

REPORT ON THE ACTIVITIES OF THE SIXTH,
SEVENTH AND EIGHTH EUROPEAN
DEVELOPMENT FUNDS (EDFs)

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EUROPEAN DEVELOPMENT FUNDS (EDFs) (*)

CONTENTS	Paragraph
Chapter I — Implementation of the sixth, seventh and eighth EDFs as at 31 December 1999	1-17
Situation at the end of the financial year 1999	1-9
Noteworthy aspects of the implementation of appropriations during the financial year	10-17
Movements of appropriations during the financial year	10-12
Eighth EDF Stabex	13-15
Delays in implementing programmable aid	16-17
Chapter II — Statement of Assurance concerning the European Development Funds	18-35
Statement of Assurance concerning the sixth, seventh and eighth European Development Funds (EDFs) for the financial year 1999	I-IV
Information in support of the Statement of Assurance	18-35
Introduction	18-22
Reliability of the accounts	23-33
Legality and regularity of the underlying transactions	34-35
Chapter III — Follow-up to previous observations	36-45
Introduction	36-37
Mechanism to ensure that unused appropriations from previous EDFs are not tied up unproductively	38-39
Information on the viability of operations financed from risk capital	40-42
Justification by authorising officers of requests for payment in foreign currency	43-44
Application of tax and customs arrangements applicable to public works contracts in the context of the Lomé Conventions	45
Chapter IV — Other observations	46-55
The ACP States' supreme audit institutions	46-47
Public works contracts	48-51
Audits carried out by the Commission in 1999	52-55

(*) The Commission's replies are on page 221.

Table 1 — Use of the sixth, seventh and eighth EDFs as at 31 December 1999

(Mio EUR)

Resources and use (ACP and OCT)	Sixth EDF (expiry 1990)	Seventh EDF (expiry 1995)	Eighth EDF (expiry 2002)	Total
Initial allocation	7 500,0	10 940,0	12 840,0 ⁽¹⁾	31 280,0
EIB special contribution	60,0	—	—	60,0
Resources collected	8 103,3 ⁽²⁾	8 137,9 ⁽³⁾	1 479,0 ⁽⁴⁾	17 720,2
Resources still to be collected from the Member States	0,6 ⁽⁵⁾	3 542,5 ⁽⁵⁾	11 400,0	14 943,1
Transfers of resources between the sixth and the seventh EDF	(181,7)	181,7	—	0,0
Transfers of resources between the seventh and the eighth EDF	—	(253,0)	253,0	0,0
Transfers of resources between the sixth and the eighth EDF	(39,0)	—	39,0	0,0
Net resources	7 883,2	11 609,1	13 171,0	32 663,3
Payments prior to 1999	6 931,5	7 394,1	466,6	14 792,2
Payments for 1999	103,8	627,1	544,5	1 275,4
Decisions still to be settled	430,9	2 619,4	3 723,1	6 773,4
Use	7 466,2	10 640,6	4 734,2	22 841,0
Balance available for new uses	417,0	968,5	8 436,8	9 822,3

⁽¹⁾ This amount should include EUR 292 million transferred from the fourth, sixth and seventh EDFs under Article 1(2)(a)(ii), of the internal agreement of 20 December 1995 (OJ L 156, 29.5.1998).

⁽²⁾ Including a transfer of resources from the fourth EDF and the interest earned on bank deposits.

⁽³⁾ Including a transfer of resources from the fifth EDF and the interest earned on bank deposits.

⁽⁴⁾ Including the interest earned on Stabex funds.

⁽⁵⁾ Including VAT to be recovered from the Member States.

Source: Court of Auditors.

CHAPTER I — IMPLEMENTATION OF THE SIXTH, SEVENTH AND EIGHTH EDFs AS AT 31 DECEMBER 1999

Situation at the end of the financial year 1999

1. The European Development Funds (EDFs) are the product of international agreements ⁽¹⁾ between the Member States of the European Union and 71 African, Caribbean and Pacific (ACP) States and of Council decisions concerning the association of 24 overseas countries and territories (OCT). The Commission is responsible for managing the EDFs, without prejudice to the responsibilities entrusted to the European Investment Bank (EIB) as regards the implementation of certain financial instruments ⁽²⁾.

⁽¹⁾ The first of which, the First Yaoundé Convention, dates from 1964.

⁽²⁾ Risk capital and interest-rate subsidies.

2. In 1999, the sixth ⁽³⁾, seventh ⁽⁴⁾ and eighth ⁽⁵⁾ EDFs were implemented in parallel since, although in principle they last five years, the corresponding appropriations may be called up at any time ⁽⁶⁾. Only when the Commission considers that a fund is near completion does it transfer the balance to a subsequent fund.

3. **Table 1** illustrates the use of the sixth, seventh and eighth EDFs as at 31 December 1999. Payments for the financial year 1999 totalled 1 275,4 million euro

⁽³⁾ Third Lomé Convention (OJ L 86, 31.3.1986).

⁽⁴⁾ Fourth Lomé Convention (OJ L 229, 17.8.1991).

⁽⁵⁾ Fourth Lomé Convention, amended in Mauritius (OJ L 156, 29.5.1998).

⁽⁶⁾ See Article 7(1) of the Internal Agreement of 20 December 1995 (OJ L 156, 29.5.1998).

compared with 1 439,6 million euro in 1998. Commitments ⁽⁷⁾, after deduction of cancellations, totalled 2 692,8 million euro. They amounted to 2 296,3 million euro in 1998.

4. Fourteen years after it came into force, disbursements under the sixth EDF accounted for 89,2 % of its net resources. In 1999, they rose by only 1,3 %. If that rate were maintained, it would take a further eight years, at least, for the sixth EDF to be used up entirely. Questions should be raised as to the justification for keeping active a Fund which has actually run its course, as the ACP-EC Committee remarked in the report for 1998 presented under Article 327 of the Lomé Convention.

5. The disbursement rate for the seventh EDF was 69,1 % at the end of its ninth year of implementation, i.e. an increase of 5,3 % in 1999. At the same stage, disbursements under the sixth EDF were 76,8 %. The disbursement rate for the eighth EDF was 7,7 % at the end of its second year of implementation; in the case of the seventh EDF, it was 9,8 % after the same period.

6. Although greater use has been made of rapid disbursement instruments since the seventh EDF, the rate at which the EDFs are implemented continues to fall. The numerous conflicts endured by some of these countries are merely one of the causes of this slowdown. The endemic weakness of the ACP States' national authorities is another cause which EDF technical assistance does not remedy, as was once again revealed by on-the-spot audits carried out in 1999 (Uganda, Tanzania, Senegal, Chad and Cameroon).

7. On 4 November 1995, at Mauritius, the ACP States and the Member States of the European Union signed an agreement amending the fourth Lomé Convention. It was agreed that 292 million euro of the resources allocated to the eighth EDF would come from previous EDFs (see **Table 1**). However, this decision does not resolve the question of remaining balances of EDFs which have been closed ⁽⁸⁾. The fact is that, on 31 December 1999, these remaining balances still totalled 243,7 million euro, i.e. 45 % of the resources transferred (see **Table 2**). Under these circumstances, the

validity of Article 7(1) of the Internal Agreement of 20 December 1995, which lays down that remaining balances shall be used up but does not set a deadline which serves as an incentive for EDF national authorising officers, should be re-examined. However, the European Parliament, in the resolution accompanying its decision to grant discharge for 1995, had called on the Commission 'to reallocate to non-programmable aid programmes appropriations under national or regional indicative programmes which remain unused for defined lengths of time following their transfer to subsequent EDFs'.

8. Article 67(2) of the Financial Regulation of the eighth EDF requires the revenue and expenditure account to be preceded by an analysis of the financial management. In the case of 1999, as for 1998, this analysis was not provided. In its Annual Report concerning the financial year 1998 and the implementation of the general budget, the Court highlighted the fact that, with regard to external measures, the analysis provided was very poor ⁽⁹⁾. A special effort must therefore be made in this area to improve the quality of the information. The fact that responsibility for managing the EDFs is vested in three different Commission Directorates-General (Development DG, Budget DG and SCR) does have some relevance to the current situation.

9. The presentation of the EDFs' balance sheets, which are subsequently reproduced in the discharge decision, should be thoroughly reworked to ensure the data compiled are more consistent. The liabilities side should highlight the net situation of the funds (allocations minus implemented expenditure) and any miscellaneous creditors. The assets side should analyse the use of the remaining resources and include only cash and debtors.

Noteworthy aspects of the implementation of appropriations during the financial year

Movements of appropriations during the financial year

10. The value of subsidies for the sixth EDF was increased by 18,6 million euro by using appropriations earmarked for special loans (17,8 million euro) and aid

⁽⁷⁾ Financing decisions. These decisions are not indicated clearly in *Table 1* as the corresponding payments are made gradually.

⁽⁸⁾ Annual Report of the Court of Auditors concerning the financial year 1996, paragraph 12.7.

⁽⁹⁾ See paragraph 5.14 of the Annual Report of the Court of Auditors concerning the financial year 1998.

Table 2 — Situation of remaining balances of EDFs closed on 31 December 1999

(Mio EUR)

Balances of the fourth EDF transferred to the sixth EDF	110,1
Balances of the fifth EDF transferred to the seventh EDF	433,9
Total transfers	544,0
Payments as at 31 December 1999	300,3
Remaining balances as at 31 December 1999	243,7

Source: Court of Auditors.

for refugees (0,8 million euro); these two sums correspond to decisions cancelled in 1999. However, over the period in question, net decisions concerning subsidies were negative (- 3,4 million euro). This certainly suggests that when the Commission comes to restructure the way its external aid is managed, a transfer from the remaining balance of the sixth EDF to a subsequent EDF should be envisaged after the balances of completed operations have been cancelled.

11. In the case of the seventh EDF, no movement of appropriations occurred, with the exception of bank interest totalling 23,7 million euro (Stabex and administrative expenditure as envisaged in Article 9(2) of the Internal Agreement concerning the seventh EDF ⁽¹⁰⁾).

12. In the case of the eighth EDF, the sum of 1 250 million euro was withdrawn from appropriations earmarked for programmable aid (subsidies), first to increase the structural adjustment facility by 250 million euro ⁽¹¹⁾ and then to create a new instrument for heavily indebted countries (1 000 million euro). This new instrument was still unused at 31 December 1999. The decision by the ACP-EC Council of Ministers ⁽¹²⁾ creates two distinct components, one of 320 million euro for outstanding debt to the Community and another of 680 million euro for the requirements of the African Development Bank via a 'trust fund' managed by the World Bank (see paragraph 25).

⁽¹⁰⁾ Internal Agreement 91/401/EEC of 16 July 1990 (OJ L 229, 17.8.1991).

⁽¹¹⁾ Decision No 2/1999 of the ACP-EC Council of Ministers of 8 December 1999 (OJ L 103, 28.4.2000).

⁽¹²⁾ Decision No 1/1999 of the ACP-EC Council of Ministers of 8 December 1999 (OJ L 103, 28.4.2000).

Eighth EDF Stabex

13. Article 2 of the Internal Agreement of 20 December 1995 allocates 1 805,5 million euro to the system for stabilising export revenue, divided up, pursuant to Article 191 of the Agreement, into a number of equal annual instalments corresponding to the number of years of implementation of the financial protocol. This system aims to provide a minimum supply of appropriations each year but also to ensure that these appropriations will remain available to the Stabex instrument. Under Article 54 of the Financial Regulation of the eighth EDF, Member States may choose between paying their contributions directly into a 'special Stabex bank account' or transforming this contribution into an 'open debt producing interest for the benefit of the system'.

14. As at 31 December 1999, although the Commission had, on account of the system's automatic mechanisms, called up instalments totalling 1 440 million euro and received interest of 43,6 million euro, it had nevertheless established transfer entitlements for the ACP States of only 302,9 million euro, of which 169,9 million euro had been disbursed, thereby producing a theoretical cash balance of 1 313,7 million euro. According to the EDF's financial statements, the actual cash flow of Stabex was paid into the 'special bank account' (109,8 million euro), invested in the form of bonds (772,2 million euro) or held in the form of open debts by the Member States (594,4 million euro), thereby producing a total balance of 1 476,4 million euro. The cash-flow surplus of 162,7 million euro is due to operations related to the seventh EDF which have still not been cleared.

15. The system for managing Stabex funds leads, for short-term economic reasons ⁽¹³⁾, to considerable funds

⁽¹³⁾ Very low levels for the system's reference years in terms of major products, coupled with market buoyancy in recent years.

remaining unused contrary to the principles otherwise adopted for the management of the Lomé Conventions' other resources. Without calling into question the allocation of Stabex resources, current funding surpluses can be corrected only by a Council decision following a proposal by the Commission.

Delays in implementing programmable aid

16. The revenue and expenditure account shows that, in the case of the sixth and seventh EDFs, the implementation of programmable aid is subject to delays which, in some cases, could jeopardise the sums initially earmarked by the Commission for the States concerned. In the case of the sixth EDF, which would normally have been closed, payments for 10 countries were less than 80 % of the value of their indicative programmes at the end of 1999. In the case of the seventh

EDF, after nine years, payments for 29 countries do not amount to 65 % of their programmable total. **Table 3** shows which countries fall into both categories.

17. Although in the case of some countries which experience delays internal disturbances are responsible for implementation problems, in other cases questions must be raised as to their ability or their willingness to make use, in good time and in an appropriate fashion, of the funds they have been allocated. In such cases, the Commission's initial allocation decisions should be reappraised and readjusted on the basis of urgent needs after agreement has been obtained from the States concerned. In this respect, the mechanism for releasing in two instalments the sums allocated to the indicative programmes of the eighth EDF seems to be the most appropriate way of ensuring that resources are not tied up unnecessarily.

Table 3 — Sixth and seventh EDFs: countries experiencing significant delays in implementing their indicative programmes

(Mio EUR)

Country	National indicative programme sixth EDF	Payments	%	National indicative programme seventh EDF	Payments	%
Barbados	5,0	2,7	54,0	5,5	2,9	52,7
Congo (Brazzaville)	48,0	35,9	74,8	51,0	15,1	29,6
Ethiopia	210,0	167,7	79,9	214,0	90,7	42,4
Kenya	135,0	102,3	75,8	140,0	55,0	39,3
Democratic Republic of Congo	166,5	112,8	67,7	170,0	12,9	7,6
Rwanda	110,0	82,2	74,7	118,0	51,9	44,0
Suriname	24,0	15,8	65,8	27,0	13,4	49,6
Trinidad and Tobago	15,0	6,7	44,7	18,1	11,5	63,5

Source: Court of Auditors.

CHAPTER II — STATEMENT OF ASSURANCE CONCERNING THE EUROPEAN DEVELOPMENT FUNDS

Statement of Assurance concerning the sixth, seventh and eighth European Development Funds (EDFs) for the financial year 1999

I. The European Court of Auditors ('the Court') has examined the accounts of the sixth, seventh and eighth EDFs for the financial year ending 31 December 1999. These accounts, which include the financial statements and the revenue and expenditure accounts ⁽¹⁴⁾, were submitted belatedly by the Commission in Communication COM(2000) 357 final of 15 June 2000 to the European Parliament, the Council and the Court. Pursuant to the Financial Regulations ⁽¹⁵⁾, the Court is required to provide the European Parliament and the Council with a Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.

II. The Court carried out the audit in accordance with its auditing policies and standards. These latter are based on generally accepted international auditing standards, adjusted to suit the context of the EDFs. The audit comprised an appropriate range of audit procedures which aimed to examine, on the basis of samples, supporting information on the sums and information listed in the accounts and the legality and regularity of the underlying transactions. It also included an assessment of the accounting principles applied by managers, of the principal estimates they selected, and of the presentation of the accounts. The Court thus obtained a reasonable basis to support the opinions expressed below.

Reliability of the accounts

III. Except for the effects of the problems described in paragraphs (a) and (b) below, the Court is of the opinion that the financial statements and the revenue and expenditure accounts for the financial year 1999 reliably reflect the revenue and expenditure pertaining to the sixth, seventh and eighth EDFs for the financial year and their financial situation at the end of the year:

- (a) the extent and degree of implementation of macrofinancial (macroeconomic) aid are not indicated;
- (b) the statement of commitments does not correspond to the actual situation and does not provide a reliable picture of the appropriations which are actually available.

⁽¹⁴⁾ As defined in Articles 66 and 67 of the Financial Regulation governing the eighth EDF, applied by analogy to the sixth and seventh EDFs.

⁽¹⁵⁾ Article 73 of the Financial Regulation governing the eighth EDF, applied by analogy to the sixth and seventh EDFs.

Legality and regularity of the underlying transactions

IV.

