



30.1.2019

# **OPINION**

of the Committee on Development

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the eighth,  
ninth, tenth and eleventh European Development Funds for the financial year  
2017  
(2018/2177(DEC))

Rapporteur for opinion: Nirj Deva

PA\_NonLeg

## SUGGESTIONS

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

1. Commends the EU for the successful launch of the European Investment Plan and the European Fund for Sustainable Development, underscored by the approval of 28 guarantee tools totalling EUR 1, 54 billion in guarantees by November 2018, expected to unlock EUR17, 5 billion in total investments; underlines that no evaluation exists yet on the implementation results and that any conclusion as to widening the scope and the means is premature; highlights the finding of the eleventh EDF mid-term evaluation that blending only mobilises additional resources in 50 % of the cases; regrets therefore that the Commission has proposed more means for blended finance for the future financing period 2021-2027;
2. Welcomes the budgetisation of the EDF included in the Commission proposal of the future EU Neighbourhood, Development and International Cooperation Instrument (NDICI);
3. Highlights the highly negative findings by the European Court of Auditors on Public-Private Partnerships<sup>1</sup> (PPPs) and the Court's recommendation "not to promote a more intensive and widespread use of PPPs" inside the EU; calls on the Commission to take this recommendation fully into account when dealing with PPPs in developing countries where the environment for successful implementation of PPPs is even more difficult than inside the Union;
4. Is worried by the findings of the mid-term evaluation on eleventh EDF which states that "there is a real threat that EDF will be pushed into responding to agendas that distance it from its primary objective of poverty alleviation, which are difficult to reconcile with the EDF's core values and compromise what it does well", that "despite consultations, government and CSOs' views (with some notable exceptions such as in the Pacific region), have rarely been taken account of in programming choices" and that "the eleventh EDF programming thus used a top-down approach to apply the concentration principle but at the cost of the Cotonou Agreement's central principle of partnership"; regrets that the Commission has until now completely ignored these findings;
5. Recalls the Court of Auditors Special Report's main findings on the Bekou Trust Fund, including that the Fund's set-up was appropriate for the context of the Central African Republic and that its effect was positive; underlines that this assessment was largely reflected in the findings of the ad-hoc delegation of the Committee on Development to the Central African Republic in February 2018 and the delegation concluding 'that the fund can adequately address needs transiting between rehabilitation, livelihood provision and longer-term development'; recalls that the Fund was established as an EU emergency Trust Fund with a duration of 60 months, expiring in July 2019 and that its extension seems beneficial but will require European Parliament's agreement;
6. Takes note of the achievements of the European Union Emergency Trust Fund for

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<sup>1</sup> Special report Nr 9/2018: Public Private Partnerships in the EU: Widespread shortcomings and limited benefits

Africa (EUTF); recalls, however, that EUTF funding coming from development budget lines must not be used for security measures jeopardising migrants' rights; recalls, that EU development cooperation must have the eradication of poverty and sustainable development as the main objectives; stresses, that EUTF projects must integrate human rights at the core of programming and contribute to the realisation of human rights in the countries concerned; strongly recommends to promote gender equality and women's empowerment in EUTF programmes as well as the protection of those most vulnerable, including children and persons with disabilities;

7. Notes the numerous concerns the European Court of Auditors<sup>1</sup> and the authors of the eleventh EDF mid-term evaluation have expressed on the implementation of the EUTF:
  - In terms of project implementation, the EUTF had only limited impact in speeding up the process compared to traditional development aid;
  - Concerns over the likely effectiveness and sustainability of EUTF projects and over the ability of the Union to closely monitor their implementation;
  - The Northern Africa and Horn of Africa windows have no documented criteria for selecting project proposals;
  - Serious flaws in the measurement of performance;
  - No specific risk assessment framework;

Considers that given such findings, the added value of the EUTF is highly questionable;

8. Regrets that the expenditure recorded in 2017 under the eighth, ninth, tenth and eleventh EDF is materially affected by error and that the error rate is on the rise on the contrary to EU general budget expenditure; highlights that errors occur predominantly in transactions related to projects implemented by international organisations and Member States' cooperation agencies and that in the examined transactions of this type, 36 % contained quantifiable errors, which is enormous; urges the Commission to produce detailed explanations in response to these findings and to submit a clear plan to the European Parliament outlining the necessary steps in order to correct this seriously worrying situation;
9. Regrets that in every annual activity report since 2012, DG DEVCO had to issue a reservation on the regularity of underlying transactions which points to serious internal management deficiencies;
10. Highlights the negative findings from the Court of Auditors in the area of EU support to African security, which is often financed through the EDF:
  - Strengthening the capacity of the internal security forces in Niger and Mali has been slow and there are serious concerns on ownership and sustainability<sup>2</sup>

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<sup>1</sup> Special report 32/2018

<sup>2</sup> Special report 15/2018, Strengthening the capacity of the internal security forces in Niger and Mali:

- The EU's support for the African Peace and Security Architecture (APSA) has had a poor effect<sup>1</sup>.

