RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the eighth, ninth and 10th European Development Funds for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736) and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the financial statements and revenue and expenditure accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010 (COM(2011) 471 – C7-0273/2011),

— having regard to the Commission's annual report of 27 April 2011 on the financial management of the eighth, ninth and 10th European Development Funds in 2010,

— having regard to the financial information on the European Development Funds (COM(2011) 334),

— having regard to the Court of Auditors' annual report on the activities funded by the eighth, ninth and 10th European Development Funds in respect of the financial year 2010, together with the Commission's replies ([1]) and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([2]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendations of 21 February 2012 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2010 (05458/2012 - C7-0047/2012, 05459/2012 - C7-0048/2012, 05460/2012 - C7-0049/2012),

— having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 ([3]) and revised in Luxembourg on 25 June 2005 ([4]),

— having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community ('Overseas Association Decision') ([5]), amended by Council Decision 2007/249/EC ([6]),

— having regard to Article 33 of the Internal Agreement of 20 December 1995, between the representatives of the governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention ([7]),

([1]) OJ C 326, 10.11.2011, p. 251.
([2]) OJ C 326, 10.11.2011, p. 262.
([3]) OJ L 317, 15.12.2000, p. 3.
([4]) OJ L 287, 28.10.2005, p. 4.
([5]) OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.
([6]) OJ L 109, 26.4.2007, p. 33.
([7]) OJ L 156, 29.5.1998, p. 108.

— having regard to Article 32 of the Internal Agreement of 18 September 2000, between Representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000, and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ([1]),

— having regard to its resolutions of 5 July 2011 on increasing the impact of EU development policy ([2]) and on the future of EU budget support to developing countries ([3]),

— having regard to its resolution of 22 May 2008 on the follow-up to the Paris Declaration of 2005 on Aid Effectiveness ([4]),

— having regard to its resolution of 28 September 2006 on more and better cooperation: the 2006 EU aid effectiveness package ([5]),

— having regard to the OECD Development Assistance Committee (DAC) report on aid effectiveness, which is a progress report on the implementation of the June 2009 Paris Declaration,

— having regard to the 'Tunis Consensus: Targeting Effective Development' of 4 and 5 November 2010, which is an African agenda for development effectiveness,

— having regard to the outcome document on the OECD high level meeting on Aid Effectiveness in Busan December 2011,

— 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 Convention ([6]),

— having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund ([7]),

— having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund ([8]),

— having regard to Rules 76 and 77, third indent of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0100/2012),

A. whereas the main goal of the Cotonou agreement as the framework of the Union's relations with African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs) is to reduce and eventually eradicate poverty, consistent with the objectives of sustainable development and the gradual integration of the ACP countries and OCTs into the world economy,

([1]) OJ L 317, 15.12.2000, p. 355.
([2]) Texts adopted, P7_TA(2011)0320.
([3]) Texts adopted, P7_TA(2011)0317.
([4]) OJ C 279 E, 19.11.2009, p. 100.
([5]) OJ C 306 E, 15.12.2006, p. 373.
([6]) OJ L 191, 7.7.1998, p. 53.
([7]) OJ L 83, 1.4.2003, p. 1.
([8]) OJ L 78, 19.3.2008, p. 1.

B. whereas the European Development Fund (EDF) is the Union's most important financial instrument for development cooperation with the ACP States,

C. whereas despite Parliament's repeated request to 'budgetise' the EDF, the Commission proposed an EDF remaining outside the Union budget for the 2014-2020 period in its communication of 29 June 2011 'A Budget for Europe 2020' (COM(2011) 500), which means that the EDFs will continue to be implemented not by the general Financial Regulation but in accordance with specific financial rules,

D. whereas the total amount of aid channelled through the EDF is undergoing a considerable increase as the amount of Union aid under the 10th EDF for the period 2008 to 2013 has been set at EUR 22 682 000 000 which represents a 37 % nominal increase per year compared with the financial allocations under the ninth EDF, and while the EDF disbursements have doubled from 2000 to 2010, the problem of absorption capacity persists,

E. whereas one year after its establishment the European External Action Service (EEAS), which shares the responsibility of managing the European Development Aid with the Commission, has been criticised for inefficiency as well as serious structural and transitional problems in the Union Delegations,

F. whereas the development aid landscape is constantly evolving and whereas development aid is part of a larger context where trade, remittances and other sources of income are today more important than the total Official Development Assistance (ODA) payments for many developing countries,