- (a) In the case of the revenue entered in the accounts for the financial year, the Court's audit did not reveal, with regard to the Commission, errors with a substantive effect.
- (b) In the case of the amounts allocated to the eighth EDF for the financial year, the Court's audit did not reveal, with regard to the Commission, errors with a substantive effect.
- (c) In the case of the commitments for the financial year, the Court's audit did not reveal, with regard to the Commission, errors with a substantive effect.
- (d) In the case of the assigned appropriations of the eighth EDF for the financial year, the Court's audit did not reveal, with regard to the Commission, errors with a substantive effect.
- (e) In the case of the payments for the financial year the Court's audit did not reveal, with regard to the Commission, errors with a substantive effect.
- (f) In the case of payments made in the ACP States under the responsibility of national or regional authorising officers in the context of certain programmes or financial instruments, the financial audits performed pursuant to the financing agreements and those performed at the request of the SCR's internal audit department show that ineligible transactions can be charged to the EDFs (see paragraphs 52 to 55).
- (g) With regard to macroeconomic aid, a strict check of its legality and regularity based on a systematic review of the conditions of the financing agreements is pointless (see paragraph 35).

In the light of the findings set out above and except for the findings of audits performed at local level of operations carried out under the responsibility of the beneficiary authorities (see paragraph (f)), the Court is of the opinion that the transactions underlying the financial statements of the sixth, seventh and eighth EDFs for the financial year ended 31 December 1999 are, taken as a whole, legal and regular.

12 October 2000

Jan. O. KARLSSON
President

European Court of Auditors
12, rue Alcide De Gasperi, L-1615 Luxembourg

Information in support of the Statement of Assurance

Introduction

18. The observations which follow should be read alongside the Statement of Assurance concerning the reliability of the accounts of the sixth, seventh and eighth EDFs and the legality and regularity of the underlying transactions for the financial year 1999.

Scope of the audit

19. The Financial Regulation applicable to the eighth EDF lays down that in addition to commitments (decisions) and payments, allocations of appropriations and assigned funds must be entered in the accounts. In the case of the eighth EDF, these latter two categories are therefore included in the Statement of Assurance ⁽¹⁶⁾.

20. Some deliberate irregularities committed to the detriment of the EDFs cannot, by their very nature, be uncovered using traditional audit procedures. Primary responsibility for preventing and detecting irregularities and for the corresponding enquiries falls to the bodies which manage the EDFs' revenue and expenditure (national and regional authorising officers, but also the principal authorising officer of the EDF). The observations made here must not be regarded as corresponding in general to cases of fraud.

Limitation of audit work concerning the underlying transactions

21. The Court examined the underlying transactions on the basis of the documentation available at the Commission in Brussels and, where appropriate, its Delegations in the ACP States. On-the-spot audits were also carried out in a few cases, in respect of five countries, to establish whether the expenditure incurred by the final beneficiaries was legal and regular. For certain categories of payment concerning macroeconomic support mechanisms (Stabex and the structural adjustment facility), the audit was confined to an examination of the legality and regularity of payments made by the Commission in euro to the ACP States.

22. The Court draws attention to the fact that, because the legal framework of the EDFs affords many opportunities for exemptions, it is difficult to perform strict checks for compliance with rules and legislation. The

fact that the framework is often indicative considerably limits the scope of checks in respect of the legality/regularity of the underlying transactions.

Reliability of the accounts

23. The Court's opinion on the accounts was qualified due to the observations made in paragraphs 25 to 33.

Revenue

24. Article 54 of the Financial Regulation of the eighth EDF states that the annual instalments called up under Stabex and made available to the Member States at their request are to bear interest. Although Annex II to the Financial Regulation specifies that this interest is compound interest, in 1999 the Commission calculated it as simple interest. For 1999, the interest foregone totals approximately 0,5 million euro. Moreover, interest on a sum of 0,94 million euro has not been charged to the Member States.

Implementation of macroeconomic aid

25. Budgetary aid occupies an increasingly important place among EDF rapid disbursement instruments. This aid, the rules for which are quite separate, is difficult to identify in the EDFs' end-of-year accounts as it is drawn from several financial instruments, only some of which are programmable. Thus, on 31 December 1999 it had been provided on the basis, *inter alia*, of the structural adjustment facility, Stabex, and national and regional indicative programmes. Furthermore, the creation at the end of 1999 of a new instrument for heavily indebted poor countries now provides an additional source of macroeconomic support which is provided according to new methods. Within the indicative programmes some of this aid is presented as complementary to the structural adjustment facility, whereas other aid takes the form of specific projects. **Table 4** attempts to list direct and indirect budgetary aid provided under the various financial instruments of the seventh and eighth EDFs.

26. Although there used to be a direct link between financial instruments and the types of aid provided, this is no longer the case. Steps should be taken to ensure that the financial statements or the analysis of financial management (see paragraph 8) give a precise indication of this aid.

⁽¹⁶⁾ Article 37 of the Financial Regulation of 16 June 1998 applicable to the eighth EDF (OJ L 191, 7.7.1998, pp. 54 to 66).

Table 4 — Macroeconomic support provided under the seventh and eighth EDFs (decisions) — situation as at 31 December 1999

Source of financing	Seventh EDF	Eighth EDF	Total
Structural adjustment facility	1 152,9	892,3	2 045,2
National indicative programmes	479,5	99,4	578,9
Regional indicative programmes	3,2	40,0	43,2
Stabex ⁽¹⁾	p.m.	p.m.	p.m.
Sysmin	60,0	—	60,0
Others	4,5	98,3	102,8
Total	1 700,1	1 130,0	2 830,1

(Mio EUR)

⁽¹⁾ A significant proportion of Stabex funds are used by some beneficiaries as macroeconomic support. These sums can be registered only by means of the mutual obligation frameworks concluded with the ACP States concerned.

Source: Court of Auditors. The Commission's accounting nomenclature does not make it possible systematically to register this kind of transaction.

27. In the case of macroeconomic aid, the payments listed in the EDFs' accounts correspond to amounts transferred en bloc to the beneficiary countries. In order to obtain an overview of the actual implementation of this aid, an explanatory note should indicate sums still to be called up at the end of the financial year. The fact is that audit visits to ACP countries in 1999 revealed that certain Stabex transfers for the years after 1990 had still not been called up and that the EDF's accounts had not drawn attention to the problems encountered. This was true of Uganda (80 million euro), Tanzania (18 million euro) and Cameroon (45 million euro).

Situation of commitments

28. Since June 1998, the EDF financing agreements have had to come into effect by a given date. If implementation has not commenced by the date in question, the agreements become void and the Commission must take new decisions regarding operations which have been retained. The EDF's management accounts system does not allow these decisions to be identified. This being so, it is impossible to establish the amount of commitments concerned without vetting thousands of operations individually.

29. Article 291(1) of the fourth ACP-EC Lomé Convention requires financing agreements to be drawn up within sixty days of the Commission's decision. On 5 March 1999, the Commission adopted a decision in respect of 79,5 million euro for four proposed commit-

ments. One year later, no financing agreement had yet been drafted. Moreover, a decision in respect of 55 million euro adopted by the Commission on 21 December 1999 did not give rise to a financing agreement as the project was suspended. The corresponding commitments must be regarded as premature.

30. In Annex 3.1.1 to the financial statements the Commission presents an analysis of the commitments for which no movement has been recorded in the accounts for more than 18 months (72,5 million euro for the sixth EDF and 326,9 million euro for the seventh EDF), including the sum of 52,5 million ecus relating to actions managed by the EIB under mandate.

31. Among the dormant commitments the Commission identified 53,1 million euro to be decommitted (23,8 million euro for the sixth EDF and 29,3 million euro for the seventh EDF). The Commission conducted this survey by examining those primary commitments that had not given rise to any movements of funds over the previous 18 months. This survey was an inadequate way of assessing the true scale of the dormant transactions. In fact, among the primary commitments being implemented, there are assigned appropriations (secondary commitments) against which there has been no movement. The Commission should have carried out a systematic examination of these commitments before transferring the outstanding balance of the EDFs currently being implemented to the ninth EDF.

32. Stabex transfers (103,8 million euro for Sudan) under the seventh EDF are still included under outstanding commitments even though the Commission has

suspended operations. The steps taken by the Commission in June 1999 to secure the national authorising officers' agreement to close the projects in question had still not produced results in June 2000 and the sums in question therefore remained tied up unproductively.

33. In Annex 3.1.2 to the financial statements, the Commission states that of the 6 774 million euro in outstanding commitments in respect of the EDFs (i.e. financing decisions taken but not implemented), an estimated 1 230 million euro (18,1 %) will in all likelihood not be disbursed. This amount mainly represents the contingency reserves created when the commitments were drawn up. These reserves have steadily increased from 530 million euro in 1996 to 640 million euro in 1997, then from 1 057 million euro in 1998 to 1 230 million euro in 1999.

Legality and regularity of the underlying transactions

34. The detailed observations which were drawn up as part of the audit of the underlying transactions and which have no substantive effect on the Statement of Assurance were brought to the Commission's attention as part of the reporting procedures which it approved. These observations mainly concern calculation errors, the constitution of guarantees, the submission of supporting documentation and the use of cancelled margins on operations managed by the EIB.

35. In the case of macroeconomic aid (see **Table 4**) and, in particular, support for structural adjustment programmes, the mobilisation of tranches of aid for beneficiary countries is governed by financing agreements which set out the conditions to be fulfilled before the aid is released. The Commission uses these conditions as a political instrument to encourage beneficiary governments to carry out agreed reforms. Furthermore, since support for structural adjustment is part of a concerted effort by donors, there can only be one programme per country. In this way, the Commission has sometimes granted derogations to some of the conditions laid down by the financing agreements and has released tranches of aid on the basis of an appraisal of the overall situation in the beneficiary country. In this context, carrying out a strict legality and regularity check on the basis of a systematic review of each condition in the financing agreements is pointless. It is, in

fact, no longer a question of assessing whether the situation conforms to a previously established standard, but of judging whether it is advisable to continue the programmes.

CHAPTER III — FOLLOW-UP TO PREVIOUS OBSERVATIONS

Introduction

36. On 28 July 1999, the Commission appointed the principal authorising officer for the eighth EDF, which came into force on 1 June 1998⁽¹⁷⁾. The appointment was retroactive. Consequently, all measures taken in 1999 within the framework of the duties invested in the principal authorising officer, or in any assignees, are covered by a formal authorisation.

37. Article 74(5) of the Financial Regulation requires the Commission to report on the measures it has taken in the light of the observations contained in the decisions to grant discharge. No report of this kind was produced for the two latest discharges granted (1996 and 1997). In their absence, it is difficult to establish what effect the budgetary authority's recommendations have had. In recent years, it would have been particularly useful to have had information on the Commission's policy for determining which delegations in the ACP countries are necessary from an operational point of view (1995 discharge), or on the measures envisaged to offset the prejudicial effects of the fixed exchange-rate clauses in certain EDF contracts (1996 discharge).

Mechanism to ensure that unused appropriations from previous EDFs are not tied up unproductively

38. In its Annual Report concerning the financial year 1997⁽¹⁸⁾, the Court stressed the need to create a mechanism to ensure that appropriations transferred from EDFs prior to the eighth EDF are used up (see paragraph 7).

⁽¹⁷⁾ Annual Report on the activities of the sixth and seventh EDFs concerning the financial year 1998, paragraph 79.

⁽¹⁸⁾ Annual Report on the activities of the sixth and seventh EDFs, paragraph 6.

39. In the context of the Financial Protocol to the new 'Partnership Agreement between the African, Caribbean and Pacific States (ACP) and the European Community and its Member States', the Commission has proposed that all balances remaining from previous EDFs, as well as any amounts to be decommitted from ongoing projects, should be transferred to the ninth EDF. To this end, the Commission's delegations should place special emphasis on the decommitment of dormant operations from the sixth and seventh EDFs (see paragraph 10).

Information on the viability of operations funded from risk capital

40. In its Annual Report concerning the financial year 1997 ⁽¹⁹⁾, the Court also recommended the introduction of a system to appraise not only the viability of operations funded from risk capital managed by the EIB but also the actual contribution of these operations to the ACP States' economic and social development.

41. Although the Commission undertook to act on the Court's recommendation, the evaluation system in question has not yet been set up. The Commission argues that it cannot give priority to the evaluation of risk capital operations while the EIB maintains that this task is the EIB's responsibility and that it will start work in due course.

42. *Ex post* appraisals would have been particularly useful given that the replacement of risk-capital and interest-rate subsidy transactions by a new 'investment facility' is being contemplated in the context of the new 'Partnership Agreement' mentioned in paragraph 39.

Justification by national authorising officers of requests for payment in a currency other than the local currency

43. In its Annual Report concerning the financial year 1998 ⁽²⁰⁾, the Court repeated an observation contained in its Annual Report concerning the financial year 1996 ⁽²¹⁾, regarding the fact that the proportion of

⁽¹⁹⁾ Annual report on the activities of the sixth and seventh EDFs, paragraphs 35 and 36.

⁽²⁰⁾ Annual report on the activities of the sixth and seventh EDFs, paragraphs 30 and 31.

⁽²¹⁾ Paragraph 12.78.

works contracts which could be paid in foreign currency was seldom justified. The Commission now notes that it has reminded the national and regional authorising officers to ensure that any request for payment in foreign currency in connection with a contract is duly substantiated. However, there is no evidence that any reminder has been sent.

44. An examination of a sample of contracts shows that, in practice, the situation is improving. However, from now on the Commission should turn down bids in which justification for payments in a European currency is not provided by the bidder for each of the items of expenditure covered by the contract (e.g. salaries of expatriate staff, imported materials, imported equipment, financial expenditure and profit margin).

Application of tax and customs arrangements applicable to works contracts in the context of the Lomé Conventions

45. The Court advocated ⁽²²⁾ improving information on the ACP States' tax and customs arrangements to ensure that bids submitted by tenderers comply with the legislation of the beneficiary country. The Commission was unable to demonstrate that this matter has been pursued.

CHAPTER IV — OTHER OBSERVATIONS

The ACP States' supreme audit institutions

46. Most of the ACP States have supreme audit institutions responsible for examining State revenue and expenditure. The Lomé Conventions did not assign to them, as it did to Government departments, a specific role as regards the measures financed by the EDFs. During recent on-the-spot audits, several of these institutions expressed a wish to be given some of the responsibility for checking the implementation of the EDFs.

47. As regards the sound management of public affairs, the Commission should establish how and under what

⁽²²⁾ Annual Report of the Court of Auditors concerning the financial year 1996, paragraph 12.79.

circumstances these national audit institutions could play a role, in particular where EDF funds are paid in the form of direct budgetary aid to beneficiary countries ⁽²³⁾. Associating these audit bodies with the implementation of the EDFs would also help to strengthen the institutions of the countries concerned and would contribute to the process of developing democratic practices in public affairs, as recommended in the fourth Lomé Convention (Article 5, revised). To enable the national audit institutions to play such a role, there could be provision in certain countries for providing these institutions with technical support ⁽²⁴⁾.

Public works contracts

48. The regulatory framework applicable to EDF works contracts includes a series of procedures calculated to ensure that the principles of sound financial management are applied. However, there is a considerable risk of these principles being undermined when the Commission takes responsibility for requests for compensation submitted by contractors and settled on an amicable basis with the approval of the authorities in the beneficiary country.

49. Although in principle this compensation is subject to certification by the firms of engineers responsible for supervising work, its validity must also be examined with care by the Commission. However, the checks carried out by the Court in respect of the transactions for 1999 mentioned in paragraph 50 showed that the information on which additional invoicing is based is difficult to verify and rests on a delicate interpretation of the terms of the contracts. Thus, the sums in question are often disbursed on a flat-rate basis following negotiations between the contractor, the contracting authority, the engineer and the Commission.

50. Thus, in Madagascar, additional payments totalling 730 000 euro were made for work without any attempt being made to require the various parties to meet their contractual responsibilities. In Chad, the Commission accepted a memorandum of understanding concerning additional payments totalling 422 000 euro, even

⁽²³⁾ See also the Annual Report of the Court of Auditors concerning the financial year 1995, paragraph 11.69.

⁽²⁴⁾ Support of this kind has already been provided in some cases, e.g. in Ghana and Tanzania.

though the basis for some of these payments could not be verified and the remainder conflicted with the specific articles and conditions governing the contract. In Malawi, a public works contractor submitted a request for an additional 7,7 million euro, or approximately 40 % of the initial value of the contract for the building of a road. A technical appraisal is necessary in order to confirm the validity of the request, several aspects of which appear questionable.

51. The Commission's Delegations explain that they are often obliged to accept this kind of situation, as failure to do so would result in contractors cancelling their contracts. The Court believes that such attitudes are unacceptable and that the Commission must adopt a code of conduct covering requests for additional payments by contractors. The code of conduct should clearly indicate to Delegations the circumstances under which they must not hesitate to initiate legal proceedings if contractors are obviously in breach of their contracts.

