

**RESOLUTION (EU) 2023/1842 OF THE EUROPEAN PARLIAMENT****of 10 May 2023****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 2021**

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 2021,
  - having regard to Rule 99 and the third indent of Rule 100 of, and Annex V to, its Rules of Procedure,
  - having regard to the opinion of the Committee on Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0114/2023),
- A. whereas Union development cooperation, as referred to in Articles 208 to 210 of the Treaty on the Functioning of the European Union (TFEU), operates in a global context, defined by United Nations 2030 Agenda for Sustainable Development (Agenda 2030) and its Sustainable Development Goals (SDGs);
- B. whereas the Union has cooperative relations with a large number of developing countries, the main objective being to promote economic, social and environmental development, with the primary aim of reducing and eradicating poverty in the long-term by providing beneficiary countries with development aid and technical assistance;
- C. Whereas the objective of Union development cooperation is to uphold and promote the Union's values and interests worldwide in order to pursue the objectives and principles of its external action, as laid down in Article 3(5) and Articles 8 and 21 of the Treaty on European Union;
- D. whereas, from 1959 and until 2020, the European Development Funds (EDFs) provided development cooperation aid to the African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs); whereas the framework governing the Union's relation with the ACP countries and OCTs was a partnership agreement signed in Cotonou ('the Cotonou Agreement') on 23 June 2000 for a period of 20 years, later extended to 30 June 2022;
- E. whereas the eleventh EDF has reached its final stage as its sunset clause came into effect on 31 December 2020 and, as from 2021, the EDF programmes have been included in the Union's multiannual financial framework (MFF); whereas, however, specific contracts for existing financing agreements will still be signed until 31 December 2023;
- F. whereas, for the 2021–2027 MFF, development cooperation aid to ACP countries has been incorporated in the Neighbourhood, Development and International Cooperation Instrument – Global Europe ('NDICI-Global Europe') and development cooperation aid into the OCTs has been incorporated into the Decision on the Overseas Association, including Greenland<sup>(1)</sup>;
- G. whereas the eighth, ninth, tenth and eleventh EDFs were not incorporated into the Union general budget and continue to be implemented and reported on separately until their closure;
- H. whereas the EDFs are managed almost entirely by the Commission's Directorate-General for International Partnerships (DG INTPA)<sup>(2)</sup> with a small proportion (0,25 %) of the 2021 EDF expenditure being managed by the Directorate-General for European Civil Protection and Humanitarian Aid Operations;

(<sup>1</sup>) Council Decision (EU) 2021/1764 of 5 October 2021 on the association of the Overseas Countries and territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including Greenland) (OJ L 355, 7.10.2021, p. 6).

(<sup>2</sup>) DG DEVCO became DG INTPA in January 2021.

- I. whereas development cooperation is evolving from a more traditional concentration on the social sectors towards a stronger emphasis on mutual interests, including on investment, trade and the development of high value added economic sectors, sustainable development, education and gender equality;
- J. whereas structural changes are needed in the agricultural sector of developing partner countries, particularly by empowering local small-scale farmers, assisting them in the use of new agricultural technologies, implementing modern water management methods and facilitating market access;
- K. whereas by means of a Team Europe approach <sup>(3)</sup>, the Union works together with the Member States in the field, with local beneficiaries and with the other donors to bring a tangible impact and transformation change in the partner countries; recalls that budget support must correspond to the needs of partner countries as well as the Union key policies; recalls that it is also necessary to measure the performance of programmes and their impact in partner countries and civilian populations;
- L. whereas development cooperation is a shared competence between the Member States and the Union, and Article 208 TFEU specifically states that '[t]he Union's development cooperation policy and that of the Member States complement and reinforce each other.';
- M. whereas the Union and the Member States can undertake joint actions and should inform each other about actions being undertaken in the field of development cooperation;
- N. whereas sustainability is crucial for achieving the set goals and results and, in particular, the long-term impact of development aid;
- O. whereas traditionally the implementation of the EDF, and development in general, take place in risky, complex and fast-evolving environments, aggravated in 2021 by the COVID-19 pandemic and the unstable political situation experienced by some of the Union's partner countries, hampering implementation of the EDF and respective audit activities;
- P. whereas the ever-growing gap between the funds needed and those available to respond to the deepening climate, hunger, debt, humanitarian and other crises is generating a growing disparity between industrialised and less-developed nations and increasing poverty levels for the first time in decades;
- Q. whereas, notwithstanding the previous statement, fostering transparency, accountability, human rights due diligence and fighting corruption and fraud are key for the success of the Union's budget support operations;
- R. whereas humanitarian and development aid is an expression of a *de facto* global solidarity, enshrined in the Treaties and at the core of the Union's values;

