas the results achieved as regards the goal of inclusive public policies are to promote shared growth and to help tackle social or geographical disparities;

- G. whereas the existence of a transparent, inclusive and efficient participatory policy framing process is a prerequisite for sustainable development;
- H. whereas sustainability is crucial for achieving the set goals and results and, in particular, the long-term impact of development aid;
- I. whereas the alignment of Union development cooperation with partner countries' own development priorities should always be respected and whereas it is a key element of the UN 2030 Agenda for Sustainable Development ('2030 Agenda') that Union development cooperation also be in line with the Union policies;
- J. whereas policy coherence and complementarity of various external policies should be carefully looked at, especially when several policies are being implemented in a single partner country, with a view to promoting cooperation between the public and private sectors, encouraging synergies and trade-offs between existing policies, avoiding the possible damaging consequence of having one single Union policy on an area otherwise dealt with by another policy and avoiding unnecessary administrative burden as much as possible;
- K. whereas the Commission's monitoring activities would be facilitated by the standardisation of communication channels between partner countries, EDF-funded entities and the Union;
- L. whereas transparency, accountability and human rights due diligence are prerequisites for democratic scrutiny and effective development aid;
- M. whereas specific attention must be paid to the fact that a large part of the African, Caribbean and Pacific (ACP) countries are small island developing states; whereas islands, in particular ACP islands, play a key international role, particularly in the context of climate change;
- N. whereas a number of Overseas Countries and Territories (OCTs) are located in the same regions as ACP countries;
- O. whereas the OCTs face similar global challenges but, unlike ACP countries, are part of the European family and should therefore receive increased attention in the delivery of funds; whereas the very small size of the OCTs and the constitutional link between the OCTs and the Union are specificities that should be taken into account;
- P. whereas the Union's external interventions are channelled through international organisations, which either implement Union funds or co-finance projects together with the Union, and include challenges in terms of oversight and governance;
- Q. whereas budget support for sustainable development, while playing a key role in driving change and in addressing the main development challenges, carries a considerable

governance risk and should be granted only if the beneficiary state is able to demonstrate a sufficient level of transparency, accountability and respect for the rule of law and human rights prior to receiving budget support assistance, followed by thorough *ex-post* checks;

- R. whereas fostering transparency and fighting corruption and fraud are key for the success of the Union's budget support operations;
- S. whereas Union governance support is a key component of development aid and should be more focused on generating effective governance reforms in the partner countries, such as the rule of law, the independence of the judiciary system, freedom of the press and the conditions for establishing a market economy;
- T. whereas audits and EDF activities are implemented in challenging contexts in that they face recurrent high-risk geopolitical or institutional exposure; whereas the COVID-19 pandemic aggravated that already highly complex situation;
- U. whereas Parliament will only be able to exercise properly its role as discharge authority if it is kept regularly and comprehensively updated by the Commission, with detailed information regarding EDF-funded projects, the recipients of funding under such projects and the implementation of such projects;
- V. whereas the eleventh EDF has reached its final stage as its sunset clause came into effect on 31 December 2020 and, as from 2021, the EDF programmes will be included in the Union's multiannual financial framework; whereas, however, specific contracts for existing financing agreements will continue to be signed until 31 December 2023;

Statement of assurance

Financial and project implementation of the EDFs (eighth to eleventh EDF) in 2020

1. Observes that the eleventh EDF represents 46 % of the portfolio of the Commission's Directorate-General for International Partnerships (DG INTPA) in terms of payments in 2020; notes that due to the Union's response to the COVID-19 pandemic, EDF commitments and payments reached, respectively, EUR 3 894 million and EUR 4 677 million, largely above the targets of EUR 3 267 million and EUR 4 400 million initially set for 2020; notes, in addition, that European Investment Bank (EIB) commitments amounted to EUR 2 053 million, all of them concerning the Investment Facility and largely from revolving funds, while EIB payments amounted to EUR 667 million in 2020, all of them also concerning the Investment Facility;
2. Welcomes the regular efforts of DG INTPA to reduce old pre-financing and old unspent commitments and the upward revision of the targets from 25 % to 35 %, as decided in 2020; notes that DG INTPA exceeded the target in 2020 for both indicators: the EDFs' old pre-financing was reduced by 56 % (55 % across DG INTPA's entire area of responsibility) and the EDFs' old unspent commitments were reduced by 40 % (41 % across DG INTPA's entire area of responsibility);
3. Notes that DG INTPA also achieved its target of having not more than 15 % of old expired contracts for the EDFs (i.e. 14 % in 2020 compared with 15 % in 2019, 17 % in 2018 and 17 % in 2017) and that it achieved a score of 11 % across its entire area of

responsibility; notes that the improvements result from new procedures introduced in 2017 for the closure of EDF contracts;

4. Notes the closure of the eighth EDF and the Commission's intention to close the ninth EDF as soon as possible; notes, in addition, that the closure of the ninth EDF cannot be completed before 2023, taking into account the fact that 19 decisions and 37 contracts are still ongoing, out of which three decisions concern South Sudan and were decided after the sunset clause of the ninth EDF came into effect, with contractual dates lasting until 2023; calls on the Commission to keep the discharge authority informed in a timely manner about the achievement of its intention; notes that the Commission has accepted the recommendation of the Court of Auditors (the 'Court') in that regard and that each year it will report the progress made on the closure of the ninth EDF in the annual activity report;

Reliability of the accounts

5. Welcomes the fact that the Court, in its annual report on the activities funded by the eighth, ninth, tenth and eleventh EDFs for the financial year 2020, concludes that the accounts for the financial year ending 31 December 2020 present fairly, in all material respects, the EDFs' financial position, the results of their operations, their cash flows and the changes in their net assets for the year then ended, in accordance with the provisions of the Council Regulation (EU) 2018/1877¹ ('EDF Financial Regulation') and the accounting standards for the public sector;

Legality and regularity of the transactions underlying the accounts

6. Welcomes the Court's opinion, according to which the revenue underlying the accounts ended 31 December 2020 is legal and regular in all material aspects;
7. Expresses concern over many possible causes for the succession of adverse opinions of the Court on the legality and regularity of expenditure due to the fact that the expenditure accepted in the accounts for the year ended 31 December 2020 is materially affected by error;
8. Is concerned that the estimated level of error surpassed the materiality threshold, with 3,8% of expenditure affected for the eighth, ninth, tenth and eleventh EDFs (compared to 3,5% in 2019, 5,2% for 2018, 4,5% in 2017, 3,3% in 2016, 3,8% in both 2014 and 2015, 3,4% in 2013 and 3% in 2012); notes that, compared to the financial year 2019, the increase of the estimated error rate is 0,3%; points out, nevertheless, that it is necessary to address the causes of that increase, while taking into account the specific circumstances of the 2020 discharge exercise;
9. Regrets to note that the typology of errors identified in the financial year 2020 considerably changed compared to the financial year 2019, namely the estimated error related to expenditure due to the absence of essential supporting documents increased from 5,9 % to 38,3 %; notes that for the second year in a row, the second highest error rate is due to ineligible expenditure, which increased from 12,7 % in 2019 to 38,2 % in 2020; notes also the drop in the errors related to non-incurred expenditure (43,6 % in

¹ Council Regulation (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation (EU) 2015/323 (OJ L 307, 3.12.2018, p. 1).

