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DRAFT REPORT

on discharge in respect of the implementation of the budget of the eighth,
ninth, tenth and eleventh European Development Funds for the financial year
2015
(2016/2202(DEC))

Committee on Budgetary Control

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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 2015 (2016/2202(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 2015 (COM(2016)0485 – C8-0326/2016),
- having regard to the financial information on the European Development Funds (COM(2016)0386),
- 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 2015, 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 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendations of ... February 2017 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 2015 (– C8-),
- having regard to the Commission's report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working documents (SWD(2016)0338 and SWD(2016)0339),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000³ and amended in Ouagadougou, Burkina Faso, on 22 June 2010⁴,
- having regard to Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union ('Overseas Association Decision')⁵,
- 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

¹ OJ C 375, 13.10.2016, p. 287.

² OJ C 375, 13.10.2016, p. 297.

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.

Financial Protocol to the fourth ACP-EC Convention¹,

- 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 applies²,
- having regard to Article 11 of the Internal Agreement of 17 July 2006 between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies³,
- 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 applies⁴,
- 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 Convention⁵,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund⁶,
- having regard to Article 50 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the tenth European Development Fund⁷,
- having regard to Article 48 of Council Regulation (EU) 2015/323 on the financial regulation applicable to the eleventh European Development Fund⁸,
- having regard to Rule 93 and the third indent of Rule 94 of, and Annex IV to, its Rules of Procedure,

¹ OJ L 156, 29.5.1998, p. 108.

² OJ L 317, 15.12.2000, p. 355.

³ OJ L 247, 9.9.2006, p. 32.

⁴ OJ L 210, 6.8.2013, p. 1.

⁵ OJ L 191, 7.7.1998, p. 53.

⁶ OJ L 83, 1.4.2003, p. 1.

⁷ OJ L 78, 19.3.2008, p. 1.

⁸ OJ L 58, 3.3.2015, p. 17.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A8-0000/2017),
- 1. Grants the Commission discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015 / Postpones its decision on granting the Commission discharge in respect of the implementation of the budget of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015;
- 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 2015 (2016/2202(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 2015 (COM(2016)0485 – C8-0326/2016),
- having regard to the financial information on the European Development Funds (COM(2016)0386),
- 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 2015, 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 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendations of ... February 2017 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 2015 (– C8-),
- having regard to the Commission's report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working document (SWD(2016)0338 and SWD(2016)0339),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000³ and amended in Ouagadougou, Burkina Faso, on 22 June 2010⁴,
- having regard to Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union ('Overseas Association Decision')⁵,
- 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

¹ OJ C 375, 13.10.2016, p. 287.

² OJ C 375, 13.10.2016, p. 297.

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.

Financial Protocol to the fourth ACP-EC Convention¹,

- 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 applies²,
- having regard to Article 11 of the Internal Agreement of 17 July 2006 between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies³,
- 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 applies⁴,
- 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 Convention⁵,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund⁶,
- having regard to Article 50 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the tenth European Development Fund⁷,
- having regard to Article 48 of Council Regulation (EU) 2015/323 on the financial regulation applicable to the eleventh European Development Fund⁸,
- having regard to Rule 93 and the third indent of Rule 94 of, and Annex IV to, its Rules of Procedure,

¹ OJ L 156, 29.5.1998, p. 108.

² OJ L 317, 15.12.2000, p. 355.

³ OJ L 247, 9.9.2006, p. 32.

⁴ OJ L 210, 6.8.2013, p. 1.

⁵ OJ L 191, 7.7.1998, p. 53.

⁶ OJ L 83, 1.4.2003, p. 1.

⁷ OJ L 78, 19.3.2008, p. 1.

⁸ OJ L 58, 3.3.2015, p. 17.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A8-0000/2017),
- 1. Approves the closure of the accounts of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015 / Postpones the closure of the accounts of the eighth, ninth, tenth and eleventh European Development Funds for the financial year 2015;
- 2. 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).

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 2015 (2016/2202(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 2015,
 - having regard to Rule 93 and the third indent of Rule 94 of, and Annex IV to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A8-0000/2017),
- A. whereas the main goal of the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000¹ and amended in Ouagadougou, Burkina Faso, on 22 June 2010² (the “Cotonou agreement”), as the framework of the Union’s relations with African, Caribbean and Pacific (ACP) countries, is to reduce and eventually eradicate poverty, consistently with the objectives of sustainable development,
- B. whereas the main objective of Council Decision 2013/755/EU³ is to contribute to the progressive development of the ACP countries and the OCTs, by enhancing the competitiveness and strengthening the resilience of the Overseas Countries and Territories (OCTs) reducing their economic and environmental vulnerability and promoting cooperation among them and other partners,
- C. whereas the European Development Funds (EDFs) are the Union’s main financial instrument for providing development cooperation to the ACP countries and the OCTs,
- D. whereas a wide range of implementation methods, reflecting the intergovernmental nature of the EDFs, are used in 79 countries with complex rules and procedures with regard to tendering and awarding contracts,
- E. whereas EDF activities are implemented in challenging contexts by facing recurrent high-risk exposure either geo-political or institutional,
- F. whereas external factors to the proper implementation of the EDF may mitigate or annihilate the efforts made in terms of development,

¹ OJ L 317, 15.12.2000, p. 3.