Audits carried out by the Commission in 1999

52. The SCR, which was set up gradually from the end of 1997 ⁽²⁵⁾, established its own internal audit department which became operational in the following financial year. The internal audit department carries out a small number of direct inspections of the EDF programmes overall, using its own staff. It is also responsible for organising and monitoring audits which it entrusts to private audit firms. In 1999, 1,17 million euro withdrawn from the EDF's financial interest were devoted to the implementation of 25 audits: nine financial audits, ten operational audits and six public-finance audits concerning direct budgetary-aid programmes.

53. Many of these audits revealed the existence of ineligible expenditure, mainly due to shortcomings in the tendering process or the absence of supporting documentation. Steps should be taken to recover any funds received unduly or, even, to report to OLAF any cases where fraud is suspected.

54. The SCR's internal audit department considers that it should not take over the role of the EDF principal authorising officer by acting on the findings of these

⁽²⁵⁾ Commission Decision of 15 October 1997.

audits. However, although the audit work is still recent, it is clear that, excluding the structural adjustment programmes, the management departments (Development DG) are finding it difficult to act upon audits because the reports are not always as explicit as they might be. In order to make best use of the audit findings and to ensure that corrective measures are properly undertaken whenever necessary, the principal authorising officer should introduce the mechanisms needed to transform the audit report's recommendations into tangible measures. Similarly, the SCR's internal audit department should aim to ensure that the authorising officers have indeed taken action and should, in particular, pay greater heed to the drafting of recovery orders whenever expenditure has been considered ineligible.

55. Apart from support for structural adjustment, many audits are also provided for in project financing agreements. These audits are then often undertaken on the initiative of the Commission Delegations. The on-the-spot audits carried out in 1999 revealed on several

occasions that the national authorising officers had not carried out the audits envisaged in the financing agreements (Eritrea, Malawi, Central African Republic and Cameroon). It also emerged that the Delegations found it difficult to draw up audit instructions which were genuinely useful for monitoring EDF projects. In the absence of specific instructions, the auditors poorly addressed issues such as the regularity of the procedures followed, the eligibility of expenditure or the analysis of cost-benefit ratios. Lastly, when confronted with cases of fraud or the squandering of assets, the Delegations did not always receive the support they needed from the Commission in Brussels in order to remedy the infringements detected (Uganda, Cameroon, Chad, etc). Here again, the SCR's internal audit department should play a pivotal role by ensuring, firstly, that the audits planned are carried out on time, then, that the auditors' instructions are specific enough for their reports to be of use to the Commission and, lastly, that the authorising officers actually act on the recommendations made in the reports.

THE COMMISSION'S REPLIES

CHAPTER I — IMPLEMENTATION OF THE SIXTH, SEVENTH AND EIGHTH EDFs AS AT 31 DECEMBER 1999

drive to bring about a real devolution of responsibilities from headquarters to delegations.

Situation at the end of the financial year 1999

4. When it prepared for the negotiations on the ninth European Development Fund at the end of 1999 the Commission wondered whether it was worth keeping the sixth EDF active, given its advanced level of commitment. But since the new ACP-EC Partnership Agreement signed at Cotonou in June 2000 provided for the consolidation within the ninth EDF of all the remaining balances of previous Funds, it decided that it was preferable not to proceed with the merger until the Agreement was properly ratified (early/mid-June 2002).

Some measures have been taken in the last two years to improve the annual commitment rate. In cooperation with the Commission delegations, the Directorate-General for Development (DG DEV) has established a system of regular and detailed monitoring plus reviews of annual commitment objectives on a monthly, country-by-country basis. This programme has built-in overprogramming to allow for adjustment away from countries experiencing difficulties in implementing aid for whatever reason to countries not experiencing such difficulties, as well as for adjustments from programmable to non-programmable aid. This system has been a major factor in producing record commitments of EUR 2,7 billion in 1999 and the forecast commitments for 2000 which should reach approximately EUR 4 billion (EUR 3 billion if the EUR 1 billion earmarked for the HIPC initiative is deducted). This system will in future be extended to ensure similar improvements in payments.

5-6. The Commission has acknowledged on several occasions that the poor EDF implementation rate is not wholly attributable to conflicts in some ACP countries but is also a result of the institutional weakness of many of these countries and of factors within the Commission such as excessively complex internal procedures, unclear and divided responsibilities, and chronic understaffing.

7. A solution to the issue of a deadline for use of resources under national and regional indicative programmes has been found — in accordance with what was called for in the European Parliament's resolution accompanying the 1995 discharge — in the form of the rolling programming provision in the Cotonou Agreement. Under this provision:

Using various development aid instruments, the Commission is stepping up institutional capacity building to overcome this problem but it will take time to get results. Note also that this type of aid does not entail large disbursements.

— following the completion of mid-term and end-of-term reviews, the Community may revise the country or region resource allocations (see Annex IV, Articles 7 and 11),

The Commission departments concerned are striving in the framework of the Quality Support Group to improve the design of the projects and programmes proposed, especially when it comes to implementation procedures (and thus disbursement) to take account of institutional problems.

— resource allocation will be based on needs and performance (Annex IV, Article 3(1)(b)),

On the subject of the Commission's deficiencies, the reorganisation set out in the reform of external relations adopted in May 2000, coupled with the overall policy statement issued in April 2000, will tackle them by focusing resources on key areas and ensuring more efficient organisation. This will include setting up a single body responsible for the external aid project cycle from the identification phase on, and a special

— together with the uncommitted balance of resources allocated to the country under previous Funds, the ninth EDF allocations will be the basis for the preparation of the indicative programme for the country or region concerned (Annex IV, Article 3(3)).

8. A financial analysis of the eighth EDF was carried out and presented to the ACP-EC Committee on the financing of development cooperation as part of the joint ACP-EC report adopted in June of this year.

However, due to the reorganisation of the Commission services dealing with the EDF, the analysis was not forwarded with the accounts. With the forthcoming reunification of the Commission departments dealing with these matters, this oversight should not be repeated in the future.

9. The balance sheets and related Annexes for the different Funds give the information provided for in the Financial Regulation (Article 66 of the eighth EDF Financial Regulation).

The Commission is trying to improve the presentation of the EDF accounts. A study will be undertaken shortly with the aim of improving the accounting information on the EDF; the entering of assets will be one of the aspects covered.

Noteworthy aspects of the implementation of appropriations during the financial year

Movements of appropriations during the financial year

10. The Financial Protocol of the Cotonou Agreement lays down that, as soon as it enters into force, the remaining balances of previous Funds should be transferred automatically to the ninth EDF.

As noted in paragraph 4, the Commission agrees with the Court and has proposed ninth EDF provisions that will achieve this objective.

Eighth EDF Stabex

14. The surplus of EUR 162,7 million is made up of a remaining cash balance from the seventh EDF of EUR 86,7 million and Stabex payments made under the eighth EDF but financed with seventh EDF Stabex funds to the tune of EUR 76 million.

15. Under the transitional measures applicable from 2 August 2000 until the entry into force of the ACP-EC

Partnership Agreement (Decision No 1/2000 of the ACP-EC Council of Ministers of 27 July 2000), the ACP-EC Committee of Ambassadors decided on 26 September 2000 to transfer remaining Stabex funds to the special EDF account. The sum thus transferred will be used to finance development operations.

Delays in implementing programmable aid

16. It is true that a minority of partner countries have experienced major delays in the implementation of the programmable aid allocated to them. As the report indicates, for most of the countries listed in Table 3 this has been due to internal conflict, endemic weakness or corruption in the partner country's public administration system. In the case of Trinidad, one of the countries mentioned in Table 3, the problem arose largely as a result of a technical fault in the execution of a major infrastructure project which was supposed to use the funds in question. As far as Barbados is concerned, delays were due largely to difficulties in agreeing sectoral priorities with the Government (excessive dispersion of very limited funds available), which retarded the design and finalisation of the ensuing projects.

17. The Commission is aware of the problem of delays in implementation of programmable aid, as outlined by the Court. It has gradually been able to develop means of adapting or revising resource allocations to ensure that there is less chance of funds being sterilised as a result of such negative developments. Thus, as the report mentions, the provisions of the eighth EDF allow for country resource allocation in two instalments, with the second instalment (30 % of the total initial allocation) being released only following a satisfactory outcome to a quite stringent mid-term review process. In the case of Trinidad, referred to above, this review resulted in a decision not to allocate any of the second instalment, precisely because large amounts of previously allocated funds were still outstanding. A similar approach has been adopted with all other ACP country programmes and, although the eighth EDF mid-term review process has not yet been completed, considerable volumes of non-utilised funds have already been liberated for reallocation to better-performing countries. Although, as indicated, some of the mid-term review decisions are still suspended pending the outcome of political developments or a further review by the EDF Committee, up to now EUR 209 million has been transferred to the general reserve for reallocation as a result of the exercise. If the Commission's proposals for the five countries still under consideration are adopted as they stand, a further EUR 128 million will be available for reallocation.

Under the provisions of the ninth EDF, which has recently been signed and whose management provisions will shortly enter into force on a provisional basis, the process of flexible resource allocation has been pushed much further. Henceforth, the initial allocation notified to partner countries will be subject to systematic rolling programming, with needs and performance being formally reviewed every year and with a major review at mid-term and end of the five-year period covered. The initial funds will either be confirmed, increased or reduced as a result of the rigorous analysis which is planned during these reviews. Furthermore, provision exists in the new agreement for holding ad hoc country reviews if there is a special need for considering resource allocation changes outside the regular review pattern outlined above.

Both the Commission and the ACP partners believe that these fundamental changes in the way the use of funds is monitored will provide the necessary flexibility to ensure that scarce resources are not in future frozen because of unforeseen developments in certain countries or regions.

CHAPTER II — STATEMENT OF ASSURANCE CONCERNING THE EUROPEAN DEVELOPMENT FUNDS

Information in support of the Statement of Assurance

Introduction

Limitation of audit work concerning the underlying transactions

22. There is provision for derogations in the legal framework of the EDFs.

Reliability of the accounts

Revenue

24. The Commission admits that there were mistakes in calculating interest on Stabex funds, as the Court points out. The necessary corrections have been made.

Implementation of macroeconomic aid

25-26. As a key multilateral donor of budgetary aid, in a context where bilateral donors are increasingly concentrating their programmed aid on selected countries, the Commission has successfully used several of its instruments to respond to identified external financing needs of adjusting ACP countries. The rationale for the EC budgetary support is to contribute to external financing needs of adjusting countries in order to sustain macroeconomic frameworks supported by the Bretton Woods institutions. Thus far experience has shown that the timely availability of adequate levels of aid has been critical for carrying out economic reforms.

In future the programming of country allocations under the ninth EDF will allow for more flexibility in determining the level of budgetary support for adjusting countries in the light of identified external financing needs, determined and annually revised by the IMF in the context of poverty reduction strategy papers (PRSP).

With reference to the reporting on various forms of budgetary aid, the Commission has made sustained efforts to provide detailed but consolidated information. The annual publication on ACP-EC cooperation prepared by the Commission shows the whole range of instruments used, both by country and overall. In particular, structural adjustment support operations are presented in a consolidated format, irrespective of their source of financing. So Stabex and EC-budget financed operations are shown in a consolidated format. The same holds true for annual reports prepared by the Commission delegations in the ACP countries.

26. From 2001 it is planned to publish a single report giving an overall view of EDF operations and financial situation, with detailed information by instrument (see reply to paragraph 8).

27. Concerning delays in Stabex payments to certain countries:

Tanzania

Some EUR 18 million remains from Stabex transfers made after 1990. Of this amount, EUR 7,8 million has been allocated for specific activities. Total expenditure (that is, disbursements) for these activities currently amount to between EUR 1,5 and EUR 2 million.

The generally slow implementation of Stabex funds is the result of intervention in the sector by the authorities in recent years whereby private-sector representatives on the various major cash crop boards (notably the Coffee Board) were replaced by civil servants. The Delegation protested about this in mid-1999 and decided not to enter into any new project activity until the situation was sorted out. The authorities have since taken steps to do something about the composition of the boards, and normal project implementation and expenditure should therefore resume shortly.

Cameroon

The situation in Cameroon is as follows:

- all Stabex transfers until 1993 gave rise to frameworks of mutual obligations (FMOs) and they are being implemented;
- the 1994 FMO (EUR 12 million) and the 1998 FMO (EUR 11,8 million disbursed in March 2000) are being negotiated. The liberalisation of the coffee and cocoa sectors is still being discussed, and this has held up finalisation and signing of the FMOs since 1999.

Uganda

Each Stabex transfer has been used in accordance with the FMO concluded between the Commission and Uganda. The undisbursed balances and the slowdown referred to are mainly attributable to the longer time needed for the appraisal and tendering of projects in two areas:

- support to rural economic infrastructure: rehabilitation and upgrade of the Ntungamo-Rukungiri-Ishasha road
- export diversification and development: rehabilitation of sections of the Kampala-Malaba railway

The two projects account for almost two thirds of these balances.

The remaining third will follow the approved FMO timetable and no further delays are expected.

Situation of commitments

28. The events determining the dates on which financing agreements start running do not always correspond to financial or accounting events and this makes it difficult to track start-up dates in an accounts management system. The system does, however, give rise to control lists that are studied by the Commission and, where necessary, by the authorities of the ACP countries concerned, to ensure that the projects and programmes have indeed started before the time limits laid down.

29. The fourth Lomé Convention requires the Commission to draw up financing agreements within 60 days of a financing decision. In the vast majority of cases, this is done within the time limit. However, there are cases, such as that of the Kenya Northern Corridor road rehabilitation project, where there are conditions to be fulfilled prior to the signing of the financing agreement. If these conditions are not fulfilled the financing agreement may not be signed within the 60 days.

However, it does not necessarily mean that such projects have been adopted prematurely. Often, a financing proposal can be used as a political instrument to encourage a government to adopt reforms, as was the case with the Kenya road project already mentioned, and is also the case with several structural adjustment projects. In these cases, signing of the financing agreement after 60 days is, in the view of the Commission, justifiable.

Furthermore, the start dates introduced in the eighth EDF Financial Regulation mean that a new decision has to be taken on a project if it has not started by the date indicated in the decision. Therefore, in cases such as that cited by the Court of Auditors, a new decision would usually have to be taken. This would provide an opportunity to reassess the circumstances and consider whether the decision was still appropriate.

The financing proposals referred to by the Court relate to the rehabilitation of the Sultan Hamud-Mtito Andei section of the Northern Corridor, the most important road in Kenya, which is also the principal access to the sea for Uganda. Kenya has a history of poor management and neglect of its road infrastructure, as a result of which donor policy has been not to fund further major road programmes until the Kenyan authorities had introduced reforms into the sector. The Commission has been taking the lead in pressing for reforms and has made it clear to the Government that this financing proposal would not be presented to the EDF Committee (and that the Member States would not give a favourable opinion) if measures aimed at dealing with the problems had not been taken.

As a result of donor pressure and because of the ever-worsening state of the road system, in the course of 1998 the Kenyan authorities began to take reform measures and, in particular, to carry out checks on axle loads since overloaded goods vehicles were destroying the road infrastructure. In order to encourage sectoral reform and to mitigate the appalling state of the roads — made worse by the El Niño rains — the financing proposal to rehabilitate this part of the Northern Corridor was put to the EDF Committee of December 1998.

Member States insisted on the inclusion of four preconditions relating to the ongoing reforms which had to be fulfilled prior to signing of the financing agreement. Preconditions 1 and 3 were met at the beginning of 1999 and precondition 4 in November 1999. In conformity with precondition 2, a call for tenders was published in the Official Journal in 1999 but no bids were received.

This means that, through no fault of their own, the Kenyans cannot endorse the contract for the weigh-in-motion equipment and thereby meet all the preconditions. Following discussions with the Delegation and the authorities, the Commission proposes to take out this precondition and insert it, in an amended form, as an accompanying measure in the financing agreement. This will have to be approved by the Commissioner and sent to the Member States for information. Only then can the financing agreement be signed.

The financing decision of 21 December 1999 suffers from the same problem since it concerns an additional component of the Kenya Northern Corridor road rehabilitation project.

30-31. The survey of sleeping commitments conducted by the Commission, the results of which are set out in Annex 3.1.1 to the financial statements, was done in the interests of presenting transparent accounts. The Commission is ready to discuss any way of improving the information it provides next time the financial statements are drawn up.

The Commission also notes that during the 1999 financial year it continually monitored commitments and assigned funds with a view to their closure and possible decommitment. Between year-end 1998 and year-end 1999 the amount of sleeping commitments under the sixth and seventh EDFs was cut by 13 %, falling from EUR 457 million to EUR 399 million. At the same time assigned funds fell by 18 %, from EUR 9165 million to EUR 7529 million.