2019, compared to 18,1 % in 2020) that apply to the estimated error rate related to serious failure to comply with public procurement rules, which decreased by almost a factor of ten (22,1 % in 2019, compared to 2,2 % in 2020);

10. Stresses that out of 140 payment transactions reviewed by the Court, 36 (25,7 %) were affected by errors, ranging from the absence of essential supporting documents (38,3 %) and ineligible expenditure (38,2 %) to expenditure not incurred (18,1 %); notes that the overall level of error of 3,8 % was estimated on the basis of 31 errors quantified by the Court; notes, in addition, that out of the 140 sampled transactions, 119 were managed by EU delegations in the partner countries and 27 contained quantifiable errors;
11. Notes that, due to the COVID-19 pandemic, it was not possible for the Court to carry out on-the-spot visits to EU delegations and to the partner countries, thus preventing it from carrying out certain audit procedures, in particular verifying contract implementation for the transactions selected, and therefore the Court's audit work was mainly limited to desk reviews of transactions and projects by means of remotely connecting with auditees; notes, nevertheless, that desk reviews are a predominantly common tool when carrying out an audit procedure and evaluating data; invites the Court to resume on-the-spot visits as soon as possible once the COVID-19 situation so allows; remains positive in its opinion that on-the-spot checks, together with the correct use of new technologies and digitalisation, are key components in ensuring the effectiveness and sound financial management of the EDFs;
12. Regrets that, apart from generally very demanding conditions in 2020, the Court's mission of planning and executing its audit work was hindered by some international organisations refusing or limiting necessary access to relevant audit documents, which caused excessive delays and thus prevented the Court from fulfilling its fundamental prerogatives as enshrined in the TFEU, as previously mentioned in related observations in the Court's 2018 annual report;
13. Calls on the Commission, following several exchanges of views, the hearing debate held in Parliament's Committee on Budgetary Control and the Commission's replies to written questions, to take appropriate and effective steps to ensure that the Court will receive complete unrestricted and timely access to all necessary information in order to enhance better cooperation with international organisations and be able to appropriately check the legality and regularity of Union budget expenditure; notes that the limited access might be a result of diverging interpretation of legal requirements;

Transparency and effectiveness of the monitoring and assurance systems

14. Notes that, out of the 31 errors quantified, five of which (16,12 %) amounted to quantifiable errors, the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure (in 2019, 28 errors quantified with 9 cases (32 %) with sufficient information for early detection or correction); notes that had the Commission made proper use of all the information at its disposal, the estimated level of error would have been 1,19 percentage points lower; calls on the Commission, notwithstanding the improvement in relation to 2019, to step up its efforts to improve its processes for verifying the legality and regularity of transactions and to make sure that the verifications are properly followed up; insists, moreover, that more attention should be paid to *ex-ante* checks and that appropriate measures should be

taken to address existing weaknesses;

15. Considers that monitoring activities will be more effective if Commission intelligence is regularly published and shared with the discharge authority in advance provided that such publishing and sharing is in compliance with applicable legislation;
16. Calls on the Commission to proceed with a pre-established format for communication between partner countries, EDF beneficiaries and the Union with a view to reducing the errors found by the Court;
17. Notes that the Court found that in 2020 the Commission and its implementing partners committed more errors in transactions relating to grants and to contribution and delegation agreements with international organisations than they did with other forms of support, such as those covering works, supply and service contracts (as had happened in 2019); notes that of the 67 (65 in 2019) transactions of that type examined by the Court, 27 (38 transactions (40,3%) compared to 25 transactions (38%) in 2019) contained substantial quantifiable errors, which accounted for 94,2% of the estimated level of error (71,7% in 2019); calls on the Commission to publish comprehensive, updated and detailed information regarding funded projects and recipients of funds under such projects, to enhance its risk-based approach and to invest control capacity in areas that are more error prone; reiterates that more attention should be paid to *ex-ante* checks and that appropriate measures should be taken to increase expenditure verifications;
18. Is worried about, notwithstanding the positive analysis by DG INTPA in its annual activity report on key performance indicators for 2020 (14 key performance indicators scoring better than in 2019), the Court's observation, as in previous years, that the frequency of identified errors, including some contained in final claims which had been subject to *ex-ante* external audit and expenditure verifications, still points to weaknesses in those checks; reiterates its expectation that the control system be more rigorous and calls on DG INTPA to continue efforts to improve the assessment of both the effectiveness and efficiency of its control system by identifying key performance indicators for both, by setting realistic and ambitious targets and by monitoring and improving its control system; calls, furthermore, on the Commission to set up a platform covering EDF-funded projects by country, focusing on the final recipients of funds under such projects, general and specific project goals and, above all, their practical results in terms of the desired increase in development indices; suggests that developing such an integrated, interoperable information and monitoring platform would increase control reliability and would contribute to enhanced effectiveness and the visibility of Union development aid; invites the Commission, in that regard, to also consider launching a dialogue with the beneficiary countries with reference to possibly using a single risk-scoring tool in the future;
19. Regrets that no follow-up was given by the Commission in the replies to the Court's annual report in relation to the specific comment on the repetitive weakness and considers that cost-effective considerations used by the Commission in *ex-post* checks might not be effective and might lead exactly to the weaknesses that the Court and Parliament have been pointing out for a long time; invites the Commission to revise that approach so that the shortcomings are fully addressed and to inform regularly the discharge authority of any progress made;