### **Budget implementation**

1. Recalls the two events that marked 2021, namely that it was the first year following the sunset clause for the eleventh EDF (31 December 2020), meaning that in 2021 there were no further global commitments of projects under the eleventh EDF, and, in addition, in 2021, the financial implementation for the tenth and eleventh EDF contracts (individual commitments: EUR 2 118 million) and payments (EUR 3 393 million) was impacted by the prolonged COVID-19 crisis <sup>(4)</sup>;

<sup>(3)</sup> A tool to help EU Delegations work better together with Member States, and country stakeholders, through joint programming and implementation, <https://europa.eu/capacity4dev/wbt-team-europe>

<sup>(4)</sup> Annual accounts of the European Development Fund 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0321>

2. Observes that the EDF represents 46,1 % of the portfolio of DG INTPA in terms of payments in 2021, which amounted to EUR 3 435 million (i.e. 91,27 % of the annual target); notes that European Investment Bank (EIB) payments amounted to EUR 613 million; observes that, since the sunset clause of the eleventh EDF elapsed on 31 December 2020, there were no new commitments in 2021, with the exception of commitments of the funds stemming from reflows under the ACP Investment Facility from operations under the ninth, tenth and eleventh EDFs; notes that EIB payments concerning the ACP Investment Facility amounted to EUR 179 million;
3. Regrets that, due to the prolonged COVID-19 situation, 50 % of delegations in sub-Saharan Africa did not reach their minimum forecasted payment target (90 %); stresses that the most noticeable of these were Madagascar, which almost fully closed its borders, making it very difficult to continue implementation as initially foreseen; Chad and Gambia due to suspended or delayed implementation; and Ethiopia, Guinea Conakry and Mali, where political crises severely affected operations, with a significant impact on forecasted budget support payments; notes, moreover, that in the Pacific and in the Caribbean, COVID-19 restrictions also affected implementation, and in Fiji and Haiti the negative collateral effects emanating from the deterioration of the economic, social and political situation had a devastating impact on infrastructure projects;
4. Welcomes the regular efforts of DG INTPA to reduce old pre-financing and old unspent commitments with a target of 35 %; notes that DG INTPA exceeded the target by reducing the EDF's old pre-financing by 46 % (50 % for other domains of aid) and by 39 % for both the EDF's old unspent commitments and across its entire area of responsibility;
5. Notes that DG INTPA achieved its target of having not more than 15 % of old expired contracts for the EDF; notes that it achieved a score of 13 % for the EDF and 10 % across its entire area of responsibility; notes that for the EDF there has been a consistent improvement since 2017;

#### **Impact of the activities in the financial statements**

6. Notes that pre-financing suffered a decrease of EUR 101 million largely as a result of fewer advances being paid out due to the decrease in the number of contracts signed (EUR 3 670 million in 2020 compared to EUR 2 118 million in 2021); notes, moreover, that this decrease was mainly driven by challenges faced due to the ongoing COVID-19 pandemic and geopolitical crises and that, consequently, cash and cash equivalents increased by EUR 266 million as a result of this significant decrease in pre-financing and other payments;
7. Notes the significantly lower number of open contracts at the end of 2021, caused both by the scaling down of the EDF and the adverse impact of the on-going COVID-19 pandemic and geopolitical crises on signing of new contracts resulted in a substantial decrease of accrued charges by EUR 519 million;
8. Notes, furthermore, that the overall decrease in aid instruments expenses of EUR 1 743 million has a combined effect: on one hand the challenging conditions related to the COVID-19 pandemic and the unstable geopolitical situation in several countries hampered implementation of EDF activities in 2021, and, on the other hand, the decrease of activities under the tenth and previous EDFs is in line with the scaling down of those EDFs resulting in fewer open contracts under them;
9. Notes that effective implementation and adequate funding are means of ensuring the legitimacy and effectiveness of Union development cooperation; is of the opinion that the longer the duration of contracts under the development policy, the more sustainable the projects will be;

10. Notes that the EDF funding of EUR 600 000 000 for other actions in ACP countries that has been recently decommitted by the Member States will now be used for measures to help alleviate the global food crisis; takes the view that those funds must be used to provide further support for local small-scale farming, as well as agro-ecological practices and sustainable fisheries that are conducive to the food autonomy of local communities, making them less dependent on fluctuating global markets in food and agriculture; invites the Member States to henceforth consistently abstain from receiving repayment of decommitted EDF funds, given the need for funds to cover urgent needs in ACP countries and bearing in mind the financing of the Union and its Member States for development commitments as well as the obligations set out in the Treaty on Policy Coherence for Development;
11. Further emphasises that addressing the root causes of the food crisis requires structural changes in the agricultural sector of developing partner countries, particularly through empowering local small-scale farmers enabling to use new agricultural technologies, implementing modern water management methods, and through facilitating their access to the market;