The Commission has also embarked on an exercise to clear past commitments. At this stage it is looking at all commit-

ments entered into before the end of 1994 and not yet closed. The aim is to reduce the weight of the past by closing as many commitments as possible. The Commission is currently selecting criteria to reduce the amount outstanding (RAL) in terms of both commitments and volume. A monitoring system will be set up to check progress. Unfortunately, the operation will have to be staggered over a number of years because of the shortage of resources.

32. The Stabex transfers for Sudan and the suspension of operations by the Commission were examined in connection with the transitional measures to be adopted by the ACP-EC Council on the expiry of the revised fourth Lomé Convention.

The rights acquired by Sudan under Lomé IV are not affected by the termination of the Stabex instrument. In this respect, reference should be made to Article 70(1) of the Vienna Convention on the law of treaties, which reflects common law. According to this provision, unless a treaty provides otherwise or the parties agree otherwise, the expiry of a treaty 'does not affect any right, obligation or legal situation of the parties created through the execution of the treaty prior to its termination.'

Accordingly, the commitments mentioned by the Court should remain open.

33. The amount of a contingency reserve is calculated on the basis of the initial overall commitment. In percentage terms the amount varies according to the nature of the project (works, agricultural development, institutional support, etc.) and the average is around 10 % of the original overall commitment.

The steep increase in outstanding EDF commitments is the automatic consequence of the increase in the amounts committed annually following the entry into force of the eighth EDF. As a result, the EDF committed on annual average twice as much in 1998 and 1999 as in 1995 to 1997.

If implementation of development projects entails the expenditure of contingency funds, it generally takes place towards the end of the financial year. It is therefore not abnormal that the percentage of contingencies calculated in relation to the RAL (and not in relation to the amount of the initial commitment) should have reached the figure referred to by the Court.

The amount in Annex III.1.2 remains nevertheless an estimate based on statistical calculations.

CHAPTER III — FOLLOW-UP TO PREVIOUS OBSERVATIONS

Introduction

37. The Commission submitted a follow-up report for the overall 1997 discharge, given the specific circumstances of this financial year. Since then, for both for the general budget and the EDF, the Commission has submitted to the budgetary authority an action plan covering the measures taken in response to the recommendations of the budgetary authority at the time of the 1998 discharge.

Mechanism to ensure that unused appropriations from previous EDFs are not tied up unproductively

39. Between year-end 1998 and year-end 1999 the amount of sleeping commitments under the sixth and seventh EDFs was cut by 13 %, falling from EUR 457 million to EUR 399 million. At the same time assigned funds fell by 18 %, from EUR 9165 million to EUR 7529 million. In any event, the closing of a project and the release of the funds committed for this project can be carried out only when the Commission's legal obligations in respect of third parties are at an end. Lastly, as already noted in paragraph 31, an exercise to reabsorb past commitments is currently under way.

Information on the viability of operations financed from risk capital

40. In response to the Court's recommendation, and following the preparation of draft terms of reference by the Commission's evaluation service, the EIB pointed to the provisions of the Internal Agreements of the EDF, which, it argues, lay down that responsibility for evaluating such operations lies with the EIB. Consequently the EIB has launched an evaluation, the results of which are expected at the end of the year.

Justification by authorising officers of requests for payment in foreign currency

43. The Commission reminded national and regional national authorising officers of the need for substantiation in August 2000, via its delegations in the ACP countries.

44. The improvement in contracts results from the systematic checks carried out by the Commission. These checks and controls on the grounds cited for payments in foreign exchange are done when the tender dossier is approved and when evaluation reports on the bids are examined.

Application of tax and customs arrangements applicable to public works contracts in the context of the Lomé Conventions

45. The issue of improving such information is a particularly delicate one in view of the number of countries involved, the sensitivity of the regulations and changes to them.

The Commission asked its delegations in the EDF countries in August 2000 to check the application of Articles 308, 309 and 310 of Lomé IV, which govern the tax and customs arrangements for EDF tenders.

In any case, the Commission systematically checks that all requests for payment in non-local currencies are fully justified. Given the limited resources available to the Commission, it is not able to control, check and follow in detail all the variations to the fiscal and customs regimes of 71 ACP countries (and 20 overseas territories).

CHAPTER IV — OTHER OBSERVATIONS

The ACP States' supreme audit institutions

46-47. The internal audit department meets the audit institutions of the ACP States which it visits whenever possible and tries to involve them fully in its work. However, note that at present these institutions are understaffed and do not always have the skills required to carry out the work required of them. The Commission will nevertheless endeavour to increase their involvement in future.

Moreover, in the context of the audits of structural adjustment aid, the internal audit department has systematically proposed to the Courts of Auditors or Auditors-General concerned that one or more of their auditors should take part, none of the countries answered favourably ⁽¹⁾, except for Côte d'Ivoire which, through the Inspectorate-General of Finance, took direct part in the work of the mission.

Similarly, on the basis of the finding of the audits on structural adjustment support, the Commission negotiated corrective measures and institutional aid ⁽²⁾, with the ACP States; these measures focused on internal and external audit functions.

Public works contracts

48. As the Court rightly points out, the regulatory framework applicable to EDF works contracts sets out procedures designed to ensure that the principles of sound financial management are applied. These principles are applicable in disputes which may occur between the contracting authority/project supervisor and the contractor during implementation of a contract; the Commission is not itself a contracting party to EDF-financed contracts, which are national contracts, nor is it party to disputes.

Provisions on disputes rely on the general principle of an amicable settlement of disputes between the parties to EDF-financed contracts.

As stipulated in Article 68(1) of the General Conditions (Decision No 3/90 of the ACP-EC Council of Ministers of 29 March 1990, OJ L 382 of 31 December, page 31), it is up to the contracting authority and the contractor to do everything possible to settle amicably any dispute arising between them or between the supervisor and the contractor.

The circumstances in which a financial contribution may be made from the EDF are set out clearly in Article X of the general financing conditions for the seventh EDF and Article 8 of the general financing conditions for the eighth EDF.

⁽¹⁾ Guinea Conakry, Chad, Ghana, Madagascar, Cameroon and Cape Verde.

⁽²⁾ See measures of Côte d'Ivoire and Cameroon, and proposals for Madagascar.

These provisions require the prior agreement of the EDF to any assumption of responsibility for procedural expenses or for the financial consequences of arbitration relating to contracts it has financed. Since the EDF is not automatically obliged to bear the financial consequences, any decision made by the Commission as a manager of the EDF takes into account the degree of cooperation and prior consultation it has received from the ACP authorities at all stages of the arbitration procedure, from the setting up of the court to the judgment.

49. In the case of EDF projects the Commission usually finances the works contract and the supervision contract concluded with an independent consultant.

Since those supervising know the situation of the works best, it is normal for the project supervisor to ask them to assess the grounds of a complaint. If in doubt and/or the amount in question is large, the Commission orders another counter-examination by a consulting engineer/specialist firm to ensure that the request is well founded

It is often quite difficult to assess such claims and wherever possible verifiable indicators are used. On the other hand, an amicable settlement between the company and the contracting authority often involves some compromises, by which the contracting parties renounce certain contractual provisions and so lose any possibility of recourse in disputed matters. A good amicable settlement can avoid lengthy, cumbersome and expensive procedures.

If the Commission believes that an amicable settlement is not possible, it advises the contracting authority to set in motion the disputes procedure.

50. The Commission has the following comments to make on the projects cited :

(a) Project 7 ACP MAG 033 — Madagascar

This was an amicable settlement of a complaint by the contractor about abandonment of a stone quarry.

1. The sum quoted by the Court is made up of EUR 418 000 in compensation and a sum to cover the search for substitute quarries.

In reply to an initial request for EUR 943 668, the administration established the amount of compensation on the basis of a detailed analysis of the complaint by works supervisors, taking into account the opinion of the Commission.

The compensation covers the overheads generated by the additional four months of work needed following the abandonment of the quarry.

2. An independent expert's report carried out by the national roads laboratory (Paris — M. P. Autret) confirmed the soundness of the decision not to use the quarry to obtain the bedrock.
3. Since the findings of the preliminary research are only tentative and the quarry had been in use since the initial study, it was not the responsibility of the consultancy firm that designed the project.
4. The Commission believes that the amount of compensation was established with due rigour. (It covered only the expenses incurred as a result of the extended implementation timetable.) The amicable settlement was based on a compromise evaluation of the responsibilities of the two contracting parties and so avoided use of the disputes procedure.

(b) Project 7 ACP CD 012 — Chad

Concerning the project in Chad, the Court recognised in its detailed report the extremely difficult circumstances in which this contract was implemented as a result of the lack of security and a generalised shortage of fuel. The contractor based its complaint on the fact that the standard conditions for implementation of contracts (Article 21 of the General Conditions) were not in place and threatened to abandon work.

The Commission agreed to finance an independent expert to assist the Ministry of Public Works in negotiating an amicable settlement.

As an upshot of these negotiations:

1. the amount demanded was reduced from EUR 1 357 million to EUR 0,422 million;
2. the company renounced any further claims as part of the settlement;

3. the maintenance work went ahead as planned;
4. the expert based his calculations on the detailed breakdown of prices and both the contracting parties and the Commission accepted this compromise.

c) Project 7 ACP MAI 041 — Malawi

The third project mentioned by the Court concerns a recent complaint on which there is not yet any decision by either the local authorities or the Commission.

In view of the amount claimed and at the request of the national authorities, in February this year the Commission ordered an independent expert's report and the findings are expected in October.

51. The Commission notes the Court's suggestion concerning a code of conduct covering requests for additional payments and promises to look into it. The Commission points out, however, that there are provisions on the subject, though they leave room for improvement, namely Decision No 3/90 (already mentioned) adopting the general regulations, general conditions and procedural rules on conciliation and arbitration for works, supply and service contracts financed by the European Development Fund, the user's guide to invitations to tender and contracts financed by the European Development Fund (VIII/151/94), and the manual of instructions for delegates, 1988.

Audits carried out by the Commission in 1999

52. The audits to which the Court of Auditors refers concern only those financed with EDF financial interest under three framework contracts.

The Court does not mention the 11 other projects which were audited by the SCR or under its supervision (with NIP resources or counterpart funds). These eleven projects account for EUR 256 895 million in terms of financing agreements; the cost of these non-listed audits was EUR 676 447.

The Commission intends to develop its audits in future, as long as additional human resources can be allocated to them.

53. *Project expenditure considered ineligible at the completion of an adversarial procedure with the recipient country will be recovered.*

54. *If the internal audit department has to assume responsibility for the follow-up to its audits, it will have to be expanded within the framework of the administrative reorganisation of the SCR, without this leading to the operational departments being relieved of their own responsibilities.*

Recovery orders are issued by the financial department of the relevant authorising officer (national administration, delegation or head office).

Departments in charge of external relations will have to implement Part III (financial management) of the reform, which proposes the creation of a new audit unit to help the authorising officer in developing internal systems.

55. *It is precisely because national authorising officers are often reluctant to embark on the audits provided for in financing agreements that the Commission asked the Member States,*

which supported this request, to use interest earned by the EDF [Article 9.2 of the Internal Agreement]. However, this facility cannot take the place of all the supervisory obligations laid down in the financing agreements.

With regard to the quality of the terms of reference prepared by the delegations, the audit unit has standard terms of reference which were made available to the delegations. Furthermore, several attempts have been made to set up local framework contracts. Guinea and Chad are set to be the first countries to try out this formula but Senegal has refused.

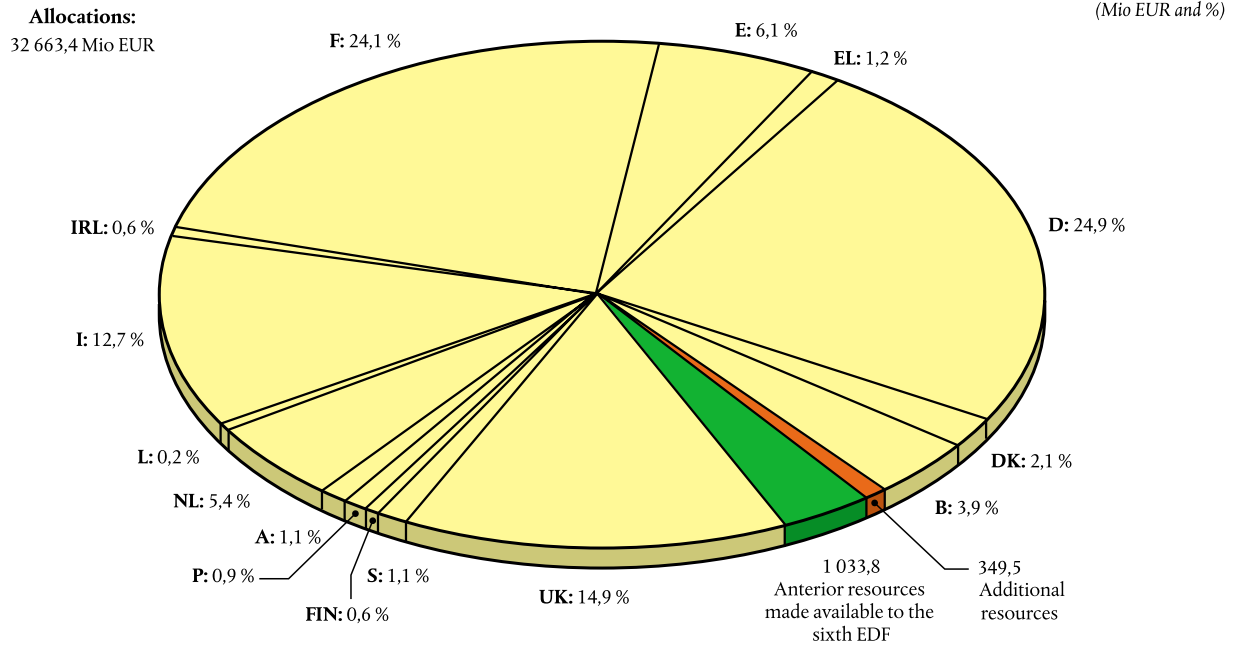
Lastly, both head office and DG DEV have fully supported the delegations in the cases of fraud and embezzlement; the dossiers of the three cases quoted were transmitted, on the initiative of head office, to OLAF. In the case of Chad and Cameroon, the cases were settled by head office with the support of the delegations.