20. Notes that DG INTPA's ninth residual error rate study, carried out by an external contractor on its behalf in 2020, estimated the overall residual error rate to be below the 2 % materiality threshold set by the Commission for the fifth year in a row (0,95% in 2020; 1,13% in 2019; 0,85% in 2018; 1,18% 2017; 1,67% 2016);²
21. Points out that, as in previous years, the Court considers that there are many factors contributing to the underestimation of the residual error rate, as raised in 2019 discharge resolution, with the main limitations being the method for determining the residual error rate and overreliance on previous control work carried out either directly by the Commission or by independent third parties (17% share of full reliance and 37% for partial reliance); supports the Court's evaluation that is contrary to the purpose of the residual error rate study, which is to identify the errors that precisely evaded such checks;
22. Notes that another factor results from the fact that the residual error rate study focuses on a review of low-risk areas such as budget support instruments, which reduces the possibility of finding actual errors, in comparison to a full review of high-risk areas such as grants and contracts with international organisations and Member State agencies;
23. Recalls that the Court's recommendation to the Commission to issue reservations to all areas prone to having a high-level risk, regardless of their share of total expenditure and their financial impact was already included in the 2019 EDF annual report; regrets that the Commission does not accept the recommendation; highlights the fact that the Court is very clear and consistent in pointing out that by applying the *de minimis* rule, the Commission is reducing its ability to identify risks in its overall area of responsibility; considers that excluding areas because of their financial impact but still considered by DG INTPA itself as high risk is a very dangerous situation; strongly supports the Court in its recommendation and invites the Commission to revise its approach accordingly;
24. Is of the view that it is worth underlying that the regulatory framework governing the residual error rate study and the contract between DG INTPA and the residual error rate study contractor do not provide for any systemic approach for reporting on suspected fraud against the Union budget detected during its residual error rate work; strongly supports the Court's recommendation in that area; welcomes, in that regard, the fact that the Commission adopted a new manual and methodology for the residual error rate study at the beginning of January 2022, taking into account, as much as possible, the remarks by the Court; notes that the new version of that manual increases the number of field visits from 9 to 12 and provides additional clarification on procurement checks; in order to limit reliance on previous control work, calls for those checks to be monitored in the light of historical averages, which should not be significantly exceeded without providing detailed reasoning; welcomes, in particular, the fact that the residual error rate study contractor is now obliged to notify to the Commission, without delay, of any suspicion of fraud or irregularity that has occurred or is likely to have occurred; calls on the Commission, in view of the high number of fraud investigations in recent years, to ensure better transparency of the money flow and to enhance control systems; invites, moreover, the Commission to report back to the discharge authority on the measures introduced in the residual error rate methodology or in the terms of reference to

² https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2020/annualreports-2020_EN.pdf para 32.

formalise the communication of suspected fraud by the residual error rate study contractor;

25. Notes with concern the Court's statement about an unjustified absence of reservations in the 2020 annual activity report caused by the limitations of the residual error rate study, on the one hand, and the conservation of the *de minimis* rule of less than 5 % of total payments with a financial impact of less than EUR 5 million, on the other hand; is worried that that evaluation might impact the effectiveness of DG INTPA's annual activity report;
26. Notes that, at the end of 2020, 17 fraud investigations were ongoing (19 in 2019);
27. Stresses that the vast amount of resources allocated to respond to the urgent needs arising from the COVID-19 crisis, combined with more flexible oversight and accountability measures, also creates ample opportunities for fraud and corruption to grow and thrive; recalls that not only is corruption detrimental to crisis response and recovery but it undermines the achievement of the SDGs and the 2030 Agenda; notes, moreover, that even before the COVID-19 pandemic, risks of fraud and corruption demonstrated that efforts to combat and prevent corruption and fraud were proving insufficient; underlines the important role of the European Anti-Fraud Office (OLAF) and the European Public Prosecutor's Office in fighting corruption and fraud, within the limits of their mandate;
28. Believes that a better focus on local SMEs and private sector and civil society organisations should be a core axis of cooperation in the management of the EU delegations' project pipelines; stresses that greater effort must be undertaken to comply with the Union's policy coherence for development principles, especially for the Union's trade, agricultural, fisheries, environment, climate, migration and foreign and security policies, in order to achieve aid effectiveness objectives; reiterates that policy coherence for development must be an important objective of the joined-up approach designed in the Neighbourhood, Development and International Cooperation Instrument (NDICI) - Global Europe³;
29. Notes the actions undertaken by DG INTPA to mitigate the risks stemming from the use of exceptional financial or procurement procedures in response to the COVID-19 crisis, in particular by means of budget support; notes, however, that the risk of corruption and fraud remained the highest perceived risk in all regions, even if a small decrease could be observed over time; calls on DG INTPA to keep monitoring the situation and pay particular attention to the most fragile countries; invites the Commission to report back to the discharge authority on further developments;
30. Notes that in 2020, DG INTPA developed a new draft anti-fraud strategy, the adoption of which was delayed to 2021; notes, furthermore, that the anti-fraud strategy is based on the DG INTPA survey to assess risks and controls, a risk analysis to be linked to the new NDICI, the new implementation methods and the Commission's anti-fraud

³ Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1).

strategy, adopted in 2019; emphasises also the role of the Early Detection and Exclusion System as an essential tool to penalise fraud and further encourages DG INTPA to make known the use of that system;

31. Notes with satisfaction the continued commitment of the United Kingdom to pay all its obligations under the current multiannual financial framework (MFF) and previous financial perspectives as if it were still a Member State, as expressed in the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the ‘Withdrawal Agreement’); notes, furthermore, that the Withdrawal Agreement states that the United Kingdom is to remain party to the EDFs until the closure of the eleventh EDF and all previous unclosed EDFs, and is to, in this respect, assume the same obligations as the Member States under the Internal Agreement by which it was set up and the obligations resulting from previous EDFs until their closure, and that the United Kingdom is entitled to participate, as an observer without voting rights, in the EDF Committee;

Cooperation with international organisations, Union development agencies and non-governmental organisations

32. Notes that the regular monitoring of pillar assessment requirements and reports by the Commission has progressed despite the impact of the COVID-19 outbreak; calls on the Commission to continue the close monitoring of the pillar assessments and keep the discharge authority informed about the progress and the results in light of the complementary assessment of all pillar-assessed entities and the target to have them completed by the extended deadline of 2021 due to the COVID-19 outbreak;⁴
33. Expresses satisfaction that, as of the 2021-2027 MFF period, the EDFs, the Development Cooperation Instrument and other instruments with NDICI-Global Europe have been incorporated into the general budget of the Union under heading 4 ‘Global Europe’, which accounts for 6,6 % or EUR 11,4 billion of the general budget of the Union: of that amount, EUR 3 billion (26,7 %) is spent on the Development Cooperation Instrument, EUR 2,7 billion (23,2 %) on the European Neighbourhood Instrument, EUR 1,9 billion (16,9 %) on the Instrument for Pre-Accession Assistance, EUR 1,9 billion (16,8 %) on humanitarian aid, and the rest on other actions and programmes; notes that certain implementation methods and flexibility provisions of the EDFs have been incorporated into Regulation (EU) 2021/947; recalls that the budgetisation of the EDFs has been a long-standing demand of Parliament;
34. Welcomes the fact that the financing of such cooperation will thus no longer be subject to an intergovernmental agreement between Member States but that such cooperation will, rather, be financed through the own resources system of the Union budget; notes, however, that ongoing projects financed under the previous EDFs, including the eleventh EDF, in ACP countries will continue to be implemented in accordance with their specific rules until their full completion and expects the impact of such normative overlap to be limited;

⁴ https://ec.europa.eu/info/system/files/annual-activity-report-2020-international-partnerships-annexes_en.pdf pp. 446-447.