G. whereas transparency and accountability, on the one hand between donor and partner countries and on the other hand between the partner state and its citizens, are prerequisites for effective aid; whereas donors and partner countries agreed in the Paris Declaration and the Accra Agenda for Action on Aid Efficiency (AAA) to provide detailed information on current and future aid flows in good time to enable developing countries to draw up their budgets and audit their accounts more accurately,

H. whereas development aid is often delivered in a context of weak state institutions, high occurrences of corruption and insufficient internal control systems in the recipient state and whereas the audit of the Union development budget is therefore of particular importance,

I. whereas 2010 was a year of severe challenges to global development cooperation, due to, for example, the global financial debt crisis, rising food prices, and the Haiti earthquake,

1. Recalls that the EDF is implemented through projects and budget support, whereas in 2010 66 % of the funds flowed into projects and 34 % were channelled via budget support; recalls that in 2010 49 % of payments from the EDF were managed under centralised management, i.e. the Commission implemented the aid activities directly, 11 % of the payments were managed under joint management, that is via international organisations such as the United Nations Organisation and the World Bank; 40 % of the payments were managed under decentralised management, that is the Commission entrusted certain implementation tasks to the authorities of the beneficiary countries;

2. Notes with satisfaction the record high in gross payments and the commitment rate of close to 50 % halfway through the 10th EDF, which keeps the target of committing the entire 10th EDF by the end of 2013 within reach; is, however, concerned at the very low commitment rates of the regional (20 %) and Overseas Countries and Territories (3 %) envelopes at the midpoint of the 10th EDF; requests that the Commission urgently accelerate implementation of the Regional Indicative Programmes and OCTs programmes;

3. Reiterates its concern that Parliament does not have the right to scrutinise EDF operations in the same way as it does for other aid instruments such as the Development Cooperation Instrument (DCI); urges the Commission to bring forward concrete proposals to improve Parliament's democratic scrutiny over the EDF by bringing it into line with the DCI; also highlights the importance of EDF oversight by the ACP-EU Joint Parliamentary Assembly (JPA);

EDF budgetisation

4. Reconfirms its position of supporting EDF budgetisation; strongly believes that this is an indispensable step towards strengthening the democratic control, the accountability, and the transparency of funding and towards providing more coherence in Union policy concerning ACP countries; underlines 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 instead of two; expects the Commission to ensure that the budgetisation is not made on the expenses of a loss of predictability of ACP funding;

5. Strongly regrets that the Commission in its communication 'A Budget for Europe 2020' did not propose to incorporate the EDF into the Union budget in the financial framework 2014-2020; insists that as soon as possible and by no later than 2020 when the Cotonou agreement expires, the EDF should be integrated into the Union budget; strongly encourages the Commission to prepare the integration of cooperation with ACP countries into the budget without further delay;

6. Urges the Council and the Member States to respond positively to the Commission's proposal and to agree that the EDF will be fully incorporated into the Union's budget from 2020 onwards; believes this measure to be long overdue; expects the Commission to honour this commitment and to take all necessary measures to start preparing for EDF budgetisation;

7. Stresses that the incorporation of the EDF into the Union budget does not imply that total development cooperation spending may be reduced;

Statement of assurance

Reliability of the accounts

8. Welcomes the opinion of the Court of Auditors that the final annual accounts of the eighth, ninth and 10th EDFs present fairly, in all material respects, the financial position of the EDFs as of 31 December 2010;

9. Recalls the Court of Auditors' opinion, according to which there is still a high frequency of encoding errors; takes note of the Court of Auditors' finding that although these errors did not have material impact on the annual accounts in 2010, they can potentially affect the reliability of EuropeAid financial management data;

10. Notes EuropeAid's action plan aims to improve the quality of information on contracts in its management information and accounting system (CRIS), as well as the accounting initiative helping users to correctly encode and classify accounting information; awaits the launch of a review of the audit module of CRIS in 2012; asks the Commission to report to the competent committees of the Parliament whether the expected reduction in persistent encoding errors and further improvement in the quality of data entry has taken place;

11. Notes with satisfaction that the introduction of the new accrual-based accounting system (ABAC-EDF) has been virtually completed; notes that the new accounting system strengthens the accounting environment and improves the quality of encoding;

Regularity of transactions

12. Notes with satisfaction that, according to the Court of Auditors, the revenue and commitments are free from material error but is highly concerned about the significant frequency of non-quantifiable errors affecting commitments in terms of compliance with tendering rules and legal deadlines for the signature of contracts;

13. Is concerned by the Court of Auditors' opinion on the legality and regularity of payments underlying the accounts according to which the payments were materially affected by error; recalls that the Court of Auditors' estimate for the most likely error rate for payments from the eighth, ninth and 10th EDFs is 3,4 % which is above the materiality threshold of 2 %, and by the fact that quantifiable and non-quantifiable errors were found for all types of projects, except for supply contracts;