REPORT ON THE ACTIVITIES OF THE SIXTH,
SEVENTH AND EIGHTH EUROPEAN
DEVELOPMENT FUNDS (EDFs)

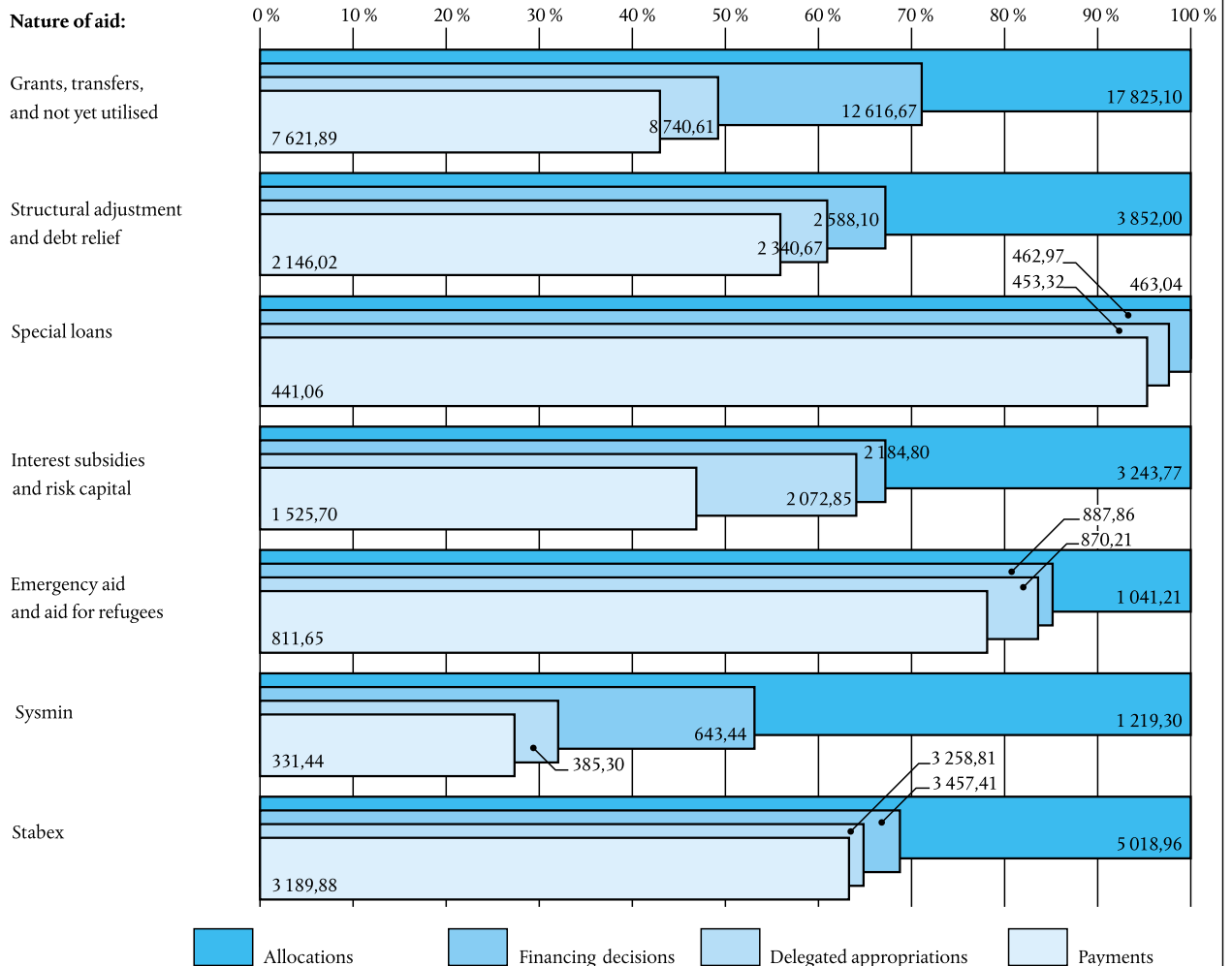
Diagram

Diagram for the sixth, seventh and eighth EDFs, consolidated: allocation, distribution and utilisation of aid

(a) Allocations as at 31 December 1999



(b) Utilisation as at 31 December 1999



ANNEXES

ANNEX I

Financial information on the general budget of the European Union

TABLE OF CONTENTS

PRELIMINARY NOTES

Sources of financial data

Monetary unit

Nomenclature

Abbreviations and symbols

BACKGROUND INFORMATION ON THE GENERAL BUDGET

1. Origin of the general budget
2. Legal basis
3. Main budgetary principles laid down in the Treaties and the Financial Regulation
4. Content and structure of the general budget
5. Monetary unit of the general budget
6. Financing of the general budget (budgetary revenue)
7. Types of budget appropriations
8. Implementation of the general budget
9. Presentation of the accounts
10. External audit
11. Discharge and follow-up

DIAGRAMS

*PRELIMINARY NOTES***SOURCES OF FINANCIAL DATA**

The financial data contained in this Annex have been drawn from the revenue and expenditure accounts and the balance sheets of assets and liabilities of the European Communities ⁽¹⁾ and from other financial records provided by the Commission. The geographical distribution is in accordance with the indices of the country codes in the Sincom system. As the Commission has pointed out, allocating expenditure by Member States is merely an accounting exercise which gives a very limited view of the benefits that each Member State derives from the Union.

MONETARY UNIT

All the financial data are presented in millions of euro (Mio EUR), rounded to one decimal place. They always represent the rounding-off of each exact value and not the sum of the rounded-off figures.

NOMENCLATURE

For each financial year the Court uses the financial perspectives corresponding to that financial year for the presentation of the historical data.

ABBREVIATIONS AND SYMBOLS

EC	European Community/Communities
ECSC	European Coal and Steel Community
EEC	European Economic Community
EAEC or Euratom	European Atomic Energy Community
EFTA	European Free Trade Association
EU	European Union
GNP	Gross national product
VAT	Value added tax
ATS	Austrian schilling
BEF	Belgian franc
DEM	German mark
DKK	Danish crown (krone)
ESP	Spanish peseta
FIM	Finnish markka
FRF	French franc
GBP	Pound sterling
GRD	Greek drachma
IEP	Irish pound (punt)
ITL	Italian lira
LUF	Luxembourg franc
NLG	Dutch guilder
PTE	Portuguese escudo
SEK	Swedish crown (krona)

⁽¹⁾ In the case of the 1999 financial year: revenue and expenditure account and balance sheet relating to operations under the 1999 budget (Doc. SEC(2000) 537- 540).

EUR	Euros
Mio EUR	Million euro
DA	Differentiated appropriations
NDA	Non-differentiated appropriations
CA	Commitment appropriations
PA	Payment appropriations
AFC	Appropriations for commitments
AFP	Appropriations for payments
B	Belgium
DK	Denmark
D	Germany
EL	Greece
E	Spain
F	France
IRL	Ireland
I	Italy
L	Luxembourg
NL	Netherlands
A	Austria
P	Portugal
FIN	Finland
S	Sweden
UK	United Kingdom
EU-15	Total of the 15 Member States of the European Community
FR	Financial Regulation of 21 December 1977 (see also the foreword on cover page II)
OJ	<i>Official Journal of the European Communities</i>
S	Budgetary section
Ss	Budgetary subsection
T	Budgetary title
Ch	Budgetary chapter
0,0	Data between zero and 0,05
—	Lack of data
%	Percentage
D	Diagram referred to within other diagrams (e.g. D III)

*BACKGROUND INFORMATION ON THE GENERAL BUDGET***1. ORIGIN OF THE GENERAL BUDGET**

The general budget was created by the Merger Treaty ⁽²⁾ (Article 20). It replaced, on 1 January 1968, the three separate EC budgets which existed before that date: the ECSC administrative budget, the EEC budget and the Euratom operating budget. The EA research and investment budget was incorporated into the general budget as from 1971 by the Treaty of Luxembourg ⁽³⁾ (Article 10).

2. LEGAL BASIS

The general budget is governed by the financial provisions of the Treaties of Paris ⁽⁴⁾ (Article 78 ECSC) and Rome ⁽⁵⁾ ⁽⁶⁾ (Articles 268 to 280 EC and Articles 171 to 183 Euratom) and by the Financial Regulations ⁽⁷⁾.

3. MAIN BUDGETARY PRINCIPLES LAID DOWN IN THE TREATIES AND THE FINANCIAL REGULATION

All items of Community revenue and expenditure are to be included in a single budget (unity). Revenue is to be used without distinction to finance all expenditure and, like the expenditure, is to be entered in full in the budget and subsequently in the accounts without any adjustment of one item against another (universality). The appropriations are specialised according to their nature or intended use (speciality). The budget is authorised for one financial year only (annuality). Budgetary revenue and expenditure must balance (equilibrium). There are some exceptions to these general principles.

4. CONTENT AND STRUCTURE OF THE GENERAL BUDGET

The budget consists of a 'General statement of revenue' and a 'Statement of revenue and expenditure', which itself is subdivided into six sections: (I) Parliament; (II) Council (annexed until 1994: Economic and Social Committee); (III) Commission ⁽⁸⁾; (IV) Court of Justice; (V) Court of Auditors; (VI) Economic and Social Committee and Committee of the Regions.

Within each section ⁽⁸⁾, items of revenue and expenditure are classified under budget headings (titles, chapters, articles and, where applicable, items) according to their type or the use to which they are to be applied.

⁽²⁾ Merger Treaty (8 April 1965): Treaty establishing a single Council and single Commission of the European Communities.

⁽³⁾ Treaty of Luxembourg (22 April 1970): Treaty amending certain budgetary provisions of the Treaties establishing the European Communities and of the Merger Treaty.

⁽⁴⁾ Treaty of Paris (18 April 1951): Treaty establishing the European Coal and Steel Community (ECSC).

⁽⁵⁾ Treaty of Rome (25 March 1957): Treaty establishing the European Economic Community (EEC).

⁽⁶⁾ Treaty of Rome (25 March 1957): Treaty establishing the European Atomic Energy Community (Euratom).

⁽⁷⁾ Mainly the Financial Regulation of 21 December 1977 (OJ L 356, 31.12.1977). See in this respect the foreword on cover page II.

⁽⁸⁾ Section III (Commission) is subdivided into part A 'Staff and administrative appropriations' and part B 'Operating appropriations' which is further subdivided into main sectors of activity. Section VI (Economic and Social Committee and Committee of the Regions) is subdivided into part A 'Economic and Social Committee', part B 'Committee of the Regions' and part C 'Joint organisational structure'.

5. MONETARY UNIT OF THE GENERAL BUDGET

The budget is established and implemented in euro. The euro has replaced the European currency unit from 1 January 1999, by application of the Council Regulation (EC) No 1103/97.

The irrevocable conversion rates were fixed between the euro and the participating national currencies as follows: 1 EUR = 13,7603 ATS = 40,3399 BEF = 1,95583 DEM = 166,386 ESP = 5,94573 FIM = 6,55957 FRF = 0,787564 IEP = 1 936,27 ITL = 40,3399 LUF = 2,20371 NLG = 200,482 PTE.

6. FINANCING OF THE GENERAL BUDGET (BUDGETARY REVENUE)

The general budget is mainly financed from the Communities' own resources: agricultural duties; sugar and isoglucose levies; customs duties; own resources accruing from VAT and GNP-based own resources; for more detailed information see the legislation in force ⁽⁹⁾.

Besides own resources, there are other, marginal, items of revenue (see diagram I).

7. TYPES OF BUDGET APPROPRIATIONS

To cover estimated expenditure, the following types of budget appropriations are distinguished in the general budget:

- (a) differentiated appropriations (DA) are used to finance multiannual activities in certain sectors. They comprise commitment appropriations and payment appropriations:
 - commitment appropriations (CA) make it possible to enter into legal obligations during the financial year for activities whose implementation extends over several financial years,
 - payment appropriations (PA) make it possible to cover expenditure arising from commitments entered into during the financial year and/or preceding financial years;
- (b) non-differentiated appropriations (NDA) make it possible to ensure, during the financial year, the commitment and payment of expenditure relating to annual activities.

It is thus important to establish the following two totals for the same financial year:

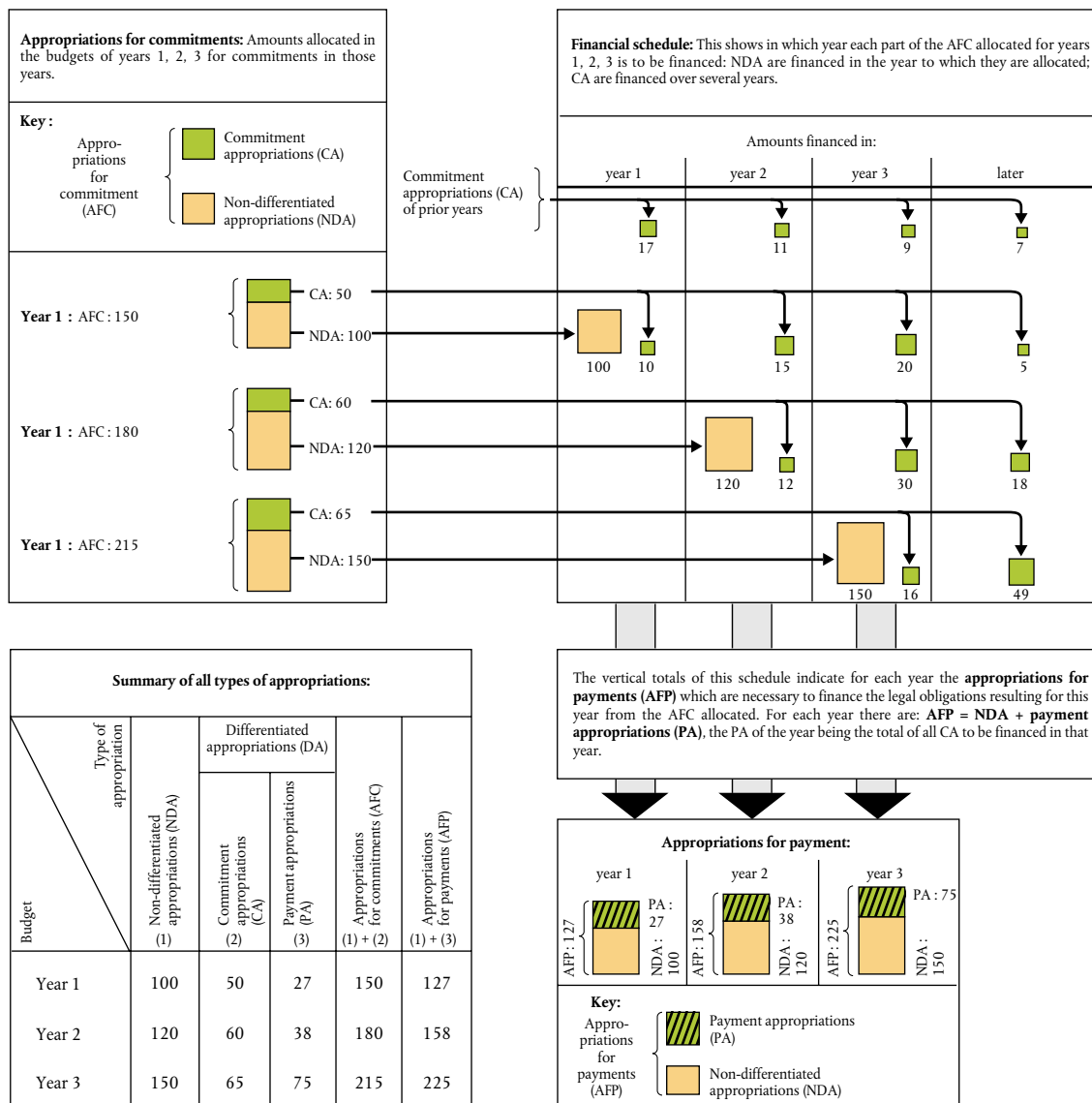
- (a) the total of appropriations for commitments (AFC) ⁽¹⁰⁾ = non-differentiated appropriations (NDA) + commitment appropriations (CA) ⁽¹⁰⁾;
- (b) the total of appropriations for payments (AFP) ⁽¹⁰⁾ = non-differentiated appropriations (NDA) + payment appropriations (PA) ⁽¹⁰⁾.

Revenue raised in the budget is intended to cover the total appropriations for payments. Commitment appropriations do not need to be covered by revenue.

⁽⁹⁾ Principal legal acts relating to own resources: sixth Council Directive 77/388/EEC of 17 May 1977, common system of VAT: uniform assessment basis (OJ L 145, 13.6.1977); Council Decision 94/728/EC, of 31 October 1994 (OJ L 293, 12.11.1994); Council Regulation (EEC, Euratom) No 1552/89 of 29 May 1989 (OJ L 155, 7.6.1989); Council Regulation (EEC, Euratom) No 1553/89 of 29 May 1989 (OJ L 155, 7.6.1989); Council Directive 89/130/EEC, Euratom of 13 February 1989 on the harmonisation of the compilation of GNP (OJ L 49, 21.2.1989).

⁽¹⁰⁾ It is important to note the differences between 'appropriations for commitments' and 'commitment appropriations' and between 'appropriations for payments' and 'payment appropriations'. The two terms 'commitment appropriations' and 'payment appropriations' are used exclusively in the context of differentiated appropriations.

The following simplified presentation (with illustrative amounts) shows the impact of these types of appropriations in each budget year.



8. IMPLEMENTATION OF THE GENERAL BUDGET

8.1. Responsibility for implementation

The Commission implements the budget on its own responsibility in accordance with the Financial Regulation and within the limits of the appropriations allotted; it also confers upon the other institutions the requisite powers for the implementation of the sections of the budget relating to them ⁽¹¹⁾. The Financial Regulation lays down the implementation procedures and, in particular, the responsibilities of the authorising officers, accounting officers, administrators of imprest accounts and financial controllers of the institutions ⁽¹²⁾. In certain specific areas (mainly the EAGGF-Guarantee and the Structural Funds) the management of Community funds is shared with the Member States.

8.2. Implementation of revenue

The estimated revenue is entered in the budget subject to change by amending and supplementary budgets.

The budgetary implementation of revenue consists of establishing the entitlements and recovering the revenue due to the Communities (own resources and other revenue); it is governed by certain special provisions ⁽¹³⁾. The actual revenue of a financial year is defined as the total of sums collected against entitlements established during the current financial year and sums collected against entitlements still to be recovered from previous financial years.

It should be noted that the Member States, acting on behalf of the Communities, are responsible for the collection of amounts due in respect of customs duties, agricultural duties and sugar and isoglucose levies. The Member States keep 10 % of the corresponding amounts payable to cover their collection costs.

8.3. Implementation of expenditure

The estimated expenditure is entered in the budget.