### **Reliability of the accounts**

12. Notes that the budget of the eighth EDF (1995–2000) was EUR 12,8 billion, that of the ninth EDF (2000–2007) EUR 13,8 billion, that of the tenth EDF (2008–2013) EUR 22,7 billion, and that of the eleventh EDF holds EUR 30,5 billion, of which EUR 29,1 billion has been allocated to the ACP countries and EUR 0,4 billion to the OCTs, with EUR 1,1 billion for administrative costs;
13. Notes that, in 2019, the Commission closed the remaining outstanding transactions for the eighth EDF projects and that all balances and decommitments have been transferred to the ninth EDF; notes, moreover, that, in 2021, the Commission announced the financial and operational closure of the eighth EDF and that all related activities have been completed, all checks and controls have been performed, and all contracts and financial decisions are closed in the EDF accounts;
14. 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 of 2021, concludes that the accounts for the financial year ending 31 December 2021 present fairly, in all material respects, the EDFs’ financial position, the results of their operations, their cash flows and the changes in their net assets for the year then ended, in accordance with the provisions of the Council Regulation (EU) 2018/1877 <sup>(*5*)</sup> (‘EDF Financial Regulation’) and the accounting standards for the public service;
15. Acknowledges that, with the inclusion of EDF programmes in the Union’s MFF, the Court’s audit on the EDF will be phased out as EDF payments decrease and payments from the Union budget increase; notes that, subsequently, the Court will progressively shift resources to audit the Union budget; notes, however, that the current approach (separate report on the EDF) is maintained for the 2022 statement of assurance exercise;

### **Legality and regularity of the transactions underlying the accounts**

16. Welcomes the Court’s opinion, according to which the revenue underlying the accounts for the year ended 31 December 2021 is legal and regular in all material respects;
17. Reiterates its concern over the many possible reasons for the succession of adverse opinions of the Court on the legality and regularity of expenditure due to the fact that the expenditure accepted in the accounts for the year ended 31 December 2021 is materially affected by error;

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<sup>(*5*)</sup> Council Regulation (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation (EU) 2015/323 (OJ L 307, 3.12.2018, p. 1).

18. Notes that to audit the regularity of transitions, the Court examined a sample of 140 transactions, representing the full range of spending from the EDF; notes, furthermore, that this comprised 26 transactions related to the Emergency Trust Fund for Africa, 92 transactions authorised by 17 EU delegations <sup>(6)</sup> and 22 payments approved by Commission headquarters <sup>(7)</sup>;
19. Notes with concern that out of the 140 transactions examined, 54 (38,8 %) contained errors, compared to 36 (25,7 %) in 2020 for the same number of transactions; stresses, moreover, that the Court quantified 43 errors (31 in 2020), on the basis of which it estimated the level of error for the financial year 2021 to be 4,6 % (3,8 % in 2020);
20. Notes with concern that the typology of errors identified in the financial year 2021 follows the 2020 pattern, namely the estimated error related to ineligible expenditure (38,6 % in 2021, 38,2 % in 2020), serious failure to follow public procurement rules (14,6 % in 2021, 2,2 % in 2020), absence of essential supporting documents (23,3 % in 2021, 38,3 % in 2020) and expenditure not incurred (18,1 % in 2021, 14,9 % in 2020);
21. Notes with concern that the estimated level of error systematically surpasses the materiality threshold (2 %), with 4,6 % of expenditure affected for the eighth, ninth, tenth and eleventh EDFs for the financial year 2021 (compared to 3,8 % in 2020, 3,5 % in 2019, 5,2 % in 2018, 4,5 % in 2017, 3,3 % in 2016, 3,8 % in 2014 and 2015, 3,4 % in 2013 and 3 % in 2012); notes that, compared to the financial year of 2020, the increase in the estimated level of error is 0,8 % (0,3 % in 2020); restates that it is critical to efficiently address the causes of that increase;
22. Recognises that, as for 2020, due to the COVID-19 pandemic, it was not possible for the Court to carry out on-the-spot visits to EU delegations <sup>(8)</sup>, thus preventing it from carrying out certain audit procedures, and particularly from verifying contract performance for the transactions selected, and therefore the Court's audit work was mainly limited to desk reviews of transactions and projects by means of remotely connecting with auditees; notes, however, that according to the Commission's replies to written questions and the hearing debate held in Parliament's Committee on Budgetary Control there is no evidence that the lack of on-the-spot visits led to an increased misuse of funds; notes, in addition, that the Commission believes that the Team Europe approach helped to coordinate much more closely at beneficiary country level between the Union and its Member States, increasing both effectiveness and accountability;