14. Notes that the remaining main types of quantifiable errors detected on project payments are the following: (a) accuracy: calculation errors, (b) occurrence: absence of invoices or other supporting documents for services rendered or goods supplied, (c) eligibility: expenditure incurred outside the implementation period or related to items not foreseen in the contract and undue payment of VAT or non-application of mandatory penalties;

15. Is especially worried over the increase in badly performing projects in 2010 (12,6 %, versus 11 % in 2009) [1] and the persistently high frequency of errors in commitments under decentralised management;

16. Deplores the persistent high frequency of non-quantifiable errors affecting payments; notes that the non-quantifiable errors mainly concerned performance guarantees, non-compliance with authorisation and contracting procedures for administrative expenditure, insufficient supporting documents and inconsistencies with contractual rules;

17. Notes that in the Commission's view the non-quantifiable errors had no financial impact; takes note of the substantial increase in EuropeAid's online training provision, as well as pre-posting seminars for newly appointed Heads of Delegation, etc., as a strategy to reduce the non-quantifiable errors; expects the Commission to demonstrate whether this results in a reduction of the number of non-quantifiable errors; calls on the Commission to enhance *ex-ante* controls to prevent non-quantifiable errors and possible losses as a result of non-compliance with the bank guarantee rules;

Residual Error

18. Recalls that EuropeAid is still working on a key indicator for the estimated financial impact of residual errors after all *ex-ante* and transactional *ex-post* controls have been carried out; notes the assertion of the Commission according to which its net residual error rate is lower than the error rate estimated by the Court of Auditors; recalls the Court of Auditors' opinion which states that the audit of the Court of Auditors does not corroborate the assertion of EuropeAid's Director-General that he had obtained reasonable assurance that the payments made by EuropeAid from the EDFs were most probably not affected by material error;

19. Regrets the lack of compatibility between the Court of Auditors' estimation of the most likely error rate based on the annual approach of the Court of Auditors and current methodology, on one hand, and the Commission's practice to refer to the net residual error rate covering more than one year, on the other hand; believes that the approach based on the residual error rate in its current form does not provide comparable data for the annual discharge procedure; notes with satisfaction that the Commission agrees with the Court of Auditors that further quantified evidence should be found; calls on the Commission to complete the process of developing the key indicator to estimate the financial impact of residual error within the set timeframe, i.e. by 2013;

Overall assessment of the effectiveness of supervisory and control systems

20. Regrets the Court of Auditors' finding that the overall supervisory and control systems of the EDFs managed by the Commission are only partially effective; notes that the monitoring and supervision by EuropeAid's Central Services were effective, whereas they were partially effective for Union Delegations;

[1] Annual report on the financial management of the eighth, ninth and 10th European Development Funds in 2010, p. 11.

21. Regrets the fact that the drawbacks in the supervisory and control systems of Union Delegations have a recurrent character; recalls that the Court of Auditors' findings included poorly documented and ineffective checks at most National Authorising Officer's administrations in EDF beneficiary countries, lack of institutional capacity, resource constraints and high-staff turnover rates in Union Delegations; therefore calls for the strengthening of the institutional capacity in the National Authorising Officer's administration by providing additional financial training and targeted guidance to overcome these weaknesses in financial management;

22. Notes that staffing constraints and inadequate human resources which may have a negative impact on Union audit processes have been reported in the last three Court of Auditor's annual reports on the EDFs; is highly concerned about this recurrent problem;

23. Emphasises that competent staff in adequate numbers is a prerequisite for efficient implementation and high-quality monitoring and follow-up of Union development aid; in this respect calls on the Commission and the EEAS to give sufficient priority to the human resources' aspects of their organisations as well as to cost efficiency, so as not to compromise any delegation's capacity for the monitoring and control tasks;

24. Notes the Court of Auditors' findings that the *ex-ante* controls by both the authorising officers of EuropeAid's central services and in the Union Delegations were only partially effective; recalls that EuropeAid's *ex-ante* checks largely rely on certificates from external supervisors or external audits and expenditure verifications; regrets that as a result of the high frequency of errors the Court of Auditors found the assurance that can be derived from this is limited; notes that the Commission introduced mandatory standard Terms of Reference for auditors in order to address this issue;

25. Notes with satisfaction that the control environment of both the Central Systems' EuropeAid and Union Delegations were found to be effective; is concerned about the recurrent weaknesses in the monitoring and supervision systems of the Union Delegations such as missing or inadequate documentation, use of incorrect procurement procedures by implementing organisations; notes that the 'Financial Management Toolkit for recipients of EU funds for external actions' was finalised and disseminated, in order to improve the knowledge of financial management and eligibility of rules by implementing organisations;