The budgetary implementation of expenditure, i.e. the evolution and utilisation of appropriations, may be summarised as follows:

(a) appropriations for commitments:

- (i) *evolution of appropriations*: the total appropriations for commitments available in a financial year are made up as follows: initial budget (NDA and CA) + amending and supplementary budgets + supplementary receipts ⁽¹⁴⁾ + transfers ⁽¹¹⁾ + commitment appropriations carried over from the preceding financial year ⁽¹⁵⁾ + non-automatic carry-overs ⁽¹⁶⁾ from the preceding financial year not yet committed (NDA) + released commitment appropriations from preceding financial years which have been made available again ⁽¹⁷⁾ + repayments of advances giving rise to reutilisation ⁽¹⁸⁾;

⁽¹¹⁾ Articles 78d ECSC, 274 EC, 179 Euratom and 22(2) of the Financial Regulation.

⁽¹²⁾ Articles 21 to 55 and 73 to 77 of the Financial Regulation.

⁽¹³⁾ Articles 28 to 35 of the Financial Regulation and Council Regulation (EEC, Euratom) No 1552/89 of 29 May 1989 (OJ L 155, 7.6.1989).

⁽¹⁴⁾ Article 96(2) of the Financial Regulation.

⁽¹⁵⁾ Article 7(2)(a) of the Financial Regulation.

⁽¹⁶⁾ Article 7(1)(a) and 7(3) of the Financial Regulation.

⁽¹⁷⁾ Article 7(6) of the Financial Regulation.

⁽¹⁸⁾ Article 7(7) of the Financial Regulation.

- (ii) *utilisation of appropriations*: the final appropriations for commitments are available in the financial year for use in the form of commitments entered into (appropriations for commitments utilised = amount of commitments entered into);
- (iii) *carry-overs of appropriations from one financial year to the next financial year*: non-differentiated appropriations belonging to the financial year which have not been committed may be carried over non-automatically to the next financial year after approval by the budgetary authority ⁽¹⁶⁾. Non-utilised commitment appropriations of the financial year may be carried over by the Commission to the following financial year ⁽¹⁵⁾. In the case of expenditure on behalf of third parties, carry-overs may be repeated;
- (iv) *cancellation of appropriations*: the balance is cancelled.
- (b) appropriations for payment:
- (i) *evolution of appropriations*: the total appropriations for payments available in a financial year are made up as follows: initial budget (NDA and PA) + amending and supplementary budgets + supplementary receipts ⁽¹⁴⁾ + transfers ⁽¹¹⁾ + appropriations carried over from the previous financial year in the form of automatic carry-overs ⁽¹⁹⁾ or non-automatic carry-overs ⁽²⁰⁾ + repayments of advances giving rise to reutilisation ⁽¹⁸⁾;
- (ii) *utilisation of appropriations*: the appropriations for payment are available in the financial year for use as payments (utilised appropriations for payments = amount of payments made from the appropriations of the financial year);
- (iii) *carry-overs of appropriations from one financial year to the next financial year*: non-utilised appropriations of the financial year may be carried over to the next financial year in the form of automatic ⁽¹⁹⁾ or non-automatic ⁽²⁰⁾ carry-overs. In the case of expenditure on behalf of third parties, carry-overs may be repeated;
- (iv) *cancellation of appropriations*: the balance is cancelled;
- (v) *total payments during the financial year*: payments against appropriations for payments of the financial year plus payments against appropriations for payments carried over from the preceding financial year;
- (vi) *actual expenditure charged to a financial year*: expenditure charged to the consolidated revenue and expenditure account (see paragraph 8.4) = payments against appropriations for payments of the financial year plus appropriations for payments of the financial year carried over to the following financial year.

8.4. *The consolidated revenue and expenditure account and the balance of the financial year*

After the closure of each financial year the consolidated revenue and expenditure account is drawn up. The balance of the year, which is to be entered in the budget of the next financial year on the occasion of an amending budget, is determined therein ⁽²¹⁾.

9. PRESENTATION OF THE ACCOUNTS

The accounts for a given financial year are forwarded not later than 1 May of the following financial year to Parliament, the Council and the Court of Auditors; these accounts comprise a revenue and expenditure account and a balance sheet, together with an analysis of the financial management ⁽²²⁾.

⁽¹⁹⁾ Article 7(1)(b) of the Financial Regulation.

⁽²⁰⁾ Articles 7(1)(a) and 7(2)(b) of the Financial Regulation.

⁽²¹⁾ Article 32 of the Financial Regulation and Articles 15 and 16 of Council Regulation (EEC, Euratom) No 1552/89 (OJ L 155, 7.6.1989).

⁽²²⁾ Articles 78 to 82 of the Financial Regulation.

10. EXTERNAL AUDIT

Since 1977 the external audit of the general budget has been carried out by the Court of Auditors of the European Communities ⁽²³⁾. The Court of Auditors examines the accounts of all revenue and expenditure of the general budget. It must provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions. It also considers whether revenue has been received and expenditure incurred in a lawful and regular manner, and whether the financial management has been sound. The audits may be carried out before the closure of the financial year in question and are performed on the basis of records and, where necessary, on the spot in the institutions of the Communities and in the Member States. The Court of Auditors draws up an annual report for each financial year and may also, at any time, submit its observations on specific questions and deliver opinions at the request of one of the institutions of the Communities.

11. DISCHARGE AND FOLLOW-UP

As from 1977 the following provisions are applicable ⁽²⁴⁾: Parliament, on the recommendation of the Council, gives, before 30 April of the second year following the financial year in question, discharge to the Commission on the implementation of the budget. To this end the Council and Parliament in turn examine the accounts presented by the Commission and the annual report of the Court of Auditors. The institutions must take appropriate action on the comments appearing in the decisions giving discharge and report on the measures taken ⁽²⁵⁾.

DIAGRAMS

GENERAL BUDGET FOR THE FINANCIAL YEAR 1999 AND BUDGETARY IMPLEMENTATION DURING THE FINANCIAL YEAR 1999

- D I — General budget 1999 — Estimated revenue and final appropriations for payments
- D II — General budget 1999 — Appropriations for commitments
- D III — Appropriations for commitments available in 1999 and utilisation thereof, by financial perspective heading
- D IV — Appropriations for payments available in 1999 and utilisation thereof, by financial perspective heading
- D V — Payments made in 1999, by financial perspective heading
- D VI — Payments made in 1999, in each Member State

HISTORICAL DATA IN RESPECT OF THE IMPLEMENTATION OF THE GENERAL BUDGET (1995 TO 1999)

- D VII — Evolution and utilisation of appropriations for payments for the period 1995 to 1999, by financial perspective heading

⁽²³⁾ Articles 45a, 45b and 45c ECSC, 246, 247 and 248 EC, 160a, 160b and 160c Euratom and Articles 83 to 90 of the Financial Regulation.

⁽²⁴⁾ Articles 78g ECSC, 276 EC and 180b Euratom.

⁽²⁵⁾ Article 89 of the Financial Regulation.

Diagram I General budget 1999 — Estimated revenue and final appropriations for payments

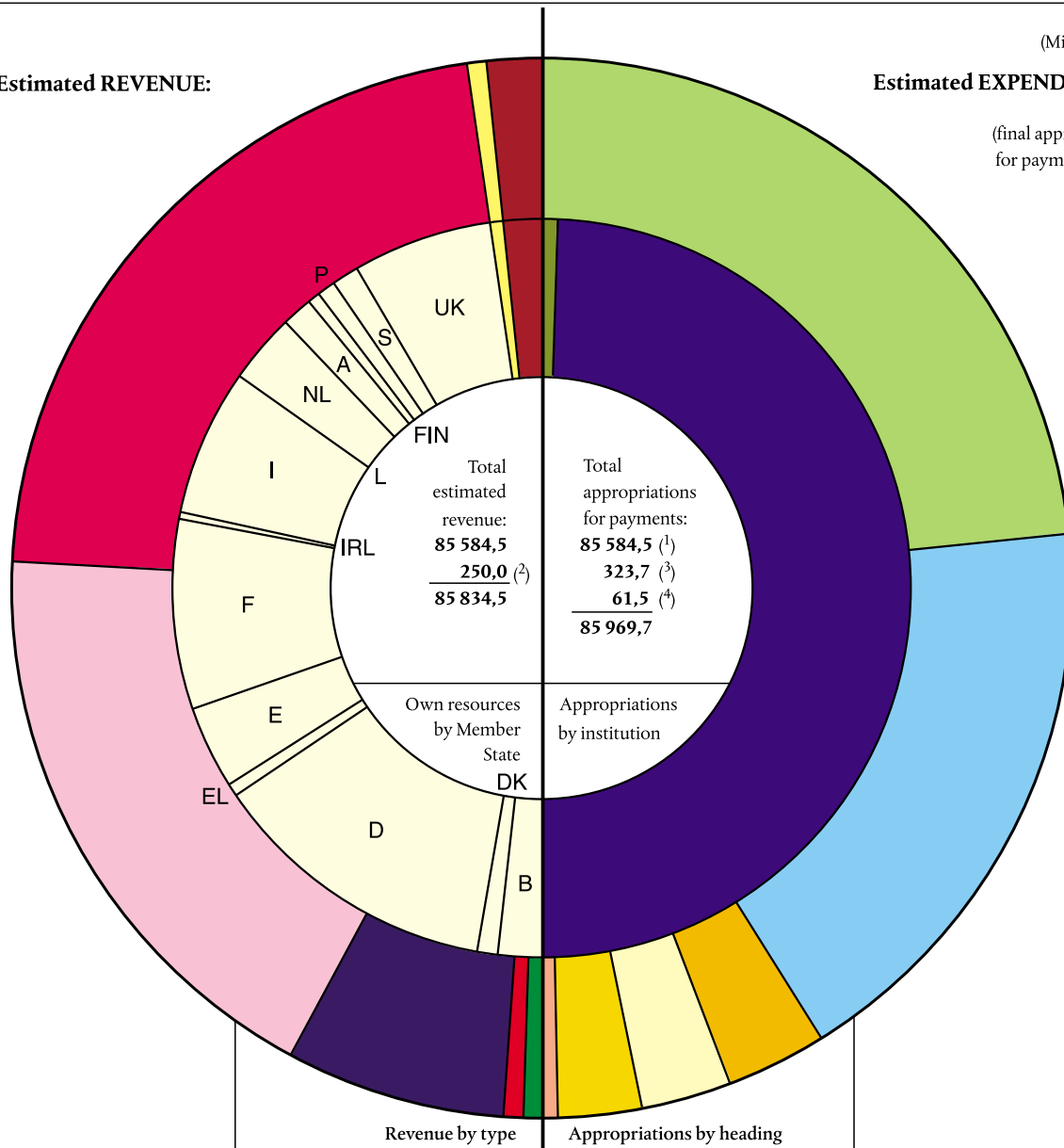
(for revenue criteria, see 'Background information on the general budget', point 8.2 and for more detailed information, see Chapter 1, Table 1.1 and for expenditure criteria, see 'Background information on the general budget', point 8.3 and for more detailed information, see Diagram IV, column (a))

Estimated REVENUE:

Estimated EXPENDITURE:

(Mio EUR and %)

(final appropriations for payments)



Revenue key:

■ Total own resources (by Member State)	
■ Agricultural duties	949,1 (1,1 %)
■ Sugar and isoglucose levies	972,0 (1,1 %)
■ Customs duties	11 434,0 (13,3 %)
■ VAT-based own resources	31 041,8 (36,2 %)
■ GNP-based own resources	37 534,9 (43,7 %)
■ Other revenue	880,6 (1 %)
■ Surplus available from the previous year	3 022,2 (3,5 %)

Expenditure key

Financial perspective headings:

■ 1. Common agricultural policy	40 038,0 (46,6 %)
■ 2. Structural operations	30 452,8 (35,4 %)
■ 3. Internal policies	5 223,2 (6,1 %)
■ 4. External action	4 893,8 (5,7 %)
■ 5. Administrative expenditure	4 515,9 (5,3 %)
■ 6. Reserves	846,0 (1 %)
■ 7. Compensation	— (0 %)
■ Appropriations available for other institutions	1 581,2 (1,8 %)
■ Appropriations available to the Commission	84 388,5 (98,2 %)
of which operating appropriations	81 453,8 (94,7 %)

(¹) Appropriations after supplementary and amending budget.

(²) Revenue from participation by outside bodies.

(³) Transfer between headings, assigned revenue and appropriations made available again.

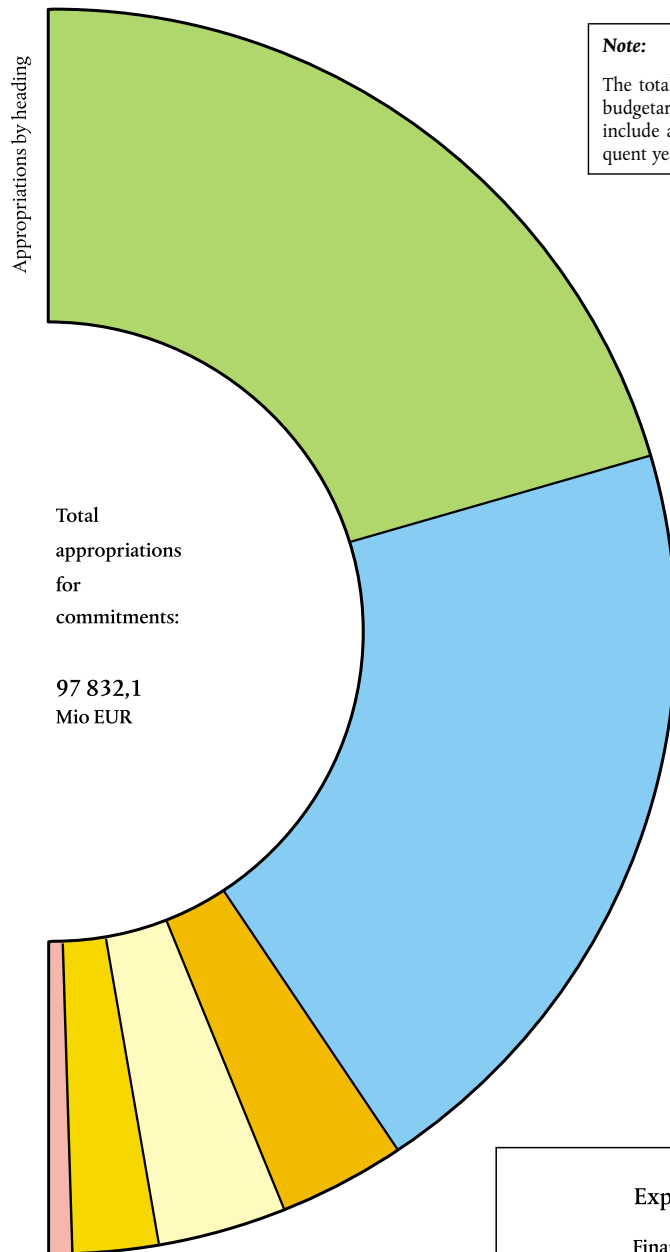
(⁴) EFTA expenditure.

Diagram II

General budget 1999 — appropriations for commitments

(after supplementary and amending budgets:
for more detailed information, see Diagram III, column (b))

(Mio EUR and %)



Note:

The total appropriations for commitments are not balanced by the budgetary revenue of 1999 as the commitment appropriations also include amounts to be financed by budgetary revenue from subsequent years.