35. Stresses that such a new set-up entails new institutional responsibilities and tasks, in particular for Parliament as one arm of the budget authority for the annual budget; expects budgetary transparency, policy coherence and democratic accountability to benefit from those new arrangements; notes the increased role of Parliament in the area of international partnerships under Global Europe, including through the high-level geopolitical dialogue; calls on the Commission, with regard to the new financial instrument NDICI - Global Europe, which is the successor instrument to the EDFs, to display, on a country-by-country basis and from the very start of the implementation of NDICI - Global Europe actions, information on all actions funded through that instrument, whether or not they are co-funded with grants or loans from any other actor, regarding the amounts of Union funding and results in a standardised manner which has been harmonised with the Member States and in a way which is easily understandable by Union citizens and by citizens of partner countries;
36. Reiterates the need to ensure, in accordance with existing Union law, full transparency of and access to data on projects implemented by international organisations and civil society organisations and to provide clear rules on governing control and monitoring;
37. Stresses once again that entities entrusted with the implementation of Union funds must, as a general principle, respect the principles of sound financial management and transparency; stresses that any entity must fully contribute to the protection of the financial interests of the Union and must, as a condition for receiving funds, grant the necessary rights and access required by the authorising officer responsible, the Court and OLAF;
38. Notes that there is still a need for a more systematic approach to communicating Union support to partners and efforts to tackle global challenges to enhance the Union's visibility and to strengthen transparency, accountability and human rights due diligence along the chain of funding; notes the importance of the Team Europe approach with regard to the effectiveness and visibility of Union assistance; calls on the Commission to redouble its efforts to carry out sample-based on-the-spot controls years after the completion of the co-financed projects to check the continued impact and the performance of the EDF interventions and to take the necessary steps to ensure the long-term impact of their operations;

Union budget support

39. Notes that the budget support general framework, under which budget support can be used as a method of implementation in the field of external action, is complemented by a set of comprehensive guidelines providing detailed guidance⁵ on the procedures for safeguarding sound risk management and implementing quality review, monitoring and reporting by EU delegations and by the Commission central services; appreciates that the budget support guidelines and internal arrangements have improved over time, including upon recommendations from the Court and from Parliament;
40. Notes that Union support covers a wide variety of sectors, with 228 contracts implemented in 95 countries or territories in 2020, accounting, on average, for about 40 % of national cooperation programmes with partner countries; notes, in addition, that

⁵ https://ec.europa.eu/international-partnerships/system/files/budget-support-guidelines-2017_en.pdf

while payments ranged from EUR 1,6 billion to EUR 1,8 billion annually between 2014 and 2019, the Union budget support disbursements neared EUR 3 billion in 2020 as a result of the COVID-19 pandemic; considers that that support was pivotal to helping foster countries' resilience, allowing them to focus on reforms in different sectors and preventing further economic and social setbacks;

41. Notes the EDFs' budget support contribution accounted for 39 % of the total amount of Union budget support paid in 2020 (EUR 1 164 million out of EUR 2 986 million); notes that 40 ACP countries and 8 OCTs benefitted from budget support in 2020;
42. Notes that the EDFs' contribution to budget support activities in 2020 reached EUR 1240,6 million (compared to EUR 790,3 million in 2019), of which EUR 552,3 million represented new commitments (compared to EUR 366,8 million in 2019), with a geographical coverage of 60 partner countries (5 more than in 2019), representing 102 budget support contracts (20 more than in 2019); observes that for OCTs, EUR 82,8 million (compared to EUR 70,0 million in 2019) was disbursed through the EDFs for 12 countries, representing 13 budget support contracts, the same as in the financial year 2019;
43. Notes with appreciation that in 2020 sub-Saharan Africa remains the largest recipient of budget support with a share of 38 % (36 % in 2019); observes, moreover, that lower-middle-income countries accounted for 52,4 % (47% in 2019) of the total ongoing commitments; notes that low-income countries accounted for 29,4 % of total commitments, confirming the decreasing trend noted in 2019 (32% compared to 38% in 2018); notes that, altogether, 47% of the ongoing budget support programmes are being implemented in least-developed countries;
44. Recalls that budget support aims to strengthen the partnership with the Union's partner countries, promote sustainable development, eradicate poverty, reduce inequalities and consolidate peace and democracy, ultimately aiming to contribute to the achievement of the SDGs; notes that Union budget support is to be guided by the internationally agreed Busan effectiveness principles, such as ownership by partner countries, results focus, inclusiveness and accountability; highlights the fact that, because it fosters transparency and good governance, budget support also contributes to the fight against corruption and fraud; recalls that budget support must correspond to the needs of partner countries as well as the Union's key policies; recalls that it is also necessary to measure the performance of programmes and their impact in partner countries and on civilian populations;
45. Notes that, in terms of relative contribution to the SDGs, budget support programmes strongly contribute to SDG 16 (peace, justice and governance), SDG 17 (partnerships), SDG 5 (gender equality) and SDG 1 (no poverty); welcomes the strong multi-dimensional scope of budget support programmes and considers that they should support entrepreneurship and private initiative in order to leverage economic and social development, as advocated in SDG 9 (build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation) and SDG 17 (strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development);
46. Stresses that entrepreneurship and the private sector play an essential role in the fight

against poverty by creating jobs, a sustainable economy and sustainable growth; highlights the fact that providing business training can help small-scale entrepreneurs set up businesses and improve business practices in partner countries; notes that, in order to improve the effectiveness of such programmes, such training should be complemented with customised support and follow-up services; calls, in addition, for a continuation of the empowerment of both women and men, as well as the policies needed to address those relevant challenges;

47. Acknowledges the redesign of programmes by the Commission in response to the COVID-19 pandemic, resulting in indicators being neutralised (made irrelevant by the crisis or no longer valid) and variable tranches being converted into fixed tranches; notes, moreover, the cut-off dates of some indicators and targets and their postponement to 2021; notes, therefore, the change in ratio between fixed and variable tranches in 2020, reaching an average share of 84 % for fixed tranches (44 % in 2019) and 16 % for variable tranches (56 % in 2019); recalls, in that regard, its position that variable tranches might provide better leverage for deepening policy and political dialogue with partner countries on the main reforms to be carried out; requests, therefore, to be updated on the effects and results of the redesign of those programmes; notes, furthermore, that only the Caribbean, central Africa, Latin America and the Western Balkans kept relatively larger variable tranches across their payments;
48. Reiterates its call on the Commission services to continue assessing strictly in its policy dialogue the risks related to corporate tax avoidance, tax evasion and illicit financial flows affecting, in particular, developing countries; stresses the importance of addressing domestic revenue mobilisation and public finance management at large, which forms part of the budget support criteria; encourages the Commission to assess the fiscal impact and to help establish investment-oriented objectives;
49. Considers that needs assessments in connection with NDICI-Global Europe programming should take into account countries' debt situations and how those situations influence the ability to pursue the SDGs;
50. Stresses the importance for donors of not increasing the burden of debt; urges the Union and the Member States to develop, as a first step, and in addition to its pledges on a debt moratorium, a new debt relief initiative regarding the heavily indebted poor countries; calls, more broadly, for the creation of a multilateral debt workout mechanism to address both the impact of the debt crisis and the financing requirements of the 2030 Agenda;