26. Notes that the Commission continues its efforts to improve the supervisory and control systems of EuropeAid, expects the current revision of EuropeAid's control systems (EuropeAid Action Plan for Strengthening of the Control Pyramid) to deliver positive results in terms of accountability, efficiency and cost-effectiveness; calls on the Commission to inform the competent committees of the Parliament on the measures taken to remedy the abovementioned problems;

27. Welcomes the introduction in June 2010 of a new format for Delegations' annual reporting on Public Finance Management reforms in recipient countries and urges Delegations to apply this new framework consistently;

28. Welcomes the finding of the Court of Auditors that the Annual Activity Report is clear and informative, in particular through the use of quantitative indicators and gives a fair picture of the implementation and results;

29. Urges the Commission to increase the level of information regarding the implementation of the EDF at national and regional level in the ACP countries and to ensure better visibility for all Union-funded activities overseas;

Competences of the Commission and the EEAS in the implementation of Union development assistance

30. Notes that 2010 was the year when the EEAS took shape and commenced operation; reiterates its concerns that the initial division of competences between the Commission and EEAS staff in the Union Delegations gave rise to confusion and justified criticism; calls for improved effectiveness of European development aid to overcome the fragmented way in which it is managed;

31. Calls on the Commission to follow up and report on the operation of this new system; notes the fact that the issues which have required clarification between the EEAS and the Commission are being addressed in the 'Working Arrangements between Commission services and the EEAS in relation to external relations issues'; asks the Commission to submit the document to the competent committees of the Parliament when it is finalised, along with a summary of the outstanding issues between the Commission and the EEAS and the strategy to address these issues, as well as the formal clarification in relation to potential flexibility in the use of human resources in Union Delegations;

Budget support

32. Recalls that the Court of Auditors found in its Annual Report on the EDFs concerning the financial year 2010 that budget support payments were affected by a high frequency of non-quantifiable errors in 2010 - 35 %, as high as it was in 2009, showing persistently high levels of errors in budget support payments; notes that in order to address this issue the Commission strengthened its training provisions and introduced the Financial Management Toolkit for recipients of Union funds for external actions; calls upon the Commission to follow up the issue and to report whether these measures improve the situation;

33. Recalls that budget support has been used as an aid modality for almost two decades by the Commission; notes that there is still scope for improvement in aspects such as the design, efficiency and effectiveness of the implementation, control and reporting;

34. Acknowledges the potential advantages of budget support; believes, however, that it is not the right answer to every situation; considers that this aid modality is meaningful only if it provides sufficient transparency, accountability and effectiveness;

35. Acknowledges the effort made and improvements achieved by the Commission in demonstrating budget support eligibility in a better formalised and structured manner e.g. by introducing the revised framework for assessing progress in public financial management or the guidance on budget support to fragile states etc.;

36. Calls on the Commission to concentrate on the effectiveness of the programmes by checking results against indicators, to publish the conditionalities and performance indicators in Country Strategy Papers and to ensure that Delegations' reports provide a structured and formalised demonstration of public finance management progress by clearly setting the criteria against which progress is to be assessed, the progress made and the reasons why the reform programme may have not been implemented according to plan;

37. Welcomes the finding of the Court of Auditors that the previously high number of non-quantifiable errors relating to demonstration of progress in public finance management have decreased substantially following the introduction of a revised framework for monitoring and reporting on progress in public finance management in June 2010; calls on the Commission to continue its efforts to reduce non-quantifiable errors permanently;

38. Notes the Commission's communication of 13 October 2011 on 'The Future approach to the EU Budget Support to third Countries' (COM(2011) 638) which, for example, states that the Commission will introduce a new eligibility criterion regarding the 'transparency and oversight of the budget';

39. Recalls that, in accordance with Article 25(1)(b) of Regulation (EC) No 1905/2006 of the European Parliament and of the Council [1], budget support may be granted if the partner country's management of public spending is sufficiently transparent, reliable and effective; in that context, expresses its concern at the risks that are entailed by the Commission's 'dynamic' interpretation of the eligibility criteria; calls on the Commission to continue its efforts to substantiate its decisions concerning the eligibility of

[1] Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (OJ L 378, 27.12.2006, p. 41).

budget support and to ensure that all financing agreements provide a comprehensive and clear basis for the assessment of compliance with payment conditions; calls on the Commission to determine the amount to be allocated to individual budget support programmes in a better justified and more transparent manner;

40. Stresses the double accountability for the budget support: between the donor and the partner country and between the partner state and its citizens; therefore emphasises the shared interest of taxpayers in the Union and the partner countries in transparent and correct audits and the continued need for enhanced support for the development of partner countries' own control capacity;

41. Recalls that public finance management is one of the criteria for providing budget support to the current 102 beneficiary countries ([1]); invites the Commission to inform the discharge authority about the reasons which justify that only 28 Public Expenditure and Financial Accountability (PEFA) Reports are available on the Commission's website ([2]);

42. Expects the Commission and the Member States to create a public register in which budget support agreements, procedures and development indicators are transparently listed ([3]);

43. Asks the Commission to provide regular reports on accomplishment of the goals set for Union budget support and on specific problems encountered in particular recipient countries; calls on the Commission to ensure that budget support is reduced or cancelled when clear goals are not achieved;

44. Considers the Green Paper ([4]) launched in 2010 a positive contribution to the reflection on how to turn budget support into a more efficient and effective instrument for poverty reduction;

45. Urges the Commission once again to help partner countries develop parliamentary control and audit capacities and increase transparency and public access to information, in particular when aid is provided via budget support, in line with the provisions of Article 25(1)(b) of Regulation (EC) No 1905/2006 and; invites the Commission to report regularly on progress achieved;

Special Report No 11/2010 of the Court of Auditors on the Commission's Management of General Budget Support in ACP, Latin American and Asian Countries

46. Welcomes the Court of Auditors' audit and the constructive recommendations contained therein;

47. Is of the opinion that General Budget Support (GBS) is a very valuable instrument of aid delivery if used in a proper manner, as it potentially increases the ownership and responsibility of recipient governments, as well as the need for stronger scrutiny by parliaments and the involvement of civil society in recipient countries, while also broadening both the basis and the need for a strong political dialogue between the Union and the recipient countries;

48. Is deeply concerned by the Court of Auditors' finding that the Commission does not appropriately manage the main risks which affect the effective provision of GBS 20 years after it first started to provide aid through this instrument; urges the Commission to follow the Court of Auditors' recommendations in order to strengthen its risk management, through proper assessment of fiduciary and development risks, and in particular through making better use of information already available;

([1]) Reply to written question 23, addressed to Commissioner Piebalgs in the framework of the 2010 EDF discharge, for the hearing on 12 January 2012.
([2]) http://ec.europa.eu/europeaid/what/economic–support/public–finance/pefa_assesments_en.htm
([3]) As requested in the resolution on the future of EU budget support to developing countries, Texts adopted of 5 July 2011, P7_TA(2011)0317, paragraph 52.
([4]) Green paper of the Commission of 19 October 2010: The future of EU budget support to third countries (COM(2010) 586).

49. Shares the view of the Commission that in some cases, a 'dynamic approach' to GBS may lead to important political results, when budget support is given to countries which demonstrate weaknesses in public finance management but which are committed to reform and show progress in implementing reforms; is, however, deeply concerned that 12 of the non-fragile ACP countries for which GBS has been planned in the country strategy papers for the 10th EDF and five Latin American countries with GBS programmes, are classified in the 2009 Corruption Perception Index by Transparency International as having 'rampant corruption' which means that they scored less than three on a scale from 10 (very clean) to zero (highly corrupt); urges the Commission to develop adequate, strict and transparent monitoring methods and to ensure that sufficient and adequate staff are present in the Union Delegations before engaging in GBS in recipient countries with such high fiduciary risks; in this context, calls on the EEAS to fully exercise its political role by active participation in developing the political goals of the recipient countries in terms of the fight against corruption and ensuring progress towards their achievement;

50. Is concerned about the conclusions of the Court of Auditors that insufficient attention has been given to the need to strengthen oversight bodies such as parliaments and civil society organisations in recipient countries, as strengthening parliamentary oversight and improving the involvement of civil society are essential parts of capacity building objectives concerning GBS; urges the Commission to invest more in improving the institutions, rule of law, democracy and good governance of the recipient countries;

51. Calls on the Commission to provide for such objectives of its GBS programmes which take into account the specific circumstances of the partner country, in view of the fact that the overall objective of GBS programmes is to support the implementation of a country's national development strategy;

52. Calls on the Commission and the Member States to:

— show united resolve to play a full and strong political role in their dialogue with the recipient countries, as this role is essential for the success of GBS, in particular when it carries the huge potential impact of a common Union policy, shared by all Member States,

— improve their coordination on the procedures,

— strengthen their commitment to the objectives of GBS,

— avoid sending mixed signals to the recipient countries, even if this may seem to be at least as difficult for Member States and the Commission as are the justifiable demands on countries who receive GBS, concerning good governance and the rule of law;

53. Is concerned by the Court of Auditors' finding that the design and implementation of the four components of GBS programmes (i.e. funding, capacity-building support, conditions and dialogue) do not ensure that their potential impact is optimised; calls on the Commission to follow the Court of Auditors' recommendations by determining the amounts to be allocated to individual GBS programmes in a better supported and more transparent manner, by focusing its capacity-building on priority needs, by strengthening its management of performance-related conditions as regards general eligibility conditions and specific conditions for disbursement, and by strengthening its approach to dialogue;

54. Calls on the Commission to engage more systematically in a dialogue with the recipient countries on all aspects of GBS and urges the Commission to improve the expertise of its staff in the Union Delegations in order to strengthen this dialogue; calls upon the Commission to ensure that the Union Delegations' staff implementing GBS has adequate access to human resources and information;

55. Urges the Commission to improve its reporting on the effectiveness of its GBS programme, in particular by establishing an appropriate quantitative evaluation method and systematic monitoring of progress against clear indicators and measurable objectives;

56. Reiterates its calls on the Commission to draw up an annual report on the use of budget support in order to improve identification of the strengths and weaknesses of ongoing budget support programmes;

57. Urges the Commission and other donors to cooperate in order to perform joint evaluation on a regular basis to assess the effectiveness of aid provided through GBS programmes in terms of poverty reduction;

Development priorities, Development Cooperation with higher impact

58. Stresses that good governance, democracy, respect of human rights, and poverty reduction must be integrated goals of the implementing organisations in countries where EDF support is distributed;

59. Recalls the Arab Spring events during 2011 and the importance of a focus on democratic principles and democracy building support in all development aid;

60. Reiterates its commitment to the principles of aid effectiveness built on genuine partnership, as defined within the OECD Paris Declaration and the AAA;

61. Notes with satisfaction the Communication of the Commission 'Increasing the impact of EU Development Policy: an Agenda for Change' (COM(2011) 637) of 13 October 2011, stipulating continued support for social inclusion and human development; insists that at least 20 % of Union aid be allocated to basic and secondary education and basic health; urges the Commission to place greater emphasis on maternal health, as this is the Millennium Development Goal (MDG) for which progress has been disappointing;

62. Reiterates its call on the Commission to prioritise support to strengthen health systems by focusing, in particular, on targeting the poorest people, to improve the quality of learning and to help establish a policy framework which favours the poor and which is gender responsive; urges the Commission to ensure better visibility for Union-funded activities overseas;

63. Welcomes the fact that development aid is no longer the dominant source of income for many of the poorest countries in the world; stresses that aid effectiveness requires poor countries to be able to mobilise domestic revenues and deplores the fact that illicit capital flight from developing countries in sums exceeding the inflow of capital to these countries, e.g. through corruption and large scale tax evasion, is an acute and substantial problem hindering poverty reduction and prolonging aid dependency;

64. Further stresses that long-term social and economic development requires sustainable sources of income other than aid; in this regard considers that sound and well-functioning trade relations in line with WTO principles is key for developing countries and therefore urges the Commission, the Council and the ACP states to find solutions to the outstanding issues concerning the proposed Economic Partnership Agreements and free trade between Europe and the ACP region;

65. Is concerned about the Commission's control procedures which are in place when Union funds are managed through international organisations under joint management arrangements; points out that the terms for and the implementation of control and follow-up of Union funds under joint management have demonstrated serious weaknesses; calls on the Commission to ensure that all its partners provide the Commission with an easy and unbureaucratic access to their internal audit reports;

66. Recalls the case of Afghanistan, where the security situation is extremely difficult, to the extent that Commission staff can no longer travel freely, which significantly limits the execution of a number of the 'standard' internal control procedures;

67. Points out the significance of linking relief, rehabilitation and development (LRRD) in order to strengthen the links between relief, recovery and development and to ensure a smooth transition from humanitarian aid to development aid; stresses that there is still much work to be done to improve the coordination, efficiency, effectiveness and consistency of LRRD;

68. Urges the Commission to ensure that EDF funding is coordinated with other instruments (Food Facility, Food Security Thematic Programme, European Instrument for Democracy and Human Rights, Non-State Actors/Local Authorities Thematic Programme, Instrument for Stability, Pilot Project Rural Micro-Finance); calls on the Commission to ensure better coherence and complementarity between humanitarian aid and development aid, both at policy level and in practice, and to put greater emphasis on disaster risk reduction and disaster preparedness, as well as to strengthen the resilience of the population at risk;