² OJ L 287, 4.11.2010, p. 3.

³ 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’) OJ L 344, 19.12.2013, p. 1.

- G. whereas the EDFs are funded by Member States and managed both by the Commission and the European Investment Bank (EIB), the Commission being solely accountable for the discharge of the EDFs,
- H. whereas the Union has a potential and critical weight to define responses to global and geopolitical challenges,
- I. whereas the history of its Member States confers obligations on the Union regarding the development of the ACP countries and the OCTs,
- J. whereas the future of the Union and that of the ACP countries and the OCTs are linked due to geography, globalisation and demographic change,
- K. whereas the global population projections for 2100, coupled with the effects of new migratory flows, armed conflicts, global warming and numerous economic and social crises, require immediate attention by the Union, in particular within its development policy's objectives; whereas that development aid is an essential tool that must be optimized to face those many global challenges,
- L. whereas the migration crisis has not only questioned the international aid principles and objectives but highlighted the principle of solidarity required by the Member States,
- M. whereas the current migratory crises must not overshadow the sustainability of migration waves linked to demographic upheavals and which call for different responses,
- N. whereas there is a need for a renewed approach towards ACP countries and OCTs requiring new financial incentives and instruments,
- O. whereas fresh attention must be paid to the fact that a large part of the ACP countries are Small Island Developing States; whereas islands, in particular ACP islands, play a new international role, particularly as a result of international negotiations on climate change,
- P. whereas a number of OCTs are located in the same regions as the ACP countries; 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,
- Q. whereas the Commission Directorate-Generals for International Cooperation and Development and Regional and Urban Policy signed a Memorandum of Understanding in September 2013 in order to enhance cooperation between Outermost Region (OR), the OCTs and the ACP countries,
- R. whereas the Union's external interventions are channelled through international organisations which either implement Union funds or co-finance projects together with the Union implying challenges in terms of oversight and governance,
- S. whereas the level and nature of the Union's engagement must be differentiated and

conditional, depending on measurable progress in various fields such as democratisation, human rights, good governance, sustainable socio-economic development, the rule of law and the fight against corruption, offering its assistance where needed to help foster progress,

- T. whereas a regular and thorough political dialogue is key to ensuring greater ownership by the ACP countries and the OCTs and the ability to adjust policy objectives,
- U. whereas it is of fundamental importance to ensure coherence between all Union policies and the objectives of the Union's development policy,
- V. whereas it is of fundamental importance to promote Union visibility and to project Union values in all forms of development aid,
- W. whereas the simplification of implementation processes is a driver for enhancing the effectiveness of the delivery of aid,
- X. whereas sustainability is crucial for the increasing of the overall effectiveness of development aid by steadily tracking impacts through all aid delivery modes,
- Y. whereas Union governance support is a key component of the development aid to generate effective governance reforms,
- Z. whereas budget support, while being a key-driver for change and to address main developments challenges, carries a considerable fiduciary risk and should be granted only if it provides sufficient transparency, traceability, accountability and effectiveness alongside to proven commitment in policy reforms; whereas budget support is particularly adapted for small and isolated territories, such as ACP islands,
- AA. whereas transparency and accountability are prerequisites for democratic scrutiny and the effectiveness of development aid,
- AB. whereas the management of administrative costs has to be steadily monitored in all circumstances and in regard to all aid modalities,
- AC. whereas illicit financial flows in developing countries aggravate poverty,
- AD. whereas Parliament has reiterated its call for the inclusion of the EDF in the Union's general budget in order to enhance the visibility and democratic scrutiny on the EDF and overall development policies,
- AE. whereas the adherence by Union citizens to development policy requires maximum transparency, good management and performance,

Statement of assurance

Financial implementation of funds in 2015

1. Notes that in 2015, spending concerned four EDFs, in particular the eighth EDF, which amounted to EUR 12 480 million, the ninth EDF, which amounted to EUR 13 800 million, the tenth EDF, which amounted to EUR 22 682 million and the eleventh EDF,

which amounted to EUR 30 506 million; notes that the funding of the eleventh EDF allocates EUR 29 089 million to the ACP countries and EUR 364,5 million to the OCTs and that those two amounts comprise, respectively, EUR 1 134 million and EUR 5 million for the ACP investment facility of the EIB; notes that EUR 1 052,5 million relates to the Commission's expenditure for the programming and implementing of the EDFs;