Expenditure key

Financial perspective headings:

■	1. Common agricultural policy	40 438,0	(41,3 %)
■	2. Structural operations	39 172,6	(40 %)
■	3. Internal policies	6 144,5	(6,3 %)
■	4. External action	6 544,0	(6,7 %)
■	5. Administrative expenditure	4 687,1	(4,8 %)
■	6. Reserves	846,0	(0,9 %)
■	7. Compensation		(0 %)

Diagram III Appropriations for commitments available in 1999 and utilisation thereof, by financial perspective heading

(Mio EUR)

Financial perspective headings and sectors (the sections (S), subsections (Ss), titles (T), and chapters (Ch) corresponding to the 1999 budgetary nomenclature are shown in brackets)	Financial perspective	Final appropriations		Utilisation of appropriations				
		Amount ⁽¹⁾ ⁽²⁾	Rate (%)	Commitments made in 1999	Utilisation rate (%)	Carry-overs to 2000 ⁽³⁾	Cancellations	Rate (%)
		(a)	(b)/(a)	(c)	(c)/(b)	(d)	(e) = (b) - (c) - (d)	(e)/(b)
1. Common agricultural policy markets	45 205	40 438,0	89,5	39 876,3	98,6	33,1	528,6	1,3
1.1 Arable crops (Ch. B1-1 0)		37 841,0		37 288,1	98,5	33,1	519,8	1,4
1.2 Sugar (Ch. B1-1 1)		17 869,7		17 865,9	100,0	—	3,8	0,0
1.3 Oils and fats and protein plants (Ch. B1-1 2 and 1 3)		2 117,0		2 112,8	99,8	—	4,2	0,2
1.4 Fruits and vegetables (Ch. B1-1 5)		2 529,7		2 468,3	97,6	—	61,4	2,4
1.5 Wine (Ch. B1-1 6)		1 551,0		1 454,1	93,8	—	96,9	6,2
1.6 Tobacco (Ch. B1-1 7)		661,0		614,6	93,0	—	46,4	7,0
1.7 Milk products (Ch. B1-2 0)		918,0		911,1	99,2	—	6,9	0,8
1.8 Meat, eggs, poultry (Ch. B1-2 1 to 2 4)		2 581,0		2 510,1	97,3	—	70,9	2,7
1.9 Various markets (Ch. B1-1 4 and B1-1 8)		6 975,7		6 905,8	99,0	—	69,9	1,0
1.10 Other operations (Ch. B1-2 5 to 3 0)		1 333,0		1 312,4	98,5	—	20,6	1,5
		1 304,9		1 133,0	86,8	33,1	138,8	10,6
1.11 Accompanying measures (T. B1-4 et 5)		2 597,0		2 588,2	99,7	—	8,8	0,3
2. Structural operations	39 025	39 172,6	100,4	36 821,0	94,0	2 203,2	148,3	0,4
Structural Funds		36 038,2		33 692,0	93,5	2 203,2	143,0	0,4
2.1 EAGGF - Guidance (Ch. B2-1 0)		5 233,3	⁽¹⁾	5 110,3	97,6	88,1	34,9	0,7
2.2 FIFG (Ch. B2-1 1)		694,9		693,8	99,8	0,4	0,7	0,1
2.3 ERDF (Ch. B2-1 2)		15 868,1		15 429,0	97,2	439,1	0,0	0,0
2.4 ESF (Ch. B2-1 3)		9 520,2		8 546,4	89,8	882,3	91,5	1,0
2.5 Community initiatives (B2-1 4)		4 480,4		3 692,9	82,4	786,4	1,1	0,0
2.6 Fraud combat, monitoring, transitional measures (Ch. B2-1 5, 1 6 and 1 8)		241,3		219,5	91,0	7,0	14,8	6,1
2.7 Cohesion Fund (T. B2-3)		3 129,4		3 129,1	100,0	—	0,3	0,0
2.8 EEA financial mechanism (T. B2-4)		5,0		—	—	—	5,0	100,0
3. Internal policies	6 386	6 144,5 ⁽⁴⁾	96,2	5 891,0	95,9	182,7	70,8 ⁽⁴⁾	1,2
3.1 Research and technological development (Ss. B6)		3 632,9	⁽¹⁾	3 465,9	95,4	154,3	12,7	0,4
3.2 Other structural operations (Ch. B2-5 to 9)		243,6 ⁽⁴⁾		232,8	95,6	—	10,8 ⁽⁴⁾	4,4
3.3 Training, youth and social operations (Ss. B3)		885,1 ⁽⁴⁾		849,3	95,9	20,1	15,7 ⁽⁴⁾	1,8
3.4 Energy, Euratom and environment (Ss. B4)		242,5		238,8	98,5	0,5	3,2	1,3
3.5 Consumers, internal market, industry and networks (Ss. B5)		1 140,3 ⁽⁴⁾		1 104,1	96,8	7,9	28,3 ⁽⁴⁾	2,5
4. External action	6 870	6 544,0 ⁽⁴⁾	95,3	6 156,1	94,1	207,0	180,8 ⁽⁴⁾	2,8
4.1 Food aid (T. B7-2)		1 231,9		1 231,5	100,0	0,0	0,4	0,0
4.2 Cooperation (T. B7-3 to B7-5)		4 413,2 ⁽⁴⁾		4 088,4	92,6	189,7	135,1 ⁽⁴⁾	3,1
4.3 Other cooperation measures (T. B7-6)		370,4		354,1	95,6	6,4	9,9	2,7
4.4 Initiatives for democracy and human rights (T. B7-7)		98,1		94,2	96,0	—	3,9	4,0
4.5 External aspects of community policies (B7-8)		390,6 ⁽⁴⁾		359,0	91,9	—	31,6 ⁽⁴⁾	8,1
4.6 Support expenditure for external policies (Ch. B7-9 5)		—		—	—	—	—	—
4.7 Common foreign and security policy (Ss. B8)		39,8		28,9	72,6	10,9	—	—
5. Administrative expenditure	4 723	4 687,1	99,2	4 576,2	97,6	29,1	81,7	1,7
5.1 Parliament (S. I)		1 077,1		1 067,5	99,1	—	9,5	0,9
5.2 Council (S. II)		336,7		333,4	99,0	—	3,3	1,0
5.3 Commission (S. III)		2 955,8		2 892,6	97,9	2,7	60,5	2,0
5.4 Court of Justice (S. IV)		123,4		123,1	99,8	—	0,3	0,2
5.5 Court of Auditors (S. V)		66,0		63,9	96,9	—	2,1	3,1
5.6 Economic and Social Committee/Committee of the Regions (S. VI)		128,0		95,6	74,6	26,4	6,1	4,7
6. Reserves	1 192	846,0	71,0	300,1	35,5	—	545,9	64,5
6.1 Monetary reserve (T. B1-6)		500,0		—	—	—	500,0	100,0
6.2 Guarantee reserve (Ch. B0-2 3 et 2 4)		346,0		300,1	86,7	—	45,9	13,3
6.3 Emergency aid reserve (Ch. B7-9 1)		—		—	—	—	—	—
7. Compensation								
7.1 Compensation to new Member States (T. B0-5)		—		—	—	—	—	—
Grand total appropriations for commitments	103 401	97 832,1	94,6	93 620,8	95,7	2 655,2	1 556,2	1,6
Grand total appropriations for payments	96 680	87 380,8	90,4	80 309,5	91,9	5 019,2	2 052,1	2,3

⁽¹⁾ Budget appropriations amended after taking account of CAs carried over from 1998 or made available again in 1999, appropriations corresponding to receipts for services performed on behalf of outside bodies, non-automatic carry-overs from 1998, transfers between budget headings and EFTA appropriations. As a consequence the ceiling foreseen for some financial perspective headings is exceeded by the available appropriations.

⁽²⁾ Excluding the reuse of revenue for the current financial year and revenue carried over from the previous financial year, amounting to EUR 251,3 million.

⁽³⁾ Including appropriations still available relating to services performed on behalf of outside bodies.

⁽⁴⁾ After distribution of provisional appropriations (Ch. B0-4 0): Ss. B2 (EUR 2 million), B3 (EUR 0,7 million), B5 (EUR 4,1million) and B7 (EUR 14 million).

Diagram IV Appropriations for payment available in 1999 and utilisation thereof, by financial perspective heading

(Mio EUR)

Financial perspective headings and sectors (the sections (S), subsections (Ss), titles (T), and chapters (Ch) corresponding to the 1999 budgetary nomenclature are shown in brackets)	Final appropriations ⁽¹⁾ ⁽²⁾	Utilisation of appropriations				
		Payments made in 1999	Utilisation rate (%)	Carry-overs to 2000	Cancellations	Rate (%)
		(a)	(b)/(a)	(c)	(d) = (b) - (c)	(d)/(a)
1. Common agricultural policy markets	40 451,7	39 780,3	98,3	138,4	533,0	1,3
1.1 Arable crops (Ch. B1-1 0)	37 854,7	37 192,1	98,2	138,4	524,2	1,4
1.2 Sugar (Ch. B1-1 1)	17 869,7	17 865,9	100,0	—	3,8	0,0
1.3 Sugar (Ch. B1-1 1)	2 117,0	2 112,8	99,8	—	4,2	0,2
1.4 Oils and fats and protein plants (Ch. B1-1 2 and 1 3)	2 530,5	2 469,1	97,6	—	61,5	2,4
1.5 Fruits and vegetables (Ch. B1-1 5)	1 551,0	1 454,1	93,8	—	96,9	6,2
1.6 Wine (Ch. B1-1 6)	661,0	614,6	93,0	—	46,4	7,0
1.7 Tobacco (Ch. B1-1 7)	920,3	908,5	98,7	2,9	8,9	1,0
1.8 Milk products (Ch. B1-2 0)	2 581,0	2 510,1	97,3	—	70,9	2,7
1.9 Meat, eggs, poultry (Ch. B1-2 1 to 2 4)	6 975,7	6 905,8	99,0	—	69,9	1,0
1.10 Various markets (Ch. B1-1 4 and B1-1 8)	1 333,0	1 312,4	98,5	—	20,6	1,5
1.10 Other operations (Ch. B1-2 5 to 3 0)	1 315,5	1 038,8	79,0	135,5	141,2	10,7
1.11 Accompanying measures (T. B1-4 and 5)	2 597,0	2 588,2	99,7	—	8,8	0,3
2. Structural operations	30 657,7	26 663,6	87,0	3 748,4	245,8	0,8
2.1 Structural Funds	28 780,7	24 947,6	86,7	3 590,7	242,4	0,8
2.1 EAGGF - Guidance (Ch. B2-1 0)	3 774,0	3 774,0	100,0	—	0,0	0,0
2.2 FIFG (Ch. B2-1 1)	572,0	571,9	100,0	—	0,1	0,0
2.3 ERDF (Ch. B2-1 2)	14 012,3	11 127,3	79,4	2 853,5	31,5	0,2
2.4 ESF (Ch. B2-1 3)	7 246,3	7 245,8	100,0	—	0,5	0,0
2.5 Community initiatives (B2-1 4)	2 912,3	2 059,5	70,7	733,5	119,3	4,1
2.6 Fraud combat, monitoring, transitional measures (Ch. B2-1 5, 1 6 and 1 8)	263,7	169,0	64,1	3,6	91,1	34,5
2.7 Cohesion Fund (T. B2-3)	1 877,0	1 716,0	91,4	157,7	3,3	0,2
2.8 EEA financial mechanism (T. B2-4)	—	—	—	—	—	—
3. Internal policies	5 242,7 ⁽³⁾	4 473,1	85,3	413,8	356,1 ⁽³⁾	6,8
3.1 Research and technological development (Ss. B6)	3 119,7	2 574,9	82,5	345,2	199,6	6,4
3.2 Other structural operations (Ch. B2-2 4 to 2 9)	215,4	200,2	92,9	—	15,2	7,1
3.3 Training, youth and social operations (Ss. B3)	802,7 ⁽³⁾	687,4	85,6	35,9	79,3 ⁽³⁾	9,9
3.4 Energy, Euratom and environment (Ss. B4)	189,1	162,5	85,9	10,5	16,0	8,5
3.5 Consumers, internal market, industry and networks (Ss. B5)	915,9 ⁽³⁾	848,1	92,6	22,2	45,6 ⁽³⁾	5,0
4. External action	5 091,8 ⁽³⁾	4 585,8	90,1	273,6	232,4 ⁽³⁾	4,6
4.1 Food aid (T. B7-2)	1 086,9	954,6	87,8	121,0	11,3	1,0
4.2 Cooperation (T. B7-3 to B7-5)	3 179,5	2 921,5	91,9	106,8	151,1	4,8
4.3 Other cooperation measures (T. B7-6)	349,2	314,7	90,1	20,4	14,0	4,0
4.4 Initiatives for democracy and human rights (T. B7-7)	76,8	47,0	61,1	15,4	14,4	18,7
4.5 External aspects of Community policies (B7-8)	361,4 ⁽³⁾	320,0	88,5	—	41,4 ⁽³⁾	11,5
4.6 Support expenditure for external policies (Ch. B7-9 5)	—	—	—	—	—	—
4.7 Common foreign and security policy (Ss. B8)	38,0	28,0	73,6	9,9	0,2	0,5
5. Administrative expenditure	5 090,9	4 506,7	88,5	445,0	139,3	2,7
5.1 Parliament (S. I)	1 194,2	1 071,5	89,7	103,8	18,9	1,6
5.2 Council (S. II)	384,6	327,1	85,1	50,6	6,9	1,8
5.3 Commission (S. III)	3 177,0	2 835,6	89,3	240,3	101,2	3,2
5.4 Court of Justice (S. IV)	129,2	121,4	94,0	7,1	0,7	0,6
5.5 Court of Auditors (S. V)	68,3	58,3	85,3	7,8	2,3	3,4
5.6 Economic and Social Committee/Committee of the Regions (S. VI)	137,6	92,9	67,5	35,5	9,2	6,7
6. Reserves	846,0	300,1	35,5	—	545,9	64,5
6.1 Monetary reserve (T. B1-6)	500,0	—	—	—	500,0	100,0
6.2 Guarantee reserve (Ch. B0-2 3 et 2 4)	346,0	300,1	86,7	—	45,9	13,3
6.3 Emergency aid reserve (Ch. B7-91)	—	—	—	—	—	—
7. Compensation	—	—	—	—	—	—
7.1 Compensation to new Member States (T. B0-5)	—	—	—	—	—	—
Grand Total	87 380,8	80 309,5	91,9	5 019,2	2 052,1	2,3

⁽¹⁾ Budget appropriations amended after taking account of transfers between budget headings, revenue in respect of services performed on behalf of outside bodies, appropriations made available again following the refunding of payments on account and appropriations carried forward from previous year. The latter explains the difference of EUR 1 411,1 million between the final appropriations in this Diagram and the total in Diagram I.

⁽²⁾ Excluding the reuse of revenue for the current financial year and revenue carried over from the previous financial year, amounting to EUR 251,3 million.

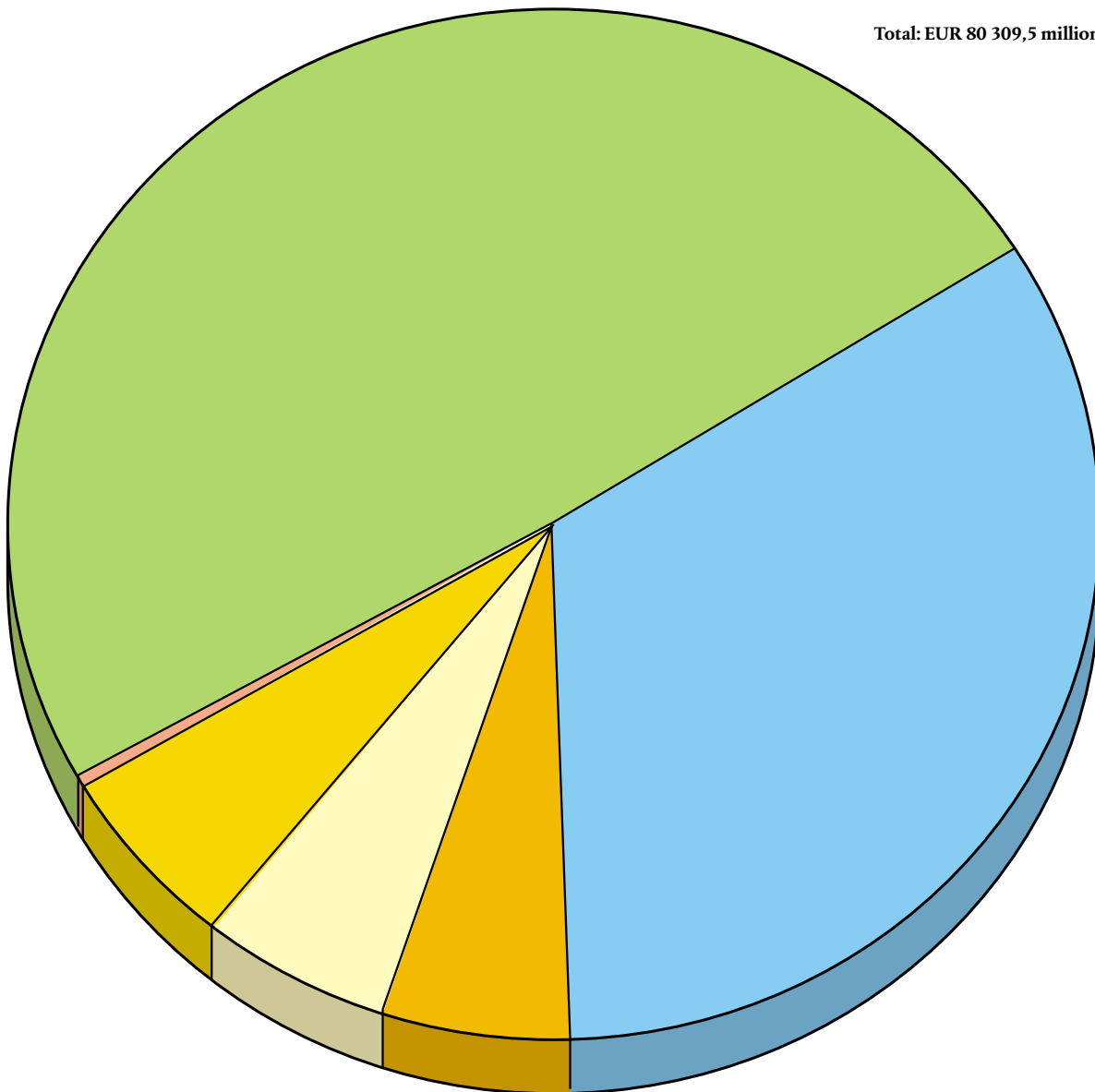
⁽³⁾ After distribution of provisional appropriations (Ch. B0-4 0): Ss. B3 (EUR 0,7 million), B5 (EUR 0,9 million), B7 (EUR 3,7 million).