### Transparency and effectiveness of the monitoring and assurance systems

23. Notes the conclusion by DG INTPA on the cost-effectiveness of the controls for which it is responsible (effectiveness, efficiency and economy of its control system) <sup>(9)</sup>; stresses, however, that the Court, as in previous years, considers that the frequency of the errors found – including some contained in final claims which had been subjected to *ex ante* external audits and expenditure verification – points to weaknesses in those checks; asks the Commission, given the high error rate each year, to review its *ex ante* and *ex post* audit strategy, and to further generalise digitisation for more systematic controls with a priority on the partner countries where the most errors have been identified;
24. Notes with concern the fact that, as they did in 2020, the Commission and its implementing partners committed more errors in transactions relating to grants and to contribution and delegation agreements with beneficiary countries, international organisations and Member State agencies than they did with other forms of support (such as those covering works, supply and service contracts); notes, in addition that out of the 92 transactions of this type examined by the Court, 39 contained quantifiable errors, accounting for 81 % of the estimated level of error;

<sup>(6)</sup> Botswana, Burkina Faso, Djibouti, Timor-Les, Ethiopia, Ghana, Guinea-Bissau, Haiti, Jamaica, Liberia, Malawi, Mali, Niger, Nigeria, Tanzania, Uganda and Zambia.

<sup>(7)</sup> All 140 payments went through DG INTPA.

<sup>(8)</sup> Botswana, Burkina Faso, Ethiopia, Ghana, Guinea-Bissau, Haiti, Liberia, Malawi, Niger, Nigeria, Tanzania, Uganda and Zambia.

<sup>(9)</sup> DG INTPA's Annual Activity Report 2021, p. 51.

25. Is aware, as stated by the Commission in its replies <sup>(10)</sup> to the Court's annual report, that the Commission operates in third countries in complex political and technical contexts, working with many partners such as partner countries, international organisations or Member State agencies; notes, furthermore, that, while action plans are regularly run to keep error rates as low as possible, the Commission considers a zero-error scenario to be unlikely in this context;
26. Asks the Commission, once again, echoing the observations of the Court, to rethink the cost-effectiveness approach used in *ex post* checks as it might not be effective and might lead exactly to the weaknesses that both the Court and Parliament have been pointing out;
27. Notes with concern that, according to the Court's report, in 15 cases of quantifiable error and eight cases of non-quantifiable error the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure; notes, moreover, that, according to the Court's assessment, had the Commission made proper use of all the information at its disposal, the estimated level of error would have been 2,4 percentage points lower, compared to 1,19 percentage points in 2020;
28. Notes that, according to the Court's report, 25 transactions containing quantifiable errors, contributing 1,9 percentage points to the estimated level of error, were subject to an audit or expenditure verification; notes, furthermore, that DG INTPA's control system is based on *ex ante* checks, and that the information provided in the audit/verification reports describing the work actually done did not allow the Court to assess whether the errors could have been detected and corrected during these *ex ante* checks, as the reports do not cover 100 % of the reported expenditure, nor do they give sufficient detail to confirm whether the items where the Court identified errors had been part of the *ex ante* checks;
29. Welcomes the revision by the Commission in September 2021 and May 2022 of the terms of reference of expenditure verifications; notes that the Commission foresees to further deepen the analyses and address other aspects such as sampling and to integrate the lessons learnt and the responses of a survey conducted in February 2022 of users of the audit framework contract;
30. Underlines that the Court identified two spending areas where transactions are less prone to errors due to specific payment conditions: (a) budget support; and (b) multi-donor projects implemented by international organisations and subject to the 'notional approach' <sup>(11)</sup>; notes that, in 2021, the Court audited four budget support transactions and eight 'notional approach' projects managed by international organisations;
31. Finds it unacceptable that, as in previous years, some international organisations provided only limited access to documents (e.g. in read-only format), preventing the Court from making copies of the documents, thus hindering the planning and execution of the audit and leading to delays and thus preventing the Court from fulfilling its fundamental prerogative as ensured by the TFEU, as previously mentioned in related observations in the Court's 2018 and 2020 annual reports; acknowledges the Commission's efforts to address the problem by means of actively working with the concerned international organisations whose transactions contributed to the error rate, both through the identification of practical solutions and high-level dialogue; welcomes some positive results of those efforts: cooperation with the World Bank has improved in the Court's 2021 audit compared to 2020; insists, nevertheless, that more has to be done and calls on the Commission to proceed with the efforts and strengthen the cooperation with the international organisations to ensure that the Court has complete, unrestricted and timely access to all the necessary information, allowing the Court to check the legality and regularity of Union budget expenditure;

<sup>(10)</sup> [https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2021/annualreports-2021\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2021/annualreports-2021_EN.pdf) (p. 383).