2. Observes that those funds are implemented through projects and budget support under the following four modalities: 42 % of payments were made by direct management out of which 24 % were made through budget support; observes that the remaining 58 % were made under indirect management, namely 31 % through international organisations, 24 % through third countries and 3 % through national bodies of the Member States;
3. Notes with concern that the 2015 spending still comprises funds coming from the eighth EDF which was launched in 1995;
4. Welcomes the efforts carried out by Europe Aid in 2015 as regards the level of net global commitments made in 2015 with EUR 5 034 million due to the entry into force of the eleventh EDF, which increased the resources for commitments by EUR 27 839 million; notes that the eleventh EDF impacted the implementation rates of outstanding commitments, the latter decreasing from 98 % to 69,7 % for global commitments and from 91,2 % to 63,5 % for individual commitments;
5. Regrets that the lack of payment credits faced by the Commission in 2015 led to a difficult budgetary situation in the development cooperation that harmed the global performance of the funds, specifically the transfer of EUR 483 million to 2016 and the payment of an estimated amount of EUR 1 million of late interest; welcomes the efforts carried by the Commission to ensure the continuity of development aid and to limit the adverse consequences of the existing payment shortages;
6. Notes also, for its whole area of responsibility, the Commission's continuous efforts to reduce old prefinancing (39 % achieved with a 25 % target), old outstanding commitments or old *reste à liquider* (RAL) (46 % achieved compared to 25 % targeted) as well as the number of opened expired contracts, but however with less satisfactory progress for the latter under the EDFs; encourages the Commission services to continue to decrease the EDFs' share in expired contracts;

Reliability of the accounts

7. Welcomes the fact that the Court of Auditors (the "Court"), in its annual report on the activities funded by the eighth, ninth, tenth and eleventh EDFs for the financial year 2015 finds that the final annual accounts present fairly, in all material respects, the EDFs' financial position at 31 December 2015 and that the results of their operations, their cash flows and the changes in net assets for the year then ended, are in accordance with the provisions of the EDF financial regulation and with accounting rules based on internationally accepted accounting standards for the public sector;
8. Welcomes the Commission's action to solve the issue of the recovery both for interest on prefinancing above EUR 750 000 and for interest on prefinancing between

EUR 250 000 and EUR 750 000 resulting in the proper recording of EUR 2,5 million of earned interest in the 2015 financial statements; calls on the Commission to also consider the situation of cases below EUR 250 000;

9. Regrets, in the context of the management of recovery orders, the incorrect recording of operational revenue amounting to EUR 9,6 million corresponding to unspent prefinancing;
10. Regrets that EUR 29,6 million of recovery orders under the eighth, ninth, tenth and eleventh EDFs were cancelled due to encoding errors, corrections or modifications ; asks the Commission to report on the EUR 15,8 million still subject to an ongoing litigation process;

Legality and regularity of the transactions underlying the accounts

11. Welcomes the fact that the Court's opinion find that the revenue underlying the accounts for the year 2015 is legal and regular in all material aspects;
12. Regrets that the Court's report estimates that the most likely error rate for expenditure transactions from the eighth, ninth, tenth and eleventh EDFs remains identical to that in 2014, which was 3,8 %, and higher than that in 2013, which was 3,4% and that in 2012, which was 3 %;
13. Expresses concern about the Court's assessment related to the legality and regularity of payments underlying the accounts which are materially affected by error; is concerned by the results of the sampling with regard to payments transactions whereby 35 among 140 payments (25 %) were affected by error;
14. Is concerned that the typology of errors underlying the 2015 error rate of 3,8 % remains the same as 2014 i.e. the absence of supporting documents (the sum affected to this category of error being EUR 3,692 833 million) and non-compliance with procurement rules (the sum affected to this category of error amounting to EUR 1,176 140 million) representing 70 % of the estimated level of error (compared to 63 % in 2014);
15. Expresses, furthermore, its long-standing concern on the weaknesses of *ex-ante* checks insofar as 16 out of the 28 final transactions were subject to *ex-ante* checks were subsequently authorised on the basis of quantifiable errors in the *ex-ante* checks; regrets that most of the errors found concerned, as in previous years, programme estimates, grants and operations managed with international organisations; notes that budget support operations were free of regulatory errors;
16. Urges the Commission to swiftly remedy those deficiencies in *ex-ante* checks, while noting that the Commission had sufficient information from its information systems to prevent, detect and correct the quantifiable errors before making the expenditure with a direct positive effect on the estimated level of error which would have been 1,7 percentage points lower;
17. Takes note that EUR 89,9 million were recovered for the reimbursement of undue payments due to irregularities and errors;