Performance

51. Notes that Union support is implemented in the context of the 2030 Agenda, requiring a holistic approach to social, economic and environmental development, based on the SDGs;
52. Encourages the Commission to continue its efforts to reduce error rates by taking proportionate measures in response to high-risk areas which have already been identified;
53. Recognises that, in 2020, Europe, as well as the rest of the world, was strongly impacted by the COVID-19 pandemic and welcomes the Commission-coordinated response to the

health crisis as well as to the impact on Europe's economy and society; notes that the COVID-19 pandemic has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 Union budget; notes, in addition, the efforts by all Commission services to promote the consistent and rigorous protection of the Union budget, ensuring that appropriate mitigating measures were put in place; notes that the Team Europe approach was launched as a joint response to the COVID-19 pandemic by all European development actors to support the promotion of European policy priorities and standards;

54. Notes that the Commission considers the implementation of Team Europe's response to the COVID-19 pandemic as very effective, allowing the EDF resources available for 2020 to be fully executed; notes the reduction of the number of visits to projects, which were replaced by remote audits due to the COVID-19 outbreak; considers that remote audits cannot compare to real on-the-spot checks and invites the Commission to resume visits as soon as possible, taking on board the lessons learned from the COVID-19 pandemic in terms of the use of technologies and instruments to complement visits;
55. Acknowledges and welcomes the overall positive global impact of COVID-19 Vaccines Global Access (COVAX), which was marked by several implementation challenges and weaknesses throughout the process; notes that by mid-March 2022, COVAX had delivered over 1,3 billion doses to 144 countries, of which over 500 million doses were donations; notes that by mid-March 2022 the Members States had shared over 400 million doses; notes that the impact of COVAX has been hindered by supply shortages, which prevented COVAX from meeting its target for 2021⁶;
56. Stresses that in the upcoming years Member States should continue to invest in COVID-19 and other vaccines for developing countries and should continue to help improving distribution chains;
57. Notes the particular importance of DG INTPA as regards education, given its critical role in human development and as a key enabler for all Union priorities; welcomes, to that end, the increased spending on education in 2020, going from 7 to 10% of DG INTPA's total portfolio; notes with satisfaction that, in response to the COVID-19 pandemic, DG INTPA supported the most vulnerable populations in partner countries, including through global education initiatives, in order to avoid a lost generation; recalls the importance of ensuring in all partner countries that girls and boys have equal access to education and school; is of the opinion that equal opportunities are a priority in development; is of the opinion that the accessibility of young women to European projects and funds must be encouraged in partner countries;
58. Recalls that special attention should be paid to vulnerable populations, given that they face more difficulties when it comes to accessibility; calls for the development of concrete measures and programmes and for more funding to be allocated, especially for people with disabilities;
59. Notes the Commission's evaluation that the EDFs have contributed positively to development results at country level, but expresses concern that regional-level results have been less easily identifiable; underlines the fact that principles of ownership and

⁶ COVID-19 Vaccine Market Dashboard, UNICEF Supply Division <https://www.unicef.org/supply/covid-19-vaccine-market-dashboard>

management by results and mutual accountability were found to be less consistently applied under the eleventh EDF; notes with concern, at the same time, that the Commission's evaluation showed that improvements needed to be made in the EDFs' reporting on effectiveness in order to make it more accountable; welcomes the fact that those lessons learned were very carefully taken on board by the Commission when designing the NDICI - Global Europe and were reflected in the choice of indicators;

60. Calls for close monitoring and thorough policy dialogue with partner countries and NGOs regarding objectives, progress towards agreed results and performance indicators; calls once more on the Commission to better define and measure expected development impact and, especially, to improve the control mechanism with regard to the conduct of beneficiary countries in the areas of corruption, the rule of law, respect for human rights, good governance and democracy; stresses the need to include the private sector in that strategic dialogue; notes the importance of democratic control over the use of Union budget support in recipient countries;
61. Reiterates its call on the Commission to carry out a performance evaluation on a country-by-country basis of the long-term ongoing EDF-financed projects in order to demonstrate the true impact on the relevant country of decades-long Union investment and how it has effectively helped beneficiary countries' economic, social and sustainable development; calls on the Commission to take advantage of the lessons learned with regard to projects that have not been implemented effectively or efficiently and to take decisive action in the future;
62. Notes that, as in 2019 report, the Court did not include the performance of the EDFs in Chapter 6, entitled 'Global Europe', of its report on the performance of the Union budget; notes that the Court has not yet carried out a horizontal and detailed performance evaluation of the EDFs; acknowledges that with the budgetisation of the EDF, the Court will be also auditing the new EDF as part of the long-term Union budget;
63. Notes the EDFs' contribution to DG INTPA objectives 14 (human development) and 12 (sustainable jobs); recalls that health, gender equality, education, employment and improving living conditions are at the core of the Union's external action, in particular for vulnerable populations, including for migrants and for refugees; acknowledges that the COVID-19 pandemic disrupted societies in many ways, reversing the human development progress achieved in recent years, putting pressure on vulnerable populations, exacerbating inequalities and leading to limitations to the civil and democratic space in fragile democracies;
64. Notes that the budgetary implementation of the EDFs is now limited to payments on commitments made before the 31 December 2020 end date and that NDICI-Global Europe and general Union budget rules now apply; calls for strict implementation of the human rights-based approach, with human rights being at the centre of all actions, in accordance with the Commission's toolbox on that approach; is particularly concerned, in that regard, about the possible misuse of development funds for mobility restriction and border control purposes, including those of the EU Emergency Trust Fund for Africa (EUTF), and the reported human rights violations linked to the EUTF in Libya, Ethiopia, Eritrea and Niger;

EIB contributions

65. Notes that the Union's development policy will be implemented via the NDICI-Global Europe, of which the EIB is a key implementer;
66. Reiterates that the EIB's external operations are expected to contribute to Union policy objectives, fostering developing countries' sustainable economic, social and environmental development, particularly in the most disadvantaged among them, as well as compliance with objectives approved by the Union; recognises poverty eradication, domestic resource mobilisation and human rights as core topics within the Union's development finance architecture; recalls the fact that stakeholder engagement is the cornerstone of sustainable and inclusive development;
67. Notes that the EIB is bound by the Charter of Fundamental Rights of the European Union; stresses that human rights principles are integrated into its due diligence procedures and standards at project level, including by allowing for the suspension of disbursements in the case of serious violations of human rights or environmental and social standards; notes that the complaints mechanism was reinforced at the end of 2018; calls on the EIB to ensure that its complaints mechanism is easily accessible, timely and effective in order to detect and redress possible human rights violations in EIB-related projects; asks the EIB to report to Parliament and to the Board of Governors on that issue;
68. Calls on the EIB to continue supporting the fulfilment of the SDGs through its activities within the framework of specific mandates decided by the Council and Parliament;
69. Supports the Council Conclusions adopted on 14 June 2021, which called on the EIB to enhance its contribution to the Union's development efforts through dedicated strategies, a stronger presence on the ground globally and better coordination with partners in a genuine Team Europe approach, with a view to developing innovative joint actions and ensuring the visibility of Union external financing;
70. Reflects on the accountability process where Parliament is the discharge authority, with the exception of the Investment Facility, which is managed by the EIB and is therefore outside the scope of the Court's audit⁷;