<sup>(11)</sup> Under the 'notional approach', when contributions from the Commission to multi-donor projects are pooled with those from other donors and not earmarked for specific, identifiable items of expenditure, the Commission assumes that expenditure is compliant with Union eligibility rules provided that the total pooled amount includes sufficient eligible expenditure to cover the Union's contribution, [https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2021/annualreports-2021\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2021/annualreports-2021_EN.pdf)

32. Notes that DG INTPA's tenth residual error rate (RER) study, carried out by an external contractor on its behalf in 2021, estimated the overall RER to be below the 2 % materiality threshold set by the Commission for the sixth year in a row: 1,14 % (0,95 % in 2020);
33. Stresses that, according to Court's assessment, the RER study does not constitute an assurance engagement or an audit and is based on the RER methodology and manual provided by DG INTPA; stresses, furthermore, that the Court has in 2017–2020 annual reports on the EDF described the limitations in the studies that may have contributed to the systematic RER's underestimation;
34. Notes the Court's opinion that considers the degree of reliance placed on the work of other auditors a critical aspect of the RER study, explaining that three scenarios are possible: (a) no reliance on the work of other auditors with full substantive testing; (b) partial reliance on the work of other auditors with reduced substantive testing; (c) full reliance on the work of other auditors with no further testing; notes that full reliance increased from 15 % of transactions in 2020 to 34 % of transactions in 2021; shares, therefore, Court's view that placing such extensive reliance on the work of other auditors is contrary to the purpose of an RER study which is to estimate the rate of errors that have evaded all DG INTPA management checks to prevent, detect and correct such errors;
35. Notes that, from 2018, DG INTPA significantly reduced the scope of reservations (i.e. the share of expenditure covered by them) in the annual activity reports (AARs) and that, similarly, the 2021 AAR does not include any reservations;
36. Shares the Court's opinion that finds the lack of reservations in the 2021 AAR unjustified and that considers that it results partly from the limitations of the RER study, given that the Court's findings on this study also concern the estimates of amounts at risk based thereupon; notes that DG INTPA estimates the overall amount at risk at payment to be EUR 79,65 million (1,41 % of 2021 expenditure) and the overall amount at risk at closure to be EUR 66,03 million; notes, furthermore, that, the amount at risk at payment, DG INTPA estimates that EUR 13,62 million (24 %) will be corrected by its checks in subsequent years (this amount is known as the 'corrective capacity') <sup>(13)</sup>;
37. Notes that, following the Court's recommendations in its annual reports for the financial years 2019 and 2020, DG INTPA examined the best way to incorporate the recommendations of the Court, making changes to the RER manual and methodology, taking expected costs and benefits fully into account; notes that DG INTPA has updated the RER study's manual and methodology in January 2022;
38. Notes that DG INTPA is working to improve the quality of its data for calculating the corrective capacity and that, in 2021, it continued its training and awareness-raising activities on recoveries and accounting data quality; notes that, as in previous years, DG INTPA performed targeted checks on recovery orders to correct the discrepancies identified; notes that the Court reviewed the calculation of the corrective capacity for 2021 and that, having tested 35 % (by value) of the total population of recoveries, the Court did not identify errors in the sample;
39. Welcomes the creation of a 'financial scoreboard', comprising six indicators <sup>(13)</sup>, in an effort to make financial reporting more consistent across Commission directorates general; notes that four more indicators were added in 2021 <sup>(14)</sup>; notes that six of those ten indicators were applicable to the EDF and the trust funds in 2021; notes that for 'global commitment absorption', DG INTPA achieved a result of 99 % for the Union budget and 97 % for the EDF in 2021, compared to 95 % and 94 % respectively in 2020 and for 'timely payments', DG INTPA achieved 97 % for the Union budget and 95 % for the EDF in 2021, compared to 98 % and 97 % respectively in 2020;

<sup>(13)</sup> DG INTPA's 2021 AAR, p. 34.

<sup>(13)</sup> The indicators are: (1) implementation of commitment appropriations; (2) implementation of commitment appropriation forecasts; (3) implementation of payment appropriations; (4) implementation of payment appropriation forecasts; (5) global commitment absorption; and (6) timely payments.

<sup>(14)</sup> The four additional indicators are: (7) timely decommitments; (8) invoice registration time; (9) accounting data quality; (10) management data quality.