18. Recalls that the legality and regularity is crucial for an effective running of controls whilst also concurring to the overall performance management;

Components of the assurance framework

19. Welcomes the shift from a general reserve to the issuance of differentiated reserves as requested by Parliament in its previous EDF resolutions, namely (i) one thematic reserve for the two high-risks pending domains of grants in direct management (18 % of the total amount paid in 2015) and indirect management with international organisations; and (ii) a specific reserve for the African peace facility;
20. Notes the actions undertaken by the Commission targeted on the two higher risk areas and calls the Commission to report on the implementation of those actions to Parliament;
21. Invites the Commission to continue refining the risk assessment of its activity based budgeting to further ensure an adequate level of sectorial assurance; asks, in that context, to evaluate the level of risk and vulnerabilities of indirect management, the latter being potentially a risky spending activity or to examine the risks encountered by the Commission Directorate-General for International Cooperation and Development with cross sub-delegated funds;
22. Considers the improvement of the monitoring tools for following the findings of the external audits to be positive; welcomes the new audit application and the quality grid developed by the Commission and support the Court's recommendation to improve those new tools;
23. Welcomes the fact that a residual error rate (RER) study was carried out for the fourth consecutive year and is becoming a key tool within the control strategy while the 2015 RER related to contracts closed and included in the annual activity report was estimated at 2,2 %, or about EUR 174 million, including EUR 98 million for the EDF; calls on the Commission to maintain high methodological standards in its RER assessment;
24. Draws attention to the fact that the balance between absorption, compliance and performance is needed and to be reflected in the management of operations;
25. Welcomes the reduction of the estimated cost of control of the Commission Directorate-General for International Cooperation and Development from EUR 371 million in 2014 to EUR 293 million in 2015 and encourages the Commission to further improve the cost-effectiveness of the Director-General's control while ensuring the minimum errors possible;
26. Invites the Commission to integrate into its *ex-ante* and *ex-post* evaluation, management and performance assessment tools the impact of other Union external policies and actions on the situation of the beneficiary countries;

Risks relating to a results-oriented approach for the EU development cooperation

27. Acknowledges the fact that the Commission has integrated the issue of risks in the management of its external operations which is characterised by complex and fragile

environment with numerous types of risks, partner countries having different level of development and governance frameworks;

28. Points out the need to improve the use of terminology regarding long-term results (outputs, outcomes and impacts) and the importance of formulating true S.M.A.R.T. objectives before any decision on financing different projects is taken; highlights the need to put extra focus on formulating “attainable and realistic” goals to avoid the cases where the initial objectives were met by partner countries but without significant results in term of development;
29. Considers it to be necessary to refrain from focusing on budgetary outturn as the sole management objective which can be detrimental to the principle of sound financial management and the achievement of results; believes that an incentive-based approach, founded on a 'positive conditionality' system, could improve performance and achievement of results;
30. Recalls that the regular monitoring and mapping of high risk factors (external, financial and operational) and their quantification, from identification to implementation phases, is a prerequisite not only for a good financial management and quality expenditure but also to ensure the credibility, sustainability and reputation of the Union interventions; takes the view that setting-up activities and countries risk profiles also facilitate the design of rapid risk mitigation strategy in case of deterioration of the situation in a partner country;
31. Underlines the need to regularly adapt the control environment and risk management functions to take into account the emergence of new forms of assistance instruments and facilities like the blended finance, trust funds and financial partnerships with other international institutions, and also when beneficiary countries benefits from different types of aid delivery;
32. Believes that developing partner countries' capacity building, governance frameworks and ownership is also an important way to mitigate systemic risks in order to favour a conducive environment allowing funds to reach their intended purposes and respond the 3 Es' requirements (economy, efficiency and effectiveness); encourages in this regard the use of local audit firms and local services contract;

Improving EDF aid effectiveness

33. Underlines that to establish the credibility of development assistance, particularly as regards the instruments used, aid delivery methods and the funds concerned, it is essential that the value for money and results achieved with this support can be demonstrated, but also the coherence between external policies and actions of the Union and the objectives of development aid;
34. Recalls that the effectiveness of aid, the partner country ownership of development results and the reliance on partner's countries governance frameworks are guiding principles to be regularly refined;
35. Underlines that it is essential that the modality of implementation of projects is adapted to the objectives pursued in each case and for each project; believes that better results in

terms of efficiency can be achieved by supporting projects the dimension of which are adapted to objectives previously set, leading to concrete and identifiable results and targeting sustainable development of local communities;