The European Union Emergency Trust Funds for Africa (EUTFs)

71. Recalls that 2 EUTFs were created under the EDFs, namely the European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (the 'EUTF for Africa') and the European Union Trust Fund Bêkou for the Central African Republic (the 'EUTF Bêkou'); recalls Parliament's regular stance that the Commission ensures that any trust fund established as a new development tool must always be in line with the Union's overall strategy and development policy objectives, i.e. the reduction and, in the long term, eradication of poverty as enshrined in Article 208 TFEU, and must, in particular, ensure that recipient

⁷ See Articles 43, 48-50 and 58 of Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund (OJ L 58, 3.3.2015, p. 17; In 2012, a tripartite agreement between the EIB, the Commission and the ECA (Article 134 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th EDF (OJ L 78, 19.3.2008, p. 1)) set out the rules for the audit of these operations by the ECA.

countries receive support not only in tackling the root causes of migration, including irregular migration flow, but also in promoting resilience, economic and equal opportunities, the safety of populations and human and social development;

72. Notes that EDF contributions to the EUTFs increased from EUR 600 million in 2019 to EUR 800 million in 2020, with additional EDF funds to the EUTF for Africa used to address specific areas of concerns in the Sahel and Lake Chad and Horn of Africa regions, including security challenges, essential stabilisation efforts and the response to the COVID-19 pandemic; calls on the Commission to continue monitoring and, as recently requested by Parliament⁸, to establish an effective and independent monitoring mechanism to evaluate the final destination of migration-related EUTF projects in the event of violations of fundamental rights and inform the discharge authority on their outcomes;
73. Notes the financial contribution of the EDFs to the EUTF Békou to support the Central African Republic's exit from the COVID-19 crisis and its reconstruction and development; expresses concerns about the influence of the Wagner Group over the Central African Armed Forces; recalls its resolution of 25 November 2021 on the human rights violations by private military and security companies, particularly the Wagner Group; reiterates its call on the Commission to ensure that Union funds cannot under any circumstances be used by recipient countries to fund private military companies with such a record of human rights violations; notes the Commission's decision to temporarily suspend its military training mission due to concerns relating to activities of the Wagner Group; notes, in that regard, that in December 2021 the Union decided to impose restrictive measures against the Wagner Group; calls on the Commission to ensure that no funds are paid out directly or indirectly to Russian contractors or sub-contracts, especially in light of the current war in Ukraine; furthermore calls on the Commission to raise that matter in its bilateral dialogue with all relevant countries and encourages countries to be fully transparent with regard to contracting military support services, especially as regards the number, tasks and chains of command of private military and security companies present on their territories, as well as the equipment used to comply with their contracts;
74. Notes that the mid-term evaluation of the EUTF for Africa was concluded in 2020; notes the main findings of the evaluation report that the mandate of the EUTF for Africa, as a short-term instrument, is too wide to address the root causes of migration, and express concerns about some of the critical aspects highlighted therein; notes the need to better address challenges related to intra-African migration that makes up almost 90 % of migration flows in Africa; requests that the Commission make sure it focuses more activities on eradicating poverty in line with the EDFs' main objective, so as to address the root causes of migration; notes that the EUTF for Africa has managed to make modest contributions to increased economic opportunities and employment; supports the recommendation, set out in the evaluation report, to request that Union support to economic opportunities and employment creation be integrated where possible with local labour market dynamics and actors and with private sector investment;⁹ strongly supports the request for an *ex-post* evaluation, including on the

⁸ European Parliament resolution of 7 October 2021 on the implementation report on the EU Trust Funds and the Facility for Refugees in Turkey (2020/2045(INI))

⁹ https://ec.europa.eu/info/system/files/annual-activity-report-2020-international-partnerships-annexes_en.pdf p.731.

performance, to be conducted at least one year after all EUTF for Africa activities have been completed;

75. Reiterates its calls to the Commission to provide a solid risk assessment study on the human rights implication for all the projects designed to train and equip security forces of the African countries;
76. Welcomes the decision by the Commission to de-commit funds originating from the EUTF for Africa that were initially allocated to Eritrea, in particular for the procurement for road renovation that used forced labour;
77. Reiterates that the creation of new trust funds should be conditional on the full involvement of Parliament in the decision-making process and its endowment of proper scrutiny power; recalls, in that regard, the request for the revision of the Financial Regulation to allow Parliament to exercise its democratic oversight and scrutiny role effectively;

Risks and challenges related to EDF aid implementation

78. Recalls, once more, that good governance, the rule of law and the respect for human rights are unavoidable preconditions for aid effectiveness; calls on the Commission to closely monitor the situation of the rule of law, compliance with international treaties and bilateral agreements and the respect for human rights in recipient countries when approving financial aid; invites the Commission to make more stringent use of the clause included in the financial agreements with partner countries that enables the Commission to suspend or terminate the agreement in the event of the breach of an obligation relating to respect for human rights, democratic principles and the rule of law;
79. Is concerned by the Commission's rejection of a recommendation of Parliament to include in the next annual activity report a structured assessment and evaluation of aid and reporting on the results and impact of the activities of the EDFs; notes that the Commission considers that the impact of the activities of the EDFs has already been assessed by means of the production and transmission to Parliament of the annual report on the implementation of the Union's instruments for financing external actions, but recalls that part 1 of DG INTPA's annual activity report does not distinguish between the activities of the general budget and the EDFs, making it difficult to evaluate the Commission's statement that the EDFs have achieved significant results in addressing poverty reduction; considers that, in order to be able to implement its role as discharge authority, Parliament needs all possible useful data to evaluate the EDFs and their impact; invites the Commission to revise its position and respond positively to Parliament's specific request;
80. Acknowledges that the EDFs mainly focus on continental African countries and considers that insular countries, some of the ACP countries and, in particular, small island developing states should not be side-lined in terms of political objectives and projects; calls on the Commission to ensure greater synergies and greater coherence with the Union's internal and horizontal policies related to small island developing states, the outermost countries and territories of the Union and the outermost regions of the Union;