### Fraud prevention, detection and correction

40. Notes that, since 2014, DG INTPA has developed and implemented its own anti-fraud strategy on the basis of the methodology provided by the European Anti-Fraud Office (OLAF) and that, since its entry into force, there have been three updates, the last of which was adopted in 2021; notes that the strategy implementation is being monitored and the management receives biannual reports on the ongoing OLAF investigations and the follow-up of OLAF recommendations; notes, in addition, that DG INTPA's new action plan adopted in 2021 contains 16 internal actions, out of which 80 % were implemented within the indicated deadline or according to the foreseen recurrence and the remaining 20 % of the actions are either in progress or with an implementation deadline set in 2022, their completion is expected for 2022 <sup>(15)</sup>;
41. Notes that DG INTPA also contributed to the Commission anti-fraud strategy and implemented in a timely manner the action 33 of Commission Anti-Fraud Action Plan (SWD(2021) 262) <sup>(16)</sup>; regrets that DG INTPA followed up only 33 % of OLAF's financial recommendations and that, overall, 20 % of the financial recommendations (issued in 2017–2021) have been fully implemented, 20 % have been partially implemented, 60 % are in an ongoing implementation process or still under analysis; insists for a better rate of implementation of OLAF recommendations even if recurrent difficulties in fulfilling OLAF recommendations are due to legal specificities and constraints, such as, among others, lengthy legal actions, expiry of the time-barring limit and bankruptcy;
42. Notes that, at the end of 2021, DG INTPA was aware of 23 ongoing investigations (17 in 2020, 19 in 2019) and that OLAF closed three investigations with financial, administrative and/or judicial recommendations and two investigations without recommendations;
43. Welcomes the new online training on fraud prevention in Union external relations, launch of an information campaign dedicated to DG INTPA's external partners, continued centralisation and distribution of information by the DG's anti-fraud correspondent in close collaboration with INTPA's anti-fraud network and OLAF, updates of webpages and manuals, annual note and information campaign to all staff on fraud prevention and fraud-sanctioning tools;
44. Calls on the Commission to further improve controls in order to reduce transactional errors and implement in full the recommendations of the Court;
45. Highlights the fact that the legitimacy and effectiveness of Union development cooperation hinges on the correct implementation of activities and their proper funding; calls on the Commission to further improve controls in order to decrease the amount of transactional errors and to implement the recommendations of the Court in full;

### Potential impact on the 2021 EDF accounts of the United Kingdom's withdrawal from the European Union

46. Notes that following the conclusion of the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal Agreement') between the two parties, the UK committed to remaining a party to the EDF until the closure of the eleventh EDF and all previous unclosed EDFs; notes, furthermore, that the UK will assume the same obligations as the Member States under the internal agreement by which the eleventh EDF was set up, as well as the obligations arising from previous EDFs until their closure;

<sup>(15)</sup> DG INTPA 2021 AAR (p. 43).

<sup>(16)</sup> Where appropriate, include specific anti-fraud measures among the 'conditionalities' for budget support. For budget support and macro-financial assistance, where appropriate, improve control strategies and strengthen verification mechanisms, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021SC0262>



47. Notes that the Withdrawal Agreement also states that, where the amounts from projects under the tenth EDF or from previous EDFs have not been committed or have been decommitted on the date of entry into force of this agreement, the UK's share of those amounts will not be reused and that the same applies to the UK's share of funds not committed or decommitted under the eleventh EDF after 31 December 2021;
48. Welcomes the Court's conclusion that there is no financial impact to report on the 2021 EDF accounts and that the EDF accounts as at 31 December 2021 correctly reflect the state of the withdrawal process at that date;

### **Union budget support**

49. Notes, from the consolidated answers to the questionnaire to the Commission, that the budget support payments under the EDF amounted to EUR 340 million in 2021: 25 ACP countries and 10 OCTs benefited from budget support under the EDF in 2021;
50. Notes that, in the past 2 years, Union budget support helped countries with overall payments of EUR 4,2 billion – EUR 3 billion in 2020 and EUR 1,2 billion in 2021 – to support reforms in different sectors and to prevent further economic and social setbacks, notes, furthermore, that the efforts to front-load resources in 2020 could not be fully offset in 2021, as the new NDICI-Global Europe entered into force during the year and the Instrument of Pre-Accession only at the end of 2021; notes that, in addition, political blockages and domestic crises hindered the implementation of ongoing programmes in several countries;
51. Notes that sub-Saharan Africa remains the largest recipient of Union budget support (35 %), followed by the European neighbourhood (31 %), Asia (16 %), Latin America (6 %), the western Balkans (4 %), the Caribbean (3 %), OCTs (3 %) and the Pacific region (2 %); notes, furthermore, that, by contract type, sector reform performance contracts outweigh state- and resilience-building contracts and SDG contracts, with 79 % of the portfolio value, compared to 19 % and 2 % respectively;
52. Underlines that Union budget support is a means to deliver effective assistance, including in situations of crisis, it helps strengthen country systems and budget processes to implement public policies and deliver sustainable results; recalls the importance of maintaining the COVID-19 Vaccines Global Access (COVAX) facility to maximise the chances of people in participating countries getting access to COVID-19 vaccines or other vaccines in the case of a new crisis situation as quickly, fairly and safely as possible; stresses, moreover, that it has been instrumental during the COVID-19 pandemic, offering additional fiscal space to tackle the negative impact of the pandemic; acknowledges that those efforts should continue in the near future in view of the devastating global effects of the Russian war of aggression against Ukraine;
53. Draws attention to the fact that poverty eradication, promotion of democratic values and environmental degradation remain among the greatest challenges faced today; recalls that a world with 1,2 billion people in 111 developing countries<sup>(17)</sup> that live in acute multidimensional poverty is both inequitable and ecologically unsustainable; calls for appropriate funding in order to halt the ongoing movement away from the SDGs;
54. Stresses that the eradication of poverty is not a task of charity but an act of justice and the key to unlocking enormous human potential; stresses, moreover, that without external interventions, the cycle of poverty tends to perpetuate on multiple fronts as families with limited or no assets become trapped in poverty and are faced with chronic food shortages, poor health, shocks of climate-induced changes, and social stigmas; underlines that families living in remote areas remain disconnected from many basic services like clean water and sanitation, healthcare and market systems, all of which preserve, if not worsen, their socioeconomic status;

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<sup>(17)</sup> 2022 Global Multidimensional Poverty Index (MPI).