36. Recalls that undermining performance monitoring and results evaluation is detrimental to public accountability and to comprehensive information of policymakers; points out that it is indispensable to provide Parliament with a clear view of the real extent to which the Union's main objectives have been achieved;
37. Believes that the assessment of the risks inherent to the choice of a particular implementation modality is crucial before committing Union financial resources and when considering the expected results; believes that the mix of projects, both in terms of subject matter and in terms of types of implementation, is essential to ensuring the effectiveness of EDF support;
38. Believes that stronger support to technical and administrative resources is necessary for improving the EDF aid effectiveness;
39. Believes that simplification of the rules of funds allocation is necessary to ensure better use of the funds and enhancing the effectiveness of the aid delivery; encourages the Commission to initiate simplification of the rules of funds allocation and to support local partners in the implementation of the projects;

Task force 'knowledge, performance and results'

40. Welcomes the first report on selected results of projects in the context of the launching of the Union's International Cooperation and Development Results Framework as a complementary step of the Commission's commitment to improve its accountability and widen its results reporting on ongoing operations; is particularly interested in the list of indicators to be measured and reported on development impact, outcomes and outputs achieved by partners countries and Commission services organisational performance;
41. Considers it to be useful to include that information regularly in the upcoming annual activity report in order to follow the evolution of the Union contributions to results in various fields of development cooperation such as public finance management, good governance or the leverage effects achieved with blending activities;

Assessment of achieved results by Union's delegations

42. Welcomes the progress in the analysis of global results achieved by the Union's delegations, based on the results provided key performance indicators (KPIs) versus targets as regards the efficiency of internal controls system and audit systems in place as well as on the effective management of operations and resources for 2015;
43. Acknowledges the high importance of the information reported in the 86 External Assistance Management Reports (EAMRs) for the assurance to be delivered by the Commission on the management of external aid as well as the positive trends for the performance of delegations with 20 out of 24 KPIs meeting targets in 2015, compared to 15 in 2014;

44. Observes, however, that nine delegations out of 86 have not reached the benchmark of 60 % of their KPIs; calls on the Commission services to closely monitor those delegations which have recently reached the target of 60 % or which stand just above the 60 % target to refine and consolidate the delegations trend analysis;
45. Invites the Commission services both to regularly update the definition of KPIs and related modes of assessment and to further develop the risks assessment, in particular through the setting-up of risk profile (a priori or output risks) of projects in each delegation's portfolio with a view to better select at early stage only viable projects;
46. Invites the Commission to develop a typology of the causes of the bottlenecks and difficulties encountered in the implementation of the projects in order to identify immediately the most appropriate responses and corrective measures;
47. Considers it to be essential that the head of delegations continue to be steadily made aware of their key-role in the overall strengthening of assurance, their management and accountability, in particular as regards the weighting of the various components likely to trigger the issuance of a reservation, in addition to their political duties;
48. Calls on the Commission to report immediately on the specific remedial actions taken when a project has been classified 'red' three years consecutively in relation to the KPI 5 (i.e. percentage of projects with red traffic light for implementation progress) and KPI 6 (i.e. percentage of projects with red traffic light for achieving results) in order to rapidly re-examine the initial programming objectives, reallocate available funds to more appropriate projects and aid needs, or even consider to possibly stopping the project;
49. Asks to the Commission to pay particular attention to the monitoring of operations carried out with international organisations and related bodies, the old RAL,, especially in the EDF context and to the reliability of the Common External Relations Information System data and values used for the preparation of EAMRs;

Results Oriented Monitoring (ROM)

50. Calls on the Commission to ensure that the connection between evaluations and policy formulation is effective by taking into account all lessons learned in the decision-making process; asks the Commission to both allocate adequate management capacities to the various evaluation activities and to ensure sufficient reliability of Europe Aid evaluation and ROM systems;
51. Recalls that external, objective and impartial feedback on the performance of Commission aid projects and programmes should be provided as part of the Commission's commitment to quality assurance; considers outcomes of the evaluations to be key-elements to feed into policy and political review process to adjust strategic political objectives and enhance the overall coherence with other Union policies;
52. Believes that investing in the analysing and aggregating of results evidences from different kinds of evaluation provide not only an overall picture of trends but allow to draw lessons that strengthen the ultimate effectiveness of the evaluation processes while also yielding better evidence for decision and policymaking;

53. Considers that the sharing of knowledge by all means and tools is crucial for developing not only a culture of evaluation but mainly an effective culture of performance;