81. Invites the Commission to ensure that funding benefits all OCTs fairly and equally; calls on the Commission to further support OCT administrations in the implementation of EDF projects, in particular by means of training and technical assistance;
82. Notes that with the new funding mechanism for development cooperation, the NDICI-Global Europe, all earlier funding options are consolidated in one instrument and part of the Union's annual budget and the 2021-2027 MFF period; recalls that the integration of the EDFs into the Union budget was a longstanding demand of Parliament and that the budgetary principles, in particular those of the unity and annuality of the budget, have been reinforced; notes that the NDICI-Global Europe is currently the main financial instrument for the Union's external action, with an overall allocation of EUR 79,5 billion (in current prices) for the 2021-2027 period; notes that the NDICI-Global Europe simplifies the Union's external funding and covers cooperation with all third countries, with the exception of countries linked to Union pre-accession (in the Western Balkans) and Turkey; notes, moreover, that development spending will therefore also be fully covered by the democratic scrutiny of Parliament; also welcomes the fact that under the NDICI-Global Europe, OCTs will benefit from increased funds within the Union budget;
83. Notes that the Commission is committed to enhancing the policy coherence between internal and external action; highlights the need for stronger coherence of Union action in the ACP region, making sure that priority is given to development objectives and that policies aimed at the OCTs are linked to the development of their border regions and are aligned with Union priorities;
84. Notes that 73,3% of the contracts with Member States were signed with only two Member State's national development agencies (namely from France and Germany) with *Agence française de développement* representing 67% of the contracts signed with French agencies, and *Gesellschaft für Internationale Zusammenarbeit* representing 72% of the contracts signed with German agencies; while recognising their expertise, considers that more efforts for promoting the vision of more national development agencies are necessary; welcomes the efforts of the Commission in that regard, including the preparation of a study to understand the strength of each partner in the Members States in order to evaluate how they could better contribute in the future; asks the Commission to provide the discharge authority with the report of that study as soon as it is available;
85. Recalls that media reports highlighted that money assigned under the EDFs, which was used for public infrastructure projects in the Democratic Republic of the Congo, was paid out to a company that is linked to a well-known Hezbollah financier; notes that the Commission did not have any information on alleged links between that company and the financier at the moment of awarding those contracts and that, with the exception of one, all contracts were completed satisfactorily; recalls, however, the Union's commitment to zero tolerance for suspected fraud, corruption, and funding of activities linked to terrorism and the obligation to prevent European funding from indirectly benefiting criminal and terrorist activities; requests that the Commission update its procurement rules and *post-ante* checks to strengthen background checks of beneficiaries and their affiliations;

Follow-up to the 2019 discharge

86. Notes that the report on the follow-up to the discharge for the financial year 2019 was duly published in July 2021; notes the delayed transmission of the detailed replies to the specific requests made by Parliament in the discharge resolution but welcomes that, in an answer to the written questions, the Commission agreed to provide an advance copy of the follow-up to the EDF discharge; recalls the importance of having detailed follow-up information in due time as a vital part of the discharge procedure;
87. Draws attention to the context in which official development assistance is now provided, marked by a recurrent funding gap, the COVID-19 pandemic, the aggravating climate and biodiversity crisis, the relentless growth of the needs of humanitarian aid and the lack of means to address them properly, the woefully inadequate financial and technical resources of least developed countries and other developing countries to respond to the challenges they face, the reversal of the progress towards key SDGs and the Paris Agreement on Climate Change (the ‘Paris Agreement’), including those concerning the eradication of poverty and hunger, and the continued global failure to scale up climate action to the urgent need of reaching the objectives of the Paris Agreement with a pathway compatible with the objective of limiting global warming to under 1,5°C and of improving resilience to the adverse effects of climate change;
88. Expresses disappointment about the continued absence of major action by the Commission on the recommendations of the external evaluation of the Union’s policy coherence for development¹⁰, ordered by the Commission and received in 2018; regrets the lack of transparency in public procurement procedures;
89. Regrets the lack of follow-up to some of Parliament’s requests during the 2019 discharge procedure and invites the Commission to provide a more in-depth analysis of Parliament’s recommendations.

¹⁰ https://ec.europa.eu/international-partnerships/system/files/pcd-main-report_en.pdf

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the - 8th, 9th, 10th and 11th European Development Funds for the financial year 2020 (2021/2158(DEC))

Rapporteur for opinion: Charles Goerens

SUGGESTIONS

The Committee on Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Draws attention to the context in which official development assistance (ODA) is now provided, marked by a recurrent funding gap, the COVID pandemic, the aggravating climate and biodiversity crisis, the relentless growth of the needs of humanitarian aid and lack of means to address them properly, the Least Developed Countries' (LDCs), as well as other developing countries', woefully inadequate financial and technical resources to respond to the challenges they face, the reversal of the progress towards key Sustainable Development Goals and the Paris agreement on climate change (Paris Agreement), including those to eradicate poverty and hunger, and the continued global failure to scale up climate action to the urgent need of reaching the objectives of the Paris Agreement with a pathway compatible with the objective of limiting global warming to under 1,5°C as well as improving resilience to adverse climate change impacts;
2. Insists that the Union and its Member States scale up their ODA and climate finance while upholding high standards for the responsible financing of sustainable development, impact management, and transparency, so as to honour their commitments, that maximum efficiency of the spending be sought according to the principle of aid effectiveness and partner country ownership, that policy coherence for development (PCD) be practiced in a more efficient and systematic way and that new efforts to create an enabling international environment for domestic resource mobilisation (DRM) be made; takes the view that well-functioning PCD and support for DRM to reduce structural gaps and expand fiscal space to mitigate the effects of the pandemic and boost investments for a sustainable and inclusive recovery, should be considered part and parcel of sound financial management as these are means to increase the efficiency of Union action which imply concrete initiatives, such as supporting the fight against corruption and the development of progressive tax systems, tackling tax avoidance and evasion;

3. Expresses disappointment about the continued absence of major action by the Commission on the recommendations of the external evaluation of the Union's PCD¹, ordered by the Commission and received in 2018; regrets the lack of transparency in public procurement procedures; stresses that more efforts must be undertaken to comply with PCD principles, especially for the Union trade, agricultural, fisheries, environment, climate, migration, foreign and security policies, in order to achieve aid effectiveness objectives; reiterates that PCD must be an important objective of the joined-up approach designed in NDICI-Global Europe; reiterates its call for an in-depth analysis on the impact of Economic Partnership Agreements (EPAs) on local economies and intra-regional trade to address concerns about their implementation in terms of regional integration and industrialisation;
4. Calls on the Commission with regard to the new financial instrument NDICI - Global Europe succeeding the European Development Fund (EDF), to display on a country by country basis and from the very start of the implementation of NDICI - Global Europe actions, information on all actions funded through this instrument, whether or not they are co-funded with grants or loans from any other actor, regarding the amounts of Union funding and results in a standardized and with Member States harmonized manner and in a way which is easily understandable by Union citizens and by citizens in partner countries;
5. Supports the recommendations in the annual report of the Court of Auditors (the 'Court'), in particular that international organisations must grant the Court full, unrestricted and timely access to documents, not only in the form of read-only access so that the Court can carry out its task in accordance with the TFEU²; calls on the Commission to take the necessary measures to ensure this;
6. Notes the high number of fraud investigations in recent years; calls on the Commission to ensure better transparency of the money flow and enhance its control systems; welcomes the decision of the Commission to create the obligation that any suspected case of fraud against the Union budget detected during the work on the Residual Error Rate (RER) study is reported by the RER study contractor and insists to receive information on the progress;
7. Notes that the budgetary implementation of the EDF is now limited to payments on commitments made before the 31 December 2020 end date and that NDICI-Global Europe and general Union budget rules now apply; calls for strict implementation of the human rights based approach, with human rights being at the centre of all actions, in accordance with the Commission's toolbox on this approach; in this regard, is particularly concerned about the possible misuse of development funds for mobility restriction and border control purposes, including those of the EU Emergency Trust Fund for Africa (EUTF), and the reported human rights violations linked to the EUTF in Libya, Ethiopia, Eritrea and Niger;
8. Reiterates its calls for proper implementation of and reporting on all horizontal spending targets set in NDICI-Global Europe, in particular the biodiversity related