Highlights as well the serious risk that EU support through the African Peace Facility to Burundian soldiers participating in the AMISOM mission indirectly finances a Burundian regime exposed to EU sanctions; recalls that for years, DG DEVCO expressed reservations on its expenditure on the support to the African Peace Facility;

11. Considers in this context the ever increasing EU focus on the security-development nexus as raising serious sound financial management issues and calls on the Commission and the EEAS to apply a much more prudent approach to EU support for African security;
12. Expresses great concern over the fact that in the years 2016, 2017 and 2018 hunger has been on the rise worldwide, with now over 820 million people suffering chronic undernourishment, while at the same time the proportion of Official Development Assistance from the EU and its Member States for food and nutrition security has declined from about 8 % in 2014 to 6 % in 2016, and budgetary commitments for food security under the instruments managed by the Commission having dropped significantly in 2017;
13. Notes that in 2017, the Commission has signed contracts with UN agencies with a value of more than EUR 411 million of contributions from the EDF, with United Nations Development Programme (EUR 166.33 million), FAO (EUR 152.86 million) and UNICEF (EUR 98.44 million) being the biggest beneficiaries, and contracts with the World Bank worth EUR 92 million;
14. Insists, given the important role played by the United Kingdom in development, that close ties are retained between the Union and the United Kingdom after its departure in order to minimise ensuing losses;
15. Reiterates its strong reservations against the Commission having presented and the EDF Committee having adopted a National Indicative Programme for Eritrea and an Annual Action Programme in 2017 while lacking conclusive evidence of reforms or improvements in the human rights situation in Eritrea; recalls the Commission's and the High Representative's commitments to regularly inform Parliament in this respect.
16. Urges the Commission to better define and clearly assess the development outcomes to be achieved in each case and above all to enhance control mechanism concerning recipient State's conduct in the fields of corruption, respect of human rights, rule of law and democracy; expresses deep concern about the potential use of budget support in countries lacking democratic oversight, either due to the lack of functioning parliamentary democracy or freedoms for civil society and the media, or due to a lack of capacity of oversight bodies;
17. Given the shift in aid modalities from direct grants to trust funds and blended finance, including through the European Fund for Sustainable Development, invites the Council,

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only limited and slow progress

<sup>1</sup> Special report No 20/2018: The African Peace and Security Architecture: need to refocus EU support

Commission and European Investment Bank to adopt an inter-institutional agreement with the European Parliament on transparency, accountability and parliamentary scrutiny on the basis of the policy principles set out in the New European Consensus on Development;

18. Welcomes the process of the post-Cotonou agreement negotiations in order to maintain the ACP-EU framework;
19. Underlines the high importance of supporting micro-, small- and medium-sized enterprises and calls in particular for the establishment of local solutions for a better access to finance with a further strengthening of micro-finance loan and guarantee system;
20. Calls for an enlargement of the “Erasmus for Young Entrepreneurs” programme beyond Europe in particular developing countries while providing the necessary financial mean;
21. Welcomes the European Court of Auditors recommendations for improving the transparency of EU funds implemented by NGOs published in the special report 2018/35, where it, amongst other things, recommends that the Commission improve the reliability of the information on NGOs in its accounting system, and that the Commission improve the information collected on funds implemented by NGOs; calls therefore on the Commission to implement these proposals before the end of the current mandate;
22. Calls for an incentive-based approach to development by introducing the more-for-more principle, taking as an example the European Neighbouring Policy; believes that the more and the faster a country progresses in its internal reforms in relation to the building and consolidation of democratic institutions, the respect for human rights and the rule of law, the more support it should receive from the Union;
23. Recognise that no country has ever developed without engaging in further trade relations with their neighbours and the rest of the world; further encourages the financing of aid for trade activities, in order to allow developing countries to participate to a much greater degree in global value chains in the future; stresses in this context the increasing importance of digital connectivity in order to achieve a more balanced distribution of the globalisation benefits in favour if developing countries;
24. Underlines the importance of increasing the attribution of funds aiming at supporting good governance, democracy and the rule of law in developing countries in order to promote accountable and transparent institutions, support capacity building and foster a participatory decision-making and public access to information;
25. Emphasises the importance of the provision of clean water and of the building of additional wastewater disposal facilities;
26. Draws attention to the scale and implication of energy poverty in developing countries and to the Union’s strong involvement in efforts to reduce such poverty; underlines the need for strong and concerted efforts by governments and stakeholders in affected countries to reduce energy poverty.



## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	22.1.2019
<b>Result of final vote</b>	+: 18 -: 0 0: 3
<b>Members present for the final vote</b>	Mireille D'Ornano, Doru-Claudian Frunzuliță, Enrique Guerrero Salom, Maria Heubuch, Teresa Jiménez-Becerril Barrio, Linda McAvan, Norbert Neuser, Vincent Peillon, Lola Sánchez Caldentey, Elly Schlein, Bogusław Sonik, Eleni Theoharous, Anna Záborská, Joachim Zeller, Željana Zovko
<b>Substitutes present for the final vote</b>	Marina Albiol Guzmán, Agustín Díaz de Mera García Consuegra, Frank Engel, Stefan Ge rold, Maria Noichl, Judith Sargentini



## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

18	+
ECR	Eleni Theoharous
PPE	Agustín Díaz de Mera García Consuegra, Frank Engel, Stefan Gehroid, Teresa Jiménez-Becerril Barrio, Bogusław Sonik, Anna Záborská, Joachim Zeller, Željana Zovko
S&D	Doru-Claudian Frunzuliță, Enrique Guerrero Salom, Linda McAvan, Norbert Neuser, Maria Noichl, Vincent Peillon, Elly Schlein
VERTS/ALE	Maria Heubuch, Judith Sargentini

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EFDD	Mireille D'Ornano
GUE/NGL	Marina Albiol Guzmán, Lola Sánchez Caldentey

Key to symbols:

+ : in favour

- : against

0 : abstention