Budget support activities

54. Observes that EUR 1,266 44 million out of EUR 5,746 million total payments (or 22 %) were devoted in 2015 to budget support;
55. Considers that budget support is an aid modality adapted to the specificities of development aid, fostering country ownership and aid effectiveness, which shown concrete results in reaching the objectives of development policy; notes, however, that budget support entails fiduciary risks and may lead to uncertainty regarding results and performance; calls on the Commission to ensure the good use of development aid through budget support, in particular by carrying specific trainings and allowing technical assistance to beneficiaries;
56. Welcomes the 2016 Annual Budget Support Report of the Commission which reviews the 2015 key results indicators across Union budget support countries; encourages the Commission to include the outcomes of this report in the upcoming annual activity report;
57. Recalls the necessity to steadily respect the four eligibility criteria in the pre-contracting phase, the evolution of the stated objectives and agreed expected results in the budget support scrutiny;
58. Stresses that the contribution of budget support to desired development outcomes must be clearly demonstrated and its use must be made conditional on the improvement of public finance management and on democratic oversight and accountability as well as full transparency towards national parliaments and citizens of recipient countries;
59. Considers the disbursement performance criteria to be a core factor in the management of budget support activities as well as for deepened political and policy dialogue;
60. Considers necessary to strengthen the political and policy dialogue, aid conditionality and the logical chain framework in order to ensure both the coherence between decision and preconditions of payments or disbursements in financing agreements by clearly linking payments to the achievement of actions and results as well as the relevance of selected objectives and indicators; invites the Commission services to further consolidate its supervision framework accordingly; calls on the Commission to closely monitor and report more systematically on performance and results;
61. Calls on the Commission services to report on the implementation of the Addis Tax Initiative launched in 2015 particularly on the actions launched to tackle tax avoidance, tax evasion and illicit financial flows; considers also that the government effectiveness and public financial management, corruption and fraud risks are the main risks dimension to be steadily and thoroughly scrutinised;

Developing the overseeing dimension of the trust funds and blending instruments

62. Recognises the rationale for developing dedicated trusts funds as pooling instruments of

financial resources from various stakeholders with a view to increase flexibility and speed up the Union response to global international issues, major crises or emergency situations; believes, nevertheless, that small-scale projects with clearly identified objectives, operators and beneficiaries, producing concrete results and responding to a long-term strategy can also effectively participate in the Union response to those challenges;

63. Believes that the consistency of those new development tools with the EDFs should be duly taken into account from a perspective of aid impact, as well as their management or administrative costs against total contributions; calls on the Commission to ensure that those new development tools are always in line with the Unions overall strategy and development policy objectives;
64. Expresses concern about the multiplicity of trust funds and blending platforms which raises issues regarding governance, effectiveness, transparency and accountability; warns the Commission about the risk of outsourcing and dilution of the objectives of the development policy;
65. Welcomes, in principle, the setting-up of the Union Emergency Trust Fund for Africa (EUTF) but regrets that no prior consultation of Parliament took place although Parliament enjoys reinforced oversight of EDF programming based on a political commitment made by the Commission; observes that 57 % of the initial amount pledged by Member States and other donors (Switzerland and Norway) were paid for the EUTF (i.e. EUR 47,142 million); notes that EUR 1,4 billion from the EDF reserve will be used for the EUTF and that the total financial pledges made by Member States represent only EUR 81,492 million (i.e. 4,3 % of the projected EUR 1,8 billion); notes the Bekou Trust Fund of the amount pledged and paid of EUR 34,925 million;
66. Calls on the Commission to implement sufficient control mechanisms to ensure political scrutiny, especially from Parliament, on the governance and management of budget implementation of these new instruments in the context of the discharge procedure; considers it to be important to develop specific supervision strategies of those instruments, with specific objectives, targets and reviews;
67. Deplores the insufficiency of specific objectives, indicators and targets to measure the operational performance of the Trust Funds; asks that performance monitoring arrangements (or results matrix or frameworks) relating to planned actions to be further enhanced;
68. Is particularly interested in receiving information on the leverage ratios achieved by the existing blending facilities with a specific focus on the value added and additionality compared to classical Union support;

Strengthening the cooperation frameworks with international organisations

69. Observes that EDF interventions implemented via indirect management with international organisations and development agencies amounted to EUR 810 million out of which EUR 347 million was through the United Nations;
70. Recognises the added value of the cooperation with international organisations in

certain specific contexts; points out, however, recurrent weaknesses such as the level of financial errors affecting the error level rate, the reporting weaknesses, the lack of Union's visibility and the need to harmonize the expectations as regards results orientation and reinforce value for money;

71. Encourages, particularly in the case of co-funded and multi-donor initiatives, the Commission or international institutions to:
- (i) assess and plan the future benefits of a project and the way each partner contributes towards the final outcome and broader impact so as to avoid the questions about the results ownership i.e. which part of the results was attributable to the Union funding or to other donors' interventions;
 - (ii) combine the governance frameworks with that of the Union, in particular by improving their risk management methods; considers that the fungibility of funds should be closely monitored for its high level of fiduciary risk;
 - (iii) improve the models of cooperation frameworks used with all international organisations to ensure in particular a more thorough control of the management costs;
 - (iv) ensure concrete coherence between projects implemented in a cooperation framework with international organisations and the actions and policies of the Union as a whole;