¹ https://ec.europa.eu/international-partnerships/system/files/pcd-main-report_en.pdf

² Article 287 of the Treaty on the Functioning of the European Union: 'Any natural or legal person in receipt of payments from the budget, shall forward to the Court of Auditors, at its request, any document or information necessary to carry out its task'.

target which is not a stand-alone target in the regulation but concerns contributing to the overall Multiannual Financial Framework biodiversity target of 7.5% of annual spending to biodiversity objectives in 2024 and 10% from 2026 onwards; expects the Commission to adopt as soon as possible an effective, transparent and comprehensive methodology for biodiversity tracking, developed with the full involvement of the European Parliament, and about which the European Parliament should be consulted before the publication of the 2023 draft budget;

9. Stresses that projects financed via NDICI-Global Europe shall be screened to determine if they have an environmental, climate or social impact and if so, shall be subject to climate, environmental and social sustainability proofing with a view to minimise detrimental impacts and maximise benefits on climate, environment and social dimensions; recalls that the Union and the Member States committed under Article 2.1(c) of the Paris Agreement to align both public and private financial flows to a pathway compatible with the objective of limiting global warming to 1.5°C; stresses that this requires a phase out of all direct and indirect fossil fuel subsidies as soon as possible and by 2025 at the very latest;
10. Regrets the reported case of lack of transparency for the work contracts signed by the Commission to strengthen food security in Cameroon, for which the evaluation criteria used for the award differed from those published in the tender notice and therefore made the tender ineligible; calls on the Commission to prevent any lack of transparency in public procurement procedures;
11. Calls on the Commission and the European Investment Bank to present a report on the performance and effectiveness of this budget;
12. Regrets that expenditures with international organisations recorded in 2020 under the 8th, 9th, 10th and 11th EDFs is particularly affected by errors; highlights that errors occur predominantly in transactions related to grants and to contribution and delegation agreements implemented by international organisations and that in the examined transactions of this type, 40.3 % contained quantifiable errors, which is substantial; underlines that the Court³ indicated that for 13 of these cases with errors, the Commission had sufficient information to prevent, or to detect the error before accepting the expenditure; urges the Commission to produce detailed explanations in response to these findings and to submit a clear plan to European Parliament outlining the necessary steps in order to correct this seriously worrying situation;
13. Recalls that vulnerable population should be paid special attention, given that they face more difficulties when it comes to accessibility; calls for concrete measures and programmes, as well as for more funding allocated especially for persons with disabilities;
14. Stresses that in the upcoming years Member States shall keep investing in Covid-19 and other vaccines for developing countries, as well as to help improving distribution chains;
15. Stresses the importance for donors, and not increase the burden of debt; urges the Union and its Member States to develop, as a first step, and in addition to its pledges on debt

³ https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2020/annualreports-2020_EN.pdf

moratorium, a new debt relief initiative regarding the Heavily Indebted Poor Countries; calls, more broadly, for the creation of a multilateral debt workout mechanism to address both the impact of the crisis and the financing requirements of the Agenda 2030.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	28.2.2022
Result of final vote	+: 22 -: 2 0: 2
Members present for the final vote	Barry Andrews, Eric Andrieu, Anna-Michelle Asimakopoulou, Hildegard Bentele, Dominique Bilde, Udo Bullmann, Catherine Chabaud, Antoni Comín i Oliveres, Ryszard Czarnecki, Gianna Gancia, Charles Goerens, Mónica Silvana González, Pierrette Herzberger-Fofana, György Hölvényi, Rasa Juknevičienė, Beata Kempa, Karsten Lucke, Pierfrancesco Majorino, Erik Marquardt, Janina Ochojska, Christian Sagartz, Tomas Tobé, Miguel Urbán Crespo, Bernhard Zimniok
Substitutes present for the final vote	María Soraya Rodríguez Ramos, Caroline Roose

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

22	+
ECR	Ryszard Czarnecki,
NI	Antoni Comín i Oliveres
PPE	Anna-Michelle Asimakopoulou, Hildegard Bentele, György Hölvényi, Rasa Juknevičienė, Janina Ochojska, Christian Sagartz, Tomas Tobé
Renew	Barry Andrews, Catherine Chabaud, Charles Goerens, María Soraya Rodríguez Ramos
S&D	Eric Andrieu, Udo Bullmann, Mónica Silvana González, Karsten Lucke, Pierfrancesco Majorino
The Left	Miguel Urbán Crespo
Verts/ALE	Pierette Herzberger-Fofana, Erik Marquardt, Caroline Roose

2	-
ID	Dominique Bilde, Bernhard Zimniok

2	0
ECR	Beata Kempa
ID	Gianna Gancia

Key to symbols:

+ : in favour

- : against

0 : abstention

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	31.3.2022
Result of final vote	+: 26 -: 4 0: 0
Members present for the final vote	Matteo Adinolfi, Gilles Boyer, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, Bas Eickhout, José Manuel Fernandes, Raffaele Fitto, Luke Ming Flanagan, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Mislav Kolakušić, Joachim Kuhs, Ryszard Antoni Legutko, Claudiu Manda, Alin Mituța, Jan Olbrycht, Younous Omarjee, Tsvetelina Penkova, Markus Pieper, Michèle Rivasi, Petri Sarvamaa, Viola Von Cramon-Taubadel, Angelika Winzig, Lara Wolters, Tomáš Zdechovský

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

26	+
ECR	Ryszard Czarnecki, Raffaele Fitto, Ryszard Antoni Legutko
PPE	Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Jan Olbrycht, Markus Pieper, Petri Sarvamaa, Angelika Winzig, Tomáš Zdechovský
Renew	Gilles Boyer, Olivier Chastel, Pierre Karleskind, Alin Mituța
S&D	Caterina Chinnici, Corina Crețu, Isabel García Muñoz, Claudiu Manda, Tsvetelina Penkova, Lara Wolters
The Left	Luke Ming Flanagan, Younous Omarjee
Verts/ALE	Bas Eickhout, Michèle Rivasi, Viola Von Cramon-Taubadel

4	-
ID	Matteo Adinolfi, Jean-François Jalkh, Joachim Kuhs
NI	Mislav Kolakušić

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention