



## Press Release

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# EU budget support to partner countries not always backed up by sufficiently relevant and robust performance data, say Auditors

The data the EU uses for granting budget support variable tranches to partner countries is not always solid enough to take informed decisions, according to a new report from the European Court of Auditors. Performance indicators and their targets are sometimes not relevant, which makes it difficult to assess whether partner countries have made progress in implementing reforms as agreed. Decisions to release the budget support payments may therefore not always have been sufficiently justified, say the auditors.

Each year, the EU transfers on average some €1.7 billion to partner countries, provided they comply with agreed conditions for payment. The purpose of this form of aid, known as ‘budget support’, is to help EU partners implement reforms. About 44 % of EU payments for budget support contracts are ‘variable tranches’, which are paid based on results achieved in relation to specified performance indicators. The auditors therefore assessed the relevance and reliability of the data used by the European Commission for disbursing variable tranches under budget support.

*“The EU is the largest provider of budget support globally to help partner countries in their reform efforts and in achieving the United Nations’ sustainable development goals”, said Hannu Takkula, the Member of the European Court of Auditors responsible for the report. “But before any money is paid out, the Commission should pay more attention that it has the correct data to determine whether sufficient progress has been made.”*

The auditors found that indicators used to disburse budget support were consistent with partner countries’ sector strategies and generally provided the intended incentive effect. However, they are not always well designed and there are too many of them. In particular, a large majority remained focused on short-term actions rather than longer-term results. In addition, about a third of indicators did not allow results to be measured objectively. Some were vaguely defined with no quantified targets. Others had no baselines at all, or incorrect ones. This had led to situations where the required targets were lower than they had been before the EU intervention had started. In general, these shortcomings allowed for different interpretations as to whether objectives had been achieved, therefore potentially biasing the analysis of disbursement requests.

*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](http://eca.europa.eu).*

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The auditors also found that, in most cases, the Commission did not draw explicit conclusions on partner countries' capacity to produce accurate data. The main issues they single out relate to targets not being achieved by the deadlines set, results being measured based on incorrectly set baselines, incorrect or incomplete evidence on the achievement of indicators, and targets not being achieved at all.

Finally, the auditors re-performed the Commission's assessments regarding the achievement of indicators used as a basis for budget support payments. Out of a total of €234 million of variable tranche payments reviewed, they found discrepancies for €16.7 million: €13.3 million had been insufficiently justified, while €3.4 million had been paid without actual progress having been made. Additionally, the auditors single out payments of €26.3 million to Moldova, made without sufficiently documentation that the necessary improvements in democratic principles and the rule of law had been achieved.

Based on their findings, the auditors make a number of recommendations, in particular asking the European Commission to:

- improve its assessment of countries' capacities to provide reliable performance data
- refine the formulation of indicators used for budget support
- increase the use of outcome indicators
- improve checks on the performance data used to disburse variable tranches of budget support.

### Notes to Editors

During the 2014-2017 period, the EU (through its budget and the European Development Fund) committed around 11 % of its bilateral development aid budget via budget support. In 2017, it provided budget support to 90 countries and territories, which received a total of €1.8 billion. Across the 270 ongoing budget support contracts, the total amount committed is €12.7 billion. The main sectors supported are education, agriculture and rural development, health and energy. Disbursement requests for variable tranches are prepared by the partner countries. It is therefore essential for the Commission to be able to draw conclusions on the reliability of the data submitted.

Special report 25/2019 "Data quality in budget support: weaknesses in some indicators and in the verification of the payment for variable tranches" is available on the ECA website ([eca.europa.eu](http://eca.europa.eu)) in 23 EU languages. The ECA has previously commented on EU budget support in its opinions on the proposed financial rules for European Development Fund (EDF) and on the Neighbourhood, Development and International Cooperation Instrument (NDICI); see [ECA Remarks in brief](#) from February 2019.

The ECA presents its special reports to the European Parliament and the Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations we make in our reports are put into practice.

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