The management of the African Peace Facility

72. Notes that the African Peace Facility (APF) is the EU financial instrument designed to support cooperation with Africa in the area of peace and security with a total in 2015 of EUR 901,2 million committed, of EUR 600 million contracted and a total amount paid under the eleventh EDF; takes note that around 90 % of the APF funds are managed via agreements signed with the African Union Commission which is the implementing body of the African Union;
73. Deplores the fact that the control system for the management and operational monitoring of the APF was not effective to protect the EDFs against illegal and irregular expenditure and the implementation of the mitigating measures was inadequate to remedy to the institutional weaknesses identified; regrets also the weaknesses in the monitoring and reporting systems on the funded APF activities;
74. Expresses its concern that the results of the pillar assessments carried out according to the financial regulation requirements were not taken into account, namely concerning the non-compliance of the accounting, procurement and sub-delegations processes; regrets that corrective measures have not been implemented more quickly;
75. Invites the Commission to adapt the governance, coordination and respective responsibilities of stakeholders involved (i.e. the Commission services, the European External Action Service and the Union delegations) in the monitoring of the APF funding and reporting on its ongoing projects;
76. Asks to the Commission to report in due course to Parliament on the corrective measures, level of recoveries and improvements in the management of funds by the APF;

Aid delivery to OCTs

77. Considers that OCTs should benefit from an increased attention in terms of political objectives; calls on the Commission to implement synergies with the Union internal and horizontal policies, and ensure the concrete participation of the OCTs to those latter;
78. Believes that attention should be brought on the aid performance and impact of the development policy but also other European and international policies on countries located in the same geographical area than OCTs; calls for particular attention to be paid to the specific situation of Mayotte which converted from being an OCT to becoming an Outermost Region in 2014;
79. Invites the Commission to ensure that funding benefits fairly and equally to all OCT, in particular the most isolated territories; calls on the Commission to further support OCT administrations for implementation of EDF and projects, in particular through training and technical assistance in order to ensure aid performance;
80. Recalls that given their geographic characteristics OCTs are particularly vulnerable to the impacts of climate change and loss of biodiversity; calls on the Commission to better integrate resilience, climate change adaptation, biodiversity conservation, energy self-sufficiency and sustainable development in performance indicators for funding in OCTs;

The EDF response to urgent global challenges

The migration issue and the development aid

81. Recalls that the main goal of Union development policy is to reduce and eventually eradicate poverty and that EDF have so far achieved progress in ACP countries and in the OCTs; believes that development and migration issues are interconnected as migration can result from social and economic vulnerabilities and as the success of migration flows can contribute to the development;
82. Notes the recent adoption of the Union's Global Strategy to achieve sustainable development by 2030, which further consolidate the link between development and migration and places migration and security in the new development and cooperation framework;
83. Recalls Parliament's stance towards a holistic approach to migration based on a new policy mix including the strengthening of the nexus between migration and development by addressing the root causes of migration while also advocating a shift in the ways of funding the migration crisis;
84. Believes that the migratory crisis has changed prism and volume, requiring rapid adaptation towards more effective aid delivery and response; considers that it may be useful to develop an appropriate sector code for 'migration' in the OECD Development Assistance Committee to better integrate migration into the development agenda and goals, to facilitate the encoding and use of funds and to better track and monitor the amounts targeted for external action on migration;

85. Takes note of the fact that it is intended to launch an external investment plan in Africa on the model of the European Fund for Strategic Investment to address specific bottlenecks in investment;
86. Calls for continuously refining the strategic understanding and framework of the Union's migration external policies and policy options with key actors to ensure clarity as well as a coordinated and coherent mobilisation of external migration mechanisms in the short, medium and long term, within or outside the budget framework of the Union;
87. Considers that there is a crucial need to reconcile the demand on better results with the availability of sufficient funds to ensure a high level of ambition in the design of the Union's comprehensive and sustainable response to current and future challenges induced by the migration crisis; is of the opinion that Union external migration spending needs to be disbursed more efficiently and that it needs to fulfil "added value" criteria in order to provide people with adequate living conditions in the countries of their origin and other ACP countries;
88. Invites all major stakeholders to reflect and respond adequately on the balance between the flexibility in interventions, the complementary of funds, their level and necessary leveraging as well as potential synergies and the overall additionality of Union's interventions;
89. Believes that the existing fragmentation of instruments with their own specific objectives without being interlinked, hinders parliamentary oversight on the way funds are implemented, the identification of responsibilities and therefore making it difficult to clearly assess the financial amounts actually spent to support external action on migration; regrets that it leads to a lack of effectiveness, transparency and accountability; considers it necessary to refocus ways of using existing policy instruments with a clear and renewed architecture of objectives to increase their overall effectiveness and visibility;
90. Believes, in this context, that due care should be given to the appropriate targeting of aid to different and evolving external migration's issues while also ensuring the adequacy of oversight of disbursed funds in order to avoid the risk of misappropriation of funds and double financing, and while ensuring that other ACP countries continue to benefit from EDF assistance;
91. Believes that climate change, migration and development are closely intertwined; warns of the impact of climate change on the development of ACP countries and OCTs and calls for a better understanding of this reality in the allocation of development aid and in the development policy objectives;