69. Points out that the Union needs a wide range of tools for development cooperation adapted to different contexts as there is no one-size-fits-all in development aid; in particular, emphasises the need for specific tools and working methods in dealing with failed states or with deeply undemocratic countries such as Eritrea, which refuses aid to its people in spite of a rampant food crisis;

70. Believes that the current acute food crisis in the Horn of Africa is also the tragic consequence of failed coherence and complementarity between the international humanitarian and development aid as well as abusive speculation on foodstuffs; points out that unlike natural disasters, this has been a slow-onset crisis that has gradually escalated into a humanitarian disaster; recalls that unfortunately droughts and food shortage are of a chronic character in the Horn of Africa and that the self-sufficiency of local farmers needs to be strengthened to ensure sustainability;

71. Notes that the mid-term review process is not yet completed for all partner countries [1], despite the fact that it was scheduled for 2010-2011; expects the Commission to complete it as soon as possible and to provide information on the outcome of the reviewing process on its official website;

Union's aid to Haiti

72. Recalls the earthquake in Haiti and its disastrous consequences; regrets the insufficient level of coordination of humanitarian aid and development aid (linking relief, rehabilitation and development); takes the view that provision of humanitarian aid should be based on an exit strategy; considers that the Commission should direct its efforts and funding to rehabilitation and development;

73. Regrets the insufficient coordination between the Union Delegation and the ECHO representation; supports a reinforced coordination between all Union actors in the country; urges therefore the Commission to ensure better coherence and complementarity between humanitarian aid and development aid both at a policy level and in practice;

74. Deplores lack of sustainability of some projects and stresses that projects should principally aim at creating employment and sustainable growth which would allow the Haitian State to increase its own revenues in order to depend less on foreign assistance; requests therefore the Commission to provide Parliament with a list of projects which have been carried out in Haiti with a detailed assessment of their current situation in order to see how sustainable they are since;

75. Points to the lack of visibility of the Union aid in Haiti; takes the view that in order to enhance visibility not only the flag, but also the name of the European Union should appear in PR documents rather than simply that of the Commission or of DG ECHO, which are much less identifiable to average Haitian citizens;

[1] Reply to written question number 31, addressed to Commissioner Piebalgs in the framework of the 2010 EDF discharge, for the hearing on 12 January 2012.

Special Report No 12/2010 of the Court of Auditors on Union development assistance for basic education in Sub-Saharan Africa and South Asia

76. Welcomes this excellent report of the Court of Auditors which provides an extensive analysis of the achievements of Union support for basic education; but also points to the shortcomings of the programme, which are only partially due to the actions taken by the Commission;

77. Fully recognises the difficulties encountered by the Commission in executing this programme while working in some of the poorest countries in the regions concerned and trying to reach often the poorest of their populations; agrees that it is a remarkable achievement that 45 % of indicators were achieved and that 30 % were clearly making progress; would like the Commission to indicate, if in the meantime, those figures have improved even further;

78. Fully endorses the conclusions and recommendations by the Court of Auditors and has taken note of the replies by the Commission;

79. Recalls its previous discharge resolutions, which mention that a major problem in implementing specific development programmes is the lack of qualified staff in the Union Delegations and the support given by the Commission Headquarters; invites the Commission to discuss this with Parliament's competent committees to find a more permanent solution for this problem;

80. Invites the Commission to address the shortcomings noted by the Court of Auditors in a systematic way; would like to be informed about the following:

(a) as regards the quality of education (addressed by a staff working document issued by the Commission in February 2010 — SEC(2010) 121): leaving aside the fact that it seems a bit late compared with the start of the programme, could the Commission indicate what other measures are being taken to monitor and improve the quality of education?

(b) in some of the countries covered by the Special Report No 12/2010, cases of fraud and mismanagement of government resources were mentioned, including 'ghost' teachers; what support is provided by the Commission to help those countries eliminate these forms of fraud?

(c) one of the basic instruments/tools for implementing a successful programme is the availability of proper statistics and evaluations of the actual educational system; the Court of Auditors points out that in a number of countries such statistics and evaluations are not available or not up-to-date; which measures have the Commission taken to remedy this problem?

(d) as the Court of Auditors pointed out, the participation of girls in basic education depends on a large number of non-education-related measures such as separate sanitary facilities, etc., although progress has been made in some of those countries; which specific measures have the Commission taken in each of those countries to increase the participation of girls in basic education, and in which of those countries are all-girl schools considered as a possible solution?