55. Draws attention to the fact that people, and young people in particular, should be able to live, study and work in their country and region; underlines that, without efficient and effective measures addressing poverty, streamlined support to micro financing and to the development of small-scale entrepreneurs, migration movements for economic reasons will continue to grow, namely brain drain migration, resulting in multiple challenges for both destination and origin countries;
56. Believes firmly that a multidimensional and holistic approach to extreme poverty is the best approach and reiterates that education (and training) is both a human right and the most powerful tool for combating poverty, social exclusion and inequalities;
57. Stresses that an estimated 64 million children in developing countries do not attend primary school; stresses that notably girls have been particularly affected, as their rights to quality education continued to be further compromised due to school closures, lack of access to remote learning including by digital means, and reduction of national education budgets resulting from the stress on national economies; stresses, furthermore, that one major reason is violence in the world's ongoing conflict areas, and the other large barrier – often closely intertwined with conflict – is poverty; recalls the importance of making equal opportunities central to development; stresses that empowering women and access to adequate education in developing countries, especially for girls and women, are important steps in the fight against poverty and food insecurity; emphasises, moreover, that the accessibility of young women to European projects, business training and funds must be encouraged in partner countries as women play an important role in the development of the local and regional economy in several developing countries;
58. Notes that the Union supports education in some 100 countries and through partnerships such as the Global Partnership for Education <sup>(18)</sup> and Education Cannot Wait <sup>(19)</sup>, and continues to promote gender equality in partnership with governments and non-government stakeholders;
59. Commends the Commission's priority to go beyond the set target of 10 % and attain 13 % for education of DG INTPA's total portfolio;
60. Notes that, in 2021, the Union disbursed EUR 85 million from EDF to support education in partner countries, contributing to the enrolment of more than 32 million primary education students and nearly 3 million students at secondary level over 2018–2020; notes that of the EUR 85 million, EUR 6 million was used to support Erasmus mobility and capacity building projects for the ACP countries, EUR 31 million was disbursed on vocational education and training – from this amount EUR 5 million was paid as part of budget support programmes, EUR 1,2 million for works and supplies, EUR 0,8 million for services and the remaining EUR 24 million in the form of grants;
61. Notes that the Commission pledged EUR 700 million to the Global Partnership for Education last year, to help provide 140 million children with trained teachers and to get 88 million more children into school and learning;
62. Reiterates that entrepreneurship programmes play an essential role in the fight against poverty and the development of economic growth; highlights the fact that providing business training can help small-scale entrepreneurs set up businesses and improve business practices, enabling poor families to plot their path to sustainable livelihoods and socioeconomic resilience; notes, however, that in order to improve the effectiveness of such programmes, training should be complemented with customised support and follow-up services; recalls that the accessibility of young women to European projects, business training and funds must be encouraged in partner countries;

