



Press Release

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EU funding for Morocco showing limited results so far, say Auditors

EU financial aid for Morocco, delivered through direct transfers to its treasury from 2014 to 2018, provided limited added value and ability to support reforms in the country, according to a new report from the European Court of Auditors (ECA). The European Commission addressed the needs identified in national and EU strategies, but it spread the funding across too many areas, which may have weakened its impact, say the auditors. They also found the Commission's management of budget support programmes for the country was hampered by weaknesses in the way they were designed, implemented and monitored, as well as in the assessment of results.

The EU is Morocco's biggest donor of development aid. For 2014-2020, the Commission programmed €1.4 billion of aid, mainly for the three priority sectors: social services, rule of law and sustainable growth. By the end of 2018, it had concluded contracts for €562 million and made payments of almost €206 million under its budget support instrument, which is aimed at promoting reforms and sustainable development goals and makes up 75 % of EU annual spending for the country.

The auditors assessed whether the Commission's management of EU budget support for the priority sectors in Morocco from 2014 to 2018 was effective and whether the objectives were achieved. They examined the areas of health, social protection, justice and private sector development.

"EU budget support for Morocco did not provide sufficient support for the country's reforms and progress on key challenges was limited," said Hannu Takkula, the ECA Member responsible for the report. "To maximise the impact of EU funding, the Commission should focus support on fewer sectors and strengthen the political and policy dialogue with Morocco."

The Commission had assessed the needs and risks appropriately and considered budget support to be the right instrument for delivering aid to Morocco. Currently, the EU's average budget support of around €132 million per year represents around 0,37% of the country's average annual budgetary expenditure. As a result, its overall leverage is limited. At the same time, the auditors found that significant amounts of ministerial budgets remained unspent, which calls into question the added value of the EU's financial aid.

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at eca.europa.eu.

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The Commission had defined the three priority sectors. The auditors found, however, that they consisted of 13 sub-sectors, many of which could be considered as stand-alone sectors. The auditors warn that such a broad definition of eligible areas covering a large number of sectors reduces the potential impact of EU support. They also point out the Commission had not allocated funding to sectoral programmes using a transparent method and coordination of donors amongst the sectors was uneven.

The programmes are currently still ongoing, but have so far showed no significant impact, as less than half of their targets had been achieved by the end of 2018. In addition, a number of these targets were not ambitious enough to support meaningful reforms, since they had sometimes already been met (or were close to being achieved) when the financing agreements were signed. The auditors found that rigorous controls on assessing results were lacking and payments were sometimes made when targets had not been achieved and even when the situation actually deteriorated. There was also limited progress on some cross-cutting issues.

Morocco suspended formal political dialogue with the EU after the European Court of Justice ruled that Western Sahara was not party to Morocco's Agriculture & Fisheries agreements with the EU. In line with EU financial rules, the Commission continued to deliver budget support during the standstill period, which lasted until 2019. However, the Commission did not use the time to develop a clear, forward-looking strategy for bilateral relations.

The report recommends that the Commission focus its support on fewer sectors, improve performance indicators to enable objective measurement, enhance the control procedures for disbursements, strengthen policy dialogue and increase the visibility of EU support.

Notes to Editors

Morocco is an important political and economic partner for the EU. EU budget support involves financial transfers to the national treasury account of the partner country. The funds are not earmarked for a specific purpose. The country however needs to meet certain eligibility criteria before and during the programme and fulfil conditions before payments are made.

Special report 9/2019 "EU support to Morocco – limited results so far" is available on the ECA website (eca.europa.eu) in 23 EU languages.

On Thursday 12 December, the ECA will issue a special report on data quality in EU budget support.

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