



Press Release  
Luxembourg, 17 December 2018

## EU development aid money must focus on results, say Auditors

The European Commission's proposal to merge several external action programmes into a new broad EU development aid instrument is expected to simplify the legislative framework, reduce red tape, and provide for a more flexible response to unforeseen challenges and crises, according to a new opinion by the European Court of Auditors (ECA). However, this should not be at the expense of accountability, and the entire instrument should be focused on results, say the auditors.

The Neighbourhood, Development and International Cooperation Instrument (NDICI) will come into existence in 2021, with proposed funding of €89.2 billion over the EU's next seven-year financial period. It will merge within the EU budget a dozen existing external action instruments and programmes. In particular, it will incorporate the EU's largest external action instrument, the European Development Fund (EDF), which is currently managed outside the EU budget and provides development aid to African, Caribbean and Pacific countries and overseas countries and territories amounting to €30.5 billion for the 2014-2020 period. The NDICI will include different forms of funding such as grants, budget support, trust funds, budgetary guarantees, blending and debt relief.

*"The Commission's ambitious proposal for the new external actions instrument goes in the right direction and reduces gaps and overlaps," said Hannu Takkula, the Member of the ECA responsible for the opinion. "Bringing the European Development Fund into the EU budget will improve democratic oversight of EU development aid by the European Parliament, which will gain budgetary and legislative power over the fund."*

Overall, the proposal achieves its aims of bringing simplification and reducing administrative burden for stakeholders, as well as greater flexibility for budgetary instruments. However, the coherence and consistency of the Commission's interventions will depend on the chosen implementation arrangements and on its management and supervision, say the auditors.

They call upon the Commission and lawmakers – the European Parliament and Council – to apply the performance-based approach consistently across the entire proposal to make sure it is not limited to the countries in the neighbourhood area. Moreover, programming documents should be results-based not only for geographical, but also for thematic programmes, and results should always be monitored on the basis of key performance indicators which

*The purpose of this press release is to convey the main messages of the Opinion adopted by the European Court of Auditors. The full Opinion is on [www.eca.europa.eu](http://www.eca.europa.eu)*

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are measurable and clearly linked to specific objectives. The proposal should clearly distinguish between the evaluation of the supported actions and of the instrument itself.

The proposal softens the rules on budgetary annuality, i.e. the principle that funds must be spent in the year for which they are committed, by making it easier to carry over unspent money to another year. Even though the new provisions provide more flexibility, the auditors warn this goes beyond the EU financial rules and introduces additional legal complexity. They suggest the impact of greater budget flexibility be assessed against the potential loss of accountability and a diminished responsibility for the management of funds.

They note the proposal introduces a cushion for emerging challenges and priorities, and make a number of specific remarks. For example, the Commission proposes doubling the current EDF ceilings for exceptions, below which actions plans and measures can be adopted without implementing acts, i.e. to €10 million for support measures and €20 million for special rapid response actions. Such exceptions may weaken the oversight arrangements, warn the auditors.

The auditors suggest the proposal include a reference to the dialogue between the EU, Member States and partner countries, and more explicitly include gender equality and climate change under its objectives. They acknowledge the provisions made for their audit rights, but say that the Commission and lawmakers should reinforce in the agreements with third countries and international organisation the auditors' right to access any information and documents required for their work.

### **Notes to Editors**

The European Court of Auditors contributes to improving EU financial governance by publishing opinions on proposals for new or revised legislation with a financial impact. The opinions are used by the legislative authorities — the European Parliament and the Council — in their work.

ECA Opinion No 10/2018 concerning the proposal for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument is currently available in English on the ECA website [eca.europa.eu](https://eca.europa.eu); other languages will be added in due course.