<sup>(18)</sup> <https://www.globalpartnership.org/>

<sup>(19)</sup> <https://www.educationcannotwait.org/>

63. Welcomes the coming into force, in 2021, of a new country Risk Management Framework (RMF+); notes that this new tool builds on the previous risk management framework, which was put in place in 2013; notes, furthermore, that the RMF+ is adapted to the changing context for international partnerships, the evolving geopolitical landscape and the new NDICI-Global Europe and that it applies to countries with which the Union has bilateral cooperation arrangements, including a significant number of countries where budget support is not provided;
64. Notes that EU delegations and Commission central services use the RMF+ conclusions and follow up on the implementation of risk mitigation measures and progress achieved with policy dialogue priorities in synergy with other existing analytical and reporting tools;
65. Considers that the EDF, like other Union programmes, suffers from a lack of visibility, understanding and publicity, with local populations who benefit from the Union funding not being aware of the Union's support and solidarity; also considers that the EDF needs to be better explained to the public;
66. Welcomes, in this regard, the introduction by the Commission of coherent and binding corporate minimum rules for communication and Union visibility across all Union funding programmes and management modes in the funding period 2021–2027 <sup>(20)</sup>; considers, however, that each beneficiary country should be partially responsible for programming communication actions (under the Union services supervision) with a view to raising awareness among their populations of the projects and activities financed by the Union; asks the Commission to explore this possibility;
67. Believes each beneficiary country should present a long-term plan, stating its projects and goals, along the MFF calendar; believes this architecture could increase the transparency and predictability of European development assistance, allowing for the establishment of long-term objectives as defined by the Commission, namely in areas which require forward planning such as energy, health, water supply, digital and green transition; notes that such plan ought to be presented by the beneficiary government, which would rely on the participation of local stakeholders, whose contribution should be stimulated; believes it would also foster the participation of destination countries in the drawing up of Union development policy, through the participation of its institutions and stakeholders;
68. Calls on the Commission to assess whether an online platform where all EDF and NDICI-Global Europe projects would be publicised could be established, to increase transparency and access to data;
69. Notes with satisfaction that, in the area of external action, DG INTPA, together with other concerned directorates-general and services, has adopted a new approach to communication at country, regional and global levels; notes that this new approach moves away from a fragmented, project-specific communication to a more focused and strategic effort; welcomes the publication of the updated guidelines on Communicating and Raising EU Visibility in external actions <sup>(21)</sup> outlining what is expected of partners implementing Union external actions;
70. Regrets that following the expiration of the Cotonou partnership agreement between the Union and ACP countries in February 2020 and the initialling of a new partnership agreement in April 2021, the Council has not yet authorised the signing of the new partnership agreement, forcing a yearly prolongation of the old agreement and placing the entire ACP and Union communities in a legal grey zone in relation to the continuation of the political dialogue and development policies; urges the Council to overcome the veto of a single Member State and to authorise the signing of the new partnership agreement;

<sup>(20)</sup> [https://commission.europa.eu/funding-tenders/managing-your-project/communicating-and-raising-eu-visibility\\_en](https://commission.europa.eu/funding-tenders/managing-your-project/communicating-and-raising-eu-visibility_en)

<sup>(21)</sup> [https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions\\_en](https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions_en)

71. Considers that the results of the Union development aid could be amplified by a strong and targeted coordination among the EDF and the NDICI-Global Europe financing actions, in particular via cross-border projects, with a view to creating synergies and increasing the EDF and NDICI-Global Europe financing added-value;
72. Points to the added value of 'blending' instruments, combining public grants with private loans; calls on the Commission to prioritise and incentivise the use of such instruments; calls on the Commission to involve the private sector, namely through local small and medium-sized enterprises and entrepreneurs;
73. Notes the Commission's comments on the evaluations it carries out among others on the EDF; reiterates nevertheless its request for a comprehensive evaluation of EDF-funded projects, in order for Parliament to be able to precisely evaluate the impact of EDF funds and to verify that the ultimate goal of development aid is respected – namely to reduce and ultimately eradicate poverty;
74. Draws attention to the steadily worsening context in which the Union's development and humanitarian aid policies are conducted, characterised in particular by the COVID-19 pandemic, the relentless aggravation of the impacts of climate change, biodiversity loss, increasing food insecurity and the mounting repercussions of Russia's war of aggression against Ukraine; notes the ever-growing gap between the funds needed and those available to respond to the deepening climate, hunger, debt, humanitarian and other crises generating growing inequality and increasing poverty levels for the first time in decades; calls for appropriate funding in order to halt the ongoing movement away from the SDGs instead of towards them; emphasises that, despite the numerous challenges that the Union is facing linked to the COVID-19 pandemic, and the Russian war of aggression in Ukraine and its geopolitical and economic effects, spending on development assistance needs to be scaled up;
75. Deplores the absence of the move 'from billions to trillions' in financing for development recognised as necessary when the SDGs were adopted in 2015; notes the urgency of mobilising much more of the world's privately held resources through investment promotion and more effective taxation, while ensuring that actions are aligned with Agenda 2030 objectives and the policy coherence for development, but also of scaling-up public financing for development, in accordance with international commitments at levels the Union remains far from attaining;

#### **Follow-up to the 2020 discharge**

76. Notes that the Commission provided a summary of actions taken in response to the main political priorities expressed by Parliament and the Council in the 2020 discharge procedure by means of the Report from the Commission to the European Parliament and the Council on the follow-up to the discharge for the 2020 financial year <sup>(23)</sup>, part of the integrated financial and accountability reporting;
77. Notes that in response to Parliament's request, the Commission has provided an update to Parliament on the implementation of the eighth and ninth EDF;
78. Welcomes the implementation of Parliament's recommendation on support to OCTs administration, guaranteeing a fair distribution of funds; however, underlines the need for a stronger coherence of Union action in the ACP region, ensuring that priority is given to development objectives and ensuring that policies aimed at the OCTs are linked to the development of their respective geographic regions and are aligned with Union priorities;
79. Notes, in addition, that Parliament's observations have been taken into account when assessing DG INTPA's 2021 Action Plan on addressing identified control weaknesses and high risks.

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<sup>(23)</sup> COM(2022) 331, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0331>