EIB contributions

92. Notes that in 2015, EUR 936 million was allocated to ACP countries and OCTs in projects implemented in 15 countries and 6 regional groupings;
93. Supports the overarching objectives of the ACP Investment Facility's framework i.e. supporting the local private sector and the development of employment and socio-economic infrastructures favouring sustainable development at local and regional level

as well as the development of the private sector and key infrastructures within the EU-Africa Infrastructure Trust Fund;

94. Welcomes the EIB's efforts to contribute to a Union response to critical international matters, in particular through the EIB's ACP migration package and the economic resilience initiative, supporting the Union and partner countries for tackling socio-economic challenges contributing to migration, prefiguring the external investment plan; states however the ongoing challenge of an appropriate political and democratic control of the EIB activities;
95. Invites the EIB to insist and give priority to long-term effect of investments and their contribution to sustainable development;
96. Encourages the EIB to further support local private sector development as a key driver of sustainability, to support basic social and economic infrastructure of immediate interest for the beneficiaries as well as the search for new local and regional partners in the specific domain of micro-finance; invites the EIB to increase additionality with a better justification of the use of the funds;
97. Invites the EIB to ensure that ongoing project are regularly followed and that original objectives and criterion are effectively met during the life time of the project; believes that the EIB should take into account the possible evolution of a project and of its objectives;
98. Welcomes the second EIB report in 2015 on the results of its external operations and the use of the 3 Pillar Assessment Framework (3PA) and the Results Measurement (ReM) Framework by the EIB for the *ex-ante* assessment of expected results from investment projects;
99. Believes that the framework measuring results and performance of the investment facility should measure for every project the impact on development and targeting globally the same objectives and strategy than the Union development policies; invites the EIB to further align its activities with Union development policies objectives;
100. Calls for a systematic disclosure of the ACP investment facility on lending agreements and access to the board decisions and steering documents;
101. Considers the audit on the investment facility to be good practice in terms of cooperation and collaborative scrutiny between Parliament and the Court; regrets, however, that projects implemented in and funds allocated to the OCTs are not covered by the audit; deplores the fact that the investment facility does not fall within the scope of the Court's annual statement of assurance audit and is not subject to Parliament's discharge procedure;

Towards the post-Cotonou agreement

102. Acknowledges the EDF achievements so far while considering that new prospects should be considered in order to take into account the changes in the landscape of the ACP countries and the OCTs and in the development of new sustainable objectives, in particular the new link between peace, humanitarian, climate change, loss of

biodiversity and migration;

103. Welcomes the Joint Communication to Parliament and the Council on “A renewed partnership with countries of Africa, the Caribbean and the Pacific”, published by the Commission in November 2016, and calls for further discussions between the Union institutions on the future of EU-ACP relations;
104. Believes that in the post-Cotonou agreement, further coherence should be ensured between the objectives of development and all the Union’s external policies, and elements such as the fight against inequalities and actions in favour of sustainable development should be central;
105. Recommends that the post-Cotonou agreement goes beyond economic questions and promotes an efficient political dialogue; recalls that political dialogue is one of the keys to ensure aid performance and effectiveness;
106. Considers that the post-Cotonou agreement should promote the empowerment and the participation of local communities and civil society in general, in particular through the establishment of local partnerships agreements, in order to ensure a proper project implementation at the local level, especially in the framework of indirect management;
107. Calls for recognition of the impact of climate change and loss of biodiversity on all development factors; believes that the post-Cotonou agreement should be more focused on the sustainable development of beneficiary countries and especially on the issue of energy self-efficiency;
108. Calls on the Commission to recognise and further develop the island dimension in the development policy and to create a specific instrument for small island developing states, allowing better allocation of funds, performance and adapted control;
109. Calls on the Commission to provide *a priori* assessment and to report more systematically on the impact of development policy on the OCTs and Outermost Regions in the same geographical area than the beneficiary countries and to allow more synergies between all Funds available in those regions;
110. Reiterates Parliament’ long support for the budgetisation to increase democratic scrutiny and accountability, enhance effectiveness, transparency and visibility in the use of EDFs; underlines also that budgetisation would reduce transaction costs and would simplify reporting and accounting requirements by having only one set of administrative rules and decision-making structures;

Follow-up of Parliament resolutions

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