The Investment Facility

81. Recalls that the funds allocated to the Investment Facility from the 10th EDF amounted to EUR 1 530 000 000 for the ACP and OCTs; notes that the total amount of signed operations from the Investment Facility portfolio was EUR 374 230 000 in the financial year 2010; recalls that the European Investment Bank (EIB) manages Investment Facility, a revolving risk-bearing instrument funded from the EDF that aims to foster private investment especially in ACP countries;

82. Deplores the fact that the Investment Facility is not covered by the Court of Auditors' statement of assurance or the Parliament's discharge procedure even though the operations are conducted by the EIB on behalf of and at the risk of the Union, using EDF resources; finds this to be undesirable politically and for reasons of accountability; stresses that these provisions reduce the scope of Parliament's powers of discharge, especially considering that EDF resources are derived from public funds contributed by European taxpayers;

83. Stresses that all the EIB operations financed from the EDF must be in full compliance with Article 208 of the Treaty on the Functioning of the European Union, according to which the reduction and eradication of poverty is the primary objective of the Union's development policy; believes that only pro-poor development policy can be effective and sustainable;

84. Believes that economic growth policies cannot succeed without promotion of social and environmental standards and the implementation of social protection mechanisms;

85. Calls on the EIB to link its financing projects more directly to poverty reduction and the achievement of the MDGs, human rights, corporate social responsibility, decent work and environmental principles, democracy, good governance and the set up of companies, through the implementation of Decision No 1080/2011/EU of the European Parliament and of the Council [1];

86. Calls on the EIB to reinforce the due diligence on social aspects (including respect for human rights) in its project cycle, both via *ex-ante* analysis and especially via monitoring during project implementation and completion; calls for the definition of 'performance indicators' to better track the value-added and impact of EIB operations and the strengthening of proper staff expertise in sustainable development, human rights, and social/gender issues;

87. Notes that the independent mid-term evaluation of the EIB's Investment Facility and EIB's own Resource activities in the ACPs shows that the EIB's efforts to monitor project implementation, ensure local presence and follow-up on environmental and social aspects still appear to be insufficient; calls on the EIB to improve its monitoring mechanisms;

88. Notes with satisfaction the progress in the EIB's Annual Report 2010 on Investment Facility in terms of focusing on results; considers however that there is still much room for improvement of the annual reports in terms of presenting complete, relevant and objective information as regards outcomes, objectives set, objectives achieved and reasons for possible deviation, as well as evaluations carried out and a summary of evaluation results, including the weaknesses and the issues which have to be addressed; welcomes the cooperative attitude of the EIB during the preparatory work of this discharge resolution;

89. Recalls that 14 % of the funds from the Investment Facility (EUR 390 000 000) are channelled via European bilateral development financial institutions or joint ventures;

90. Deplores the lack of transparency concerning the final beneficiaries of the funds from the Investment Facility; calls on the EIB to apply stringent enhanced due diligence, verifying the presence of appropriate local public consultation, on development-related aspects of projects covered by the Union guarantee, prior to project approval, including the performance of financial intermediaries in using the loan granted by the EIB on these aspects; is of the opinion that, when it comes to lending in developing countries, the EIB should apply stringent enhanced due diligence in accordance with standardised procedures, following international best practices, concerning the fight against money laundering and the financing of terrorism;

[1] Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union (OJ L 280, 27.10.2011, p. 1).

91. Notes the reports of a non-governmental organisation about alleged cases when EIB funds flowed to companies, the principals of which were either under investigation or accused of corruption and money laundering; calls on the EIB to be informed on the substance of such cases;

92. Notes that the EIB ensures the complementarity between projects financed by the EIB and by the Commission by consulting the Commission at a very early stage, before the EIB begins its due diligence on projects; recalls that the Commission is a non-voting member in the Investment Facility Committee and provides its opinion on each specific proposal;

93. Calls on the Commission to continue to closely monitor and control the implementation of the Investment Facility, and to inform Parliament's Committee on Budgetary Control on a regular basis of its findings;

94. Recalls that the Tripartite Agreement between the Commission, the EIB and the Court of Auditors defines the role of the Court of Auditors in controlling the EDFs managed by the EIB; invites the Court of Auditors to produce a Special Report on the Effectiveness and Efficiency of the EDFs managed by the EIB from the perspective of poverty reduction;

95. Notes that the EIB pays variable remuneration in the form of annual bonuses to its staff; calls on the EIB to annually publish detailed information on its website regarding the amount of the annual bonuses of its managerial staff, including those of each member of the Board of Directors, of the Management Committee and of the Audit Committee;

96. Notes furthermore that the present EIB Board of Directors consists of seven women and 19 men; encourages the Member States to nominate women candidates to fill the two presently vacant positions in order to achieve a more balanced representation on the Board.