Diagram V Payments made in 1999, by financial perspective heading

Note: Payments made in 1999 = payments against 1999 appropriations plus payments against carry-overs from 1998.

(Mio EUR and %)

Total: EUR 80 309,5 million



Key

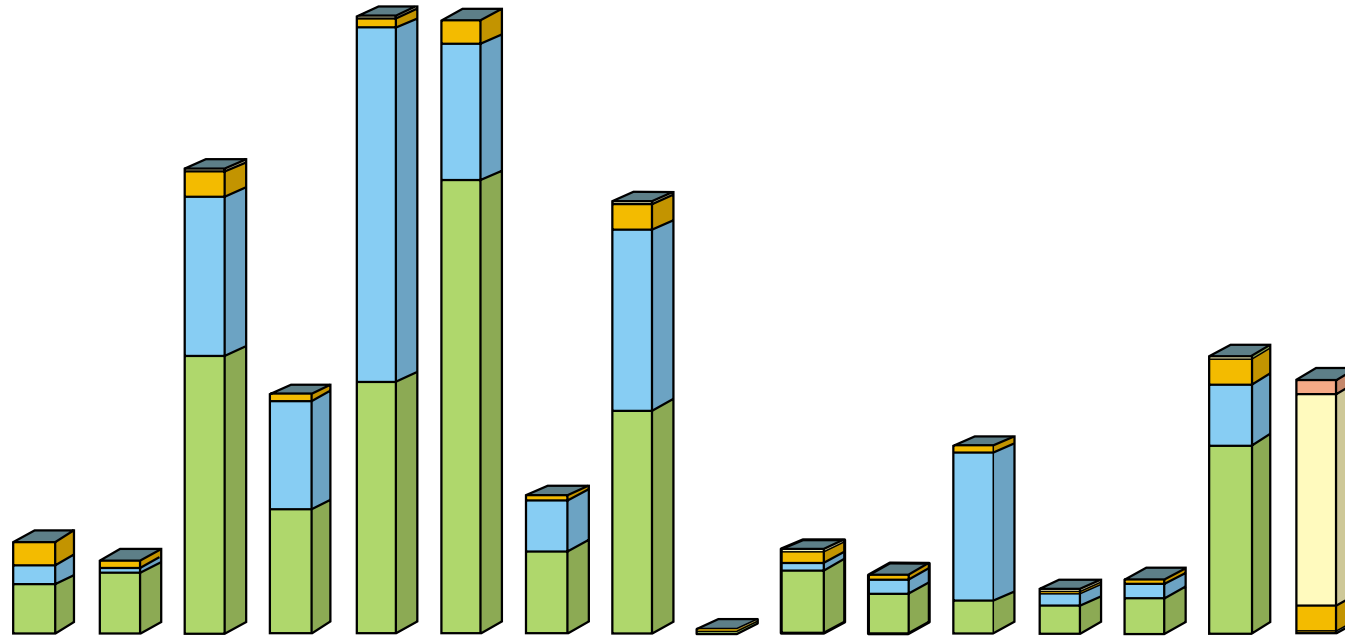
	1. Common agricultural policy	39 780,3	(49,5 %)
	2. Structural operations	26 663,6	(33,2 %)
	3. Internal policies	4 473,1	(5,6 %)
	4. External action	4 585,8	(5,7 %)
	5. Administrative expenditure	4 506,7	(5,6 %)
	6. Reserves	300,1	(0,4 %)
	7. Compensation	-	(0 %)

Diagram VI Payments made in 1999, in each Member State ⁽¹⁾

Note: Payments made in 1999 = payments against 1999 appropriations plus payments against carry-overs from 1998.

Financial perspective headings

(Mio EUR and %)



	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	Miscellaneous	Total
— Common agricultural policy	1 004,0	1 258,3	5 793,8	2 573,3	5 243,0	9 445,9	1 723,5	4 675,1	24,8	1 301,5	844,4	653,9	560,0	734,8	3 933,7	10,4	39 780,3
— Structural operations	409,6	126,2	3 311,1	2 295,4	7 398,8	2 862,8	1 076,0	3 757,5	14,7	165,9	295,8	3 103,9	252,4	286,8	1 275,1	31,7	26 663,6
— Internal policies	475,8	121,8	576,4	122,2	235,0	504,6	81,3	551,4	35,6	258,8	74,3	146,7	85,6	99,1	551,1	553,5 ⁽²⁾	4 473,1
— External action	31,1	5,4	28,7	0,9	10,7	16,3	1,4	29,9	5,0	7,4	3,2	0,6	2,7	1,3	33,6	4 407,6	4 585,8
— Reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	300,1 ⁽³⁾	300,1
— Compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL	1 920,5 2,5 %	1 511,7 2,0 %	9 710,0 12,8 %	4 991,7 6,6 %	12 887,4 17,0 %	12 829,7 16,9 %	2 882,2 3,8 %	9 013,9 11,9 %	80,1 0,1 %	1 733,5 2,3 %	1 217,6 1,6 %	3 905,1 5,2 %	900,7 1,2 %	1 122,0 1,5 %	5 793,4 7,6 %	5 303,3 7,0 %	75 802,8 100,0 %

⁽¹⁾ This presentation does not imply any opinion on the presentation given by the Commission in its report of 17 July 2000 on the breakdown of operating expenditure by country. There is a technical difference in that the geographical breakdown in the Commission presentation is based on payments made to the beneficiaries' Member States whilst this diagram is based on the SINCOM2 data reflecting the countries where the expenditure effectively was realised.

⁽²⁾ Including an amount of EUR 65,8 million paid to the European Investment Fund, the Publications Office and the Commission's services.

⁽³⁾ Including an amount of EUR 300,1 million paid by the Commission to the Guarantee Fund.

Diagram VII
Evolution and utilisation of appropriations for payments for the period 1995 to 1999, by financial perspective heading

(Mio EUR)

Financial perspective headings/financial year (for the definition of headings, see Diagram IV)	Utilisation of appropriations				Share of payments in the total (payments and cancellations) ⁽²⁾	
	Final appropriations ⁽¹⁾	Payments	Carry-over to next year	Cancellations		
	(a)	(b)	(c)	(d) = (a) - (b) - (c)	(e) = (b)/((b) + (d))	
1. Common agricultural policy	1995	36 913,9	34 497,7	51,7	2 364,5	(*) 93,6
	1996	40 816,7	39 080,9	426,9	1 308,8	96,8
	1997	41 187,9	40 623,2	82,4	482,3	98,8
	1998	39 941,4	38 810,0	415,5	715,9	98,2
	1999	40 451,7	39 780,3	138,4	533,0	98,7
2. Structural operations	1995	24 121,3	19 292,0	4,3	4 825,0	(***) 80,0
	1996	25 758,6	24 426,8	36,4	1 295,5	(*) 95,0
	1997	26 426,1	26 059,2	—	366,9	98,6
	1998	28 643,4	28 366,0	204,9	72,5	99,7
	1999	30 657,7	26 663,6	3 748,4	245,8	99,1
3. Internal policies	1995	4 703,2	4 004,5	173,6	525,1	(**) 88,4
	1996	5 335,3	4 544,4	160,2	630,7	(**) 87,8
	1997	5 371,3	4 934,7	182,3	254,2	95,1
	1998	5 246,8	4 878,5	163,5	204,7	96,0
	1999	5 242,7	4 473,1	413,8	355,8	(*) 92,6
4. External action	1995	4 257,4	3 449,4	146,2	661,9	(**) 83,9
	1996	4 642,7	3 804,8	225,8	612,1	(**) 86,1
	1997	4 678,3	3 992,0	49,8	636,5	(**) 86,2
	1998	4 515,6	4 067,7	198,4	249,6	(*) 94,2
	1999	5 091,8	4 585,8	273,6	232,4	95,2
5. Administrative expenditure	1995	4 358,6	3 873,9	355,3	129,4	96,8
	1996	4 540,8	3 962,5	453,6	124,7	96,9
	1997	4 739,9	4 129,2	432,4	178,3	95,9
	1998	4 941,0	4 219,4	580,7	140,9	96,8
	1999	5 090,9	4 506,7	445,0	139,3	97,0
6. Reserves	1995	996,0	250,8	—	745,3	(***) 25,2
	1996	997,0	235,4	—	761,6	(***) 23,6
	1997	1 202,0	286,1	—	915,9	(***) 23,8
	1998	1 154,0	272,4	—	881,6	(***) 23,6
	1999	846,0	300,1	—	545,9	(***) 35,5
7. Compensation	1995	1 547,0	1 547,0	—	—	100,0
	1996	764,0	701,0	—	63,0	(*) 91,8
	1997	212,0	212,0	—	—	100,0
	1998	99,0	99,0	—	—	100,0
	1999	—	—	—	—	—
General budget - Total	1995	76 897,4	66 915,2	731,1	9 251,2	(**) 87,9
	1996	82 855,1	76 755,7	1 302,9	4 796,5	(*) 94,1
	1997	83 817,5	80 236,4	746,9	2 834,2	96,6
	1998	84 541,2	80 713,0	1 563,0	2 265,2	97,3
	1999	87 380,8	80 309,5	5 019,2	2 052,1	97,5

⁽¹⁾ After supplementary receipts and transfers between budget headings.

⁽²⁾ The indicator (e) expresses the evolution of the share of appropriations finally paid during the financial years. The difference in relation to 100 % expresses the share of appropriations finally cancelled. Indicators (e) less than 95 % are marked (*), those less than 90 % (**), and those less than 80 % (***)

ANNEX II

Reports and opinions adopted by the Court of Auditors during the last five years

The Court of Auditors is required by the terms of the Treaties to produce an annual report. It is also required, by the Treaties and other regulations, to produce annual reports on certain Community bodies and activities. The Treaties further give the Court the power to submit

observations on specific questions and to deliver opinions at the request of one of the institutions. The reports and opinions adopted by the Court during the last five years are listed below.

Title	Publication
Reports and opinions adopted during 2000	
Annual reports and statements of assurance	
Twenty-third annual report concerning the financial year 1999: — Report and statement of assurance on activities financed from the general budget — Report and statement of assurance on the activities of the sixth, seventh and eighth EDFs	Published in this OJ
Special reports	
<i>Own resources</i>	
— Special Report No 17/2000 on the Commission's control of the reliability and comparability of the Member States' GNP data	In the process of being published
<i>Common agricultural policy</i>	
— Special Report No 1/2000 on classical swine fever	OJ C 85, 23.3.2000
— Special Report No 8/2000 on the Community measures for the disposal of butterfat	OJ C 132, 12.5.2000
— Special Report No 11/2000 on the support scheme for olive oil	OJ C 215, 27.7.2000
— Special Report No 14/2000 on 'greening the CAP'	In the process of being published
<i>Structural measures</i>	
— Special Report No 3/2000 on the European Social Fund and the European Agricultural Guidance and Guarantee Fund (Guidance Section) — Measures to assist the employment of young persons	OJ C 100, 7.4.2000
— Special Report No 7/2000 on the International Fund for Ireland and the Special Support Programme for Peace and Reconciliation in Northern Ireland and the border counties of Ireland (1995 to 1999)	OJ C 146, 25.5.2000
— Special Report No 15/2000 on the Cohesion Fund	OJ C 279, 2.10.2000
<i>Internal policies</i>	
— Special Report No 10/2000 on the public contracts awarded by the Joint Research Centre	OJ C 172, 21.6.2000
— Special Report No 9/2000 on trans-European networks (TEN) — telecommunications	OJ C 166, 15.6.2000
<i>External aid</i>	
— Special Report No 2/2000 on aid given by the European Union to Bosnia-Herzegovina with a view to restoring peace and the rule of law	OJ C 85, 23.3.2000
— Special Report No 4/2000 on rehabilitation actions for ACP countries as an instrument to prepare for normal development aid	OJ C 113, 19.4.2000

Title	Publication
— Special Report No 12/2000 on the management by the Commission of European Union support for the development of human rights and democracy in third countries	OJ C 230, 10.8.2000
— Special Report No 16/2000 on tendering procedures for service contracts under the Phare and Tacis programmes	In the process of being published
— Special Report No 18/2000 concerning the programme to supply agricultural products to the Russian Federation	In the process of being published
— Special Report No 19/2000 on the management by the Commission of the programme of assistance to Palestinian society	In the process of being published
<i>Administrative expenditure</i>	
— Special Report No 5/2000 on the Court of Justice's expenditure on buildings (Annexe buildings 'Erasmus', 'Thomas More' and 'Annexe C')	OJ C 109, 14.4.2000
— Special Report No 13/2000 on the expenditure of the European Parliament's political groups	OJ C 181, 28.6.2000
<i>Financial instruments and banking activities</i>	
— Special Report No 6/2000 concerning the granting by the Community of interest subsidies on loans by the European Investment Bank to small and medium-sized enterprises, through its temporary lending facility	OJ C 152, 31.5.2000
Special annual reports	
Report on the operational efficiency of the management of the European Monetary Institute and the European Central Bank for the financial year 1998	OJ C 133, 12.5.2000
Report on the financial statements of the ECSC at 31 December 1999	In the process of being published
Report on the financial statements of the Euratom Supply Agency	Not published in OJ
Report on the 1999 JET accounts	Not published in OJ
Special Annual Report on the financial statements relating to the management by the Secretary-General/High Representative of the Council of contracts concluded by him on behalf of certain Member States and concerning the installation and the functioning of the Help Desk Server of the Management Unit and of the Sirene Network Phase II ('Schengen contracts') for the period 3 May to 31 December 1999	Not published in OJ
Report on the financial statements of the European Agency for the Evaluation of Medicinal Products (EAEMP — London) for the financial year ended 31 December 1999	Available on the Internet
Report on the financial statements of the Office for Harmonisation in the Internal Market (OHIM, Alicante) for the financial year ended 31 December 1999	In the process of being published
Report on the financial statements of the European Environment Agency (EEA, Copenhagen) for the financial year ended 31 December 1999	In the process of being published
Report on the financial statements of the European Agency for Safety and Health at Work (EASH, Bilbao) for the financial year ended 31 December 1999	In the process of being published
Report on the financial statements of the European Training Foundation (ETF, Turin) for the financial year ended 31 December 1999	In the process of being published
Report on the financial statements of the Community Plant Variety Office (CPVO, Angers) for the financial year ended 31 December 1999	In the process of being published
Report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) for the financial year ended 31 December 1999	In the process of being published
Report on the financial statements of the Translation Centre for the Bodies of the European Union (TCBEU, Luxembourg) for the financial year ended 31 December 1999	In the process of being published
Annual report on the ECSC for the financial year 1999	In the process of being published

Title	Publication
Opinions	
Opinion No 1/2000 on a proposal for a Council Regulation amending the Financial Regulation of 21 December 1977 and separating the internal audit function from the <i>ex ante</i> financial control function (fifth paragraph of Article 24 of the Financial Regulation)	In the process of being published
Opinion No 1/2000 on a proposal to amend the Financial Regulation of the Community Plant Variety Office (CPVO, Angers)	Not published in OJ
Reports and opinions adopted during 1999	
Annual reports and statements of assurance	
Twenty-second annual report concerning the financial year 1998: — Report and statement of assurance on the activities financed from the general budget — Report and statement of assurance on the activities of the sixth, seventh and eighth EDFs	
	OJ C 349, 3.12.1999
Special reports	
<i>Own resources</i>	
— Special Report No 8/99 on securities and guarantees provided for in the Community Customs Code to protect the collection of traditional own resources	OJ C 70, 10.3.2000
<i>Common agricultural policy</i>	
— Special Report No 1/99 concerning the aid for the use of skimmed milk and skimmed-milk powder as animal feed	OJ C 147, 27.5.1999
— Special Report No 2/99 on the effects of the CAP reform in the cereals sector	OJ C 192, 8.7.1999
<i>Structural measures</i>	
— Special Report No 6/99 concerning the principle of additionality	OJ C 68, 9.3.2000
— Special Report No 7/99 concerning the development of industrial sites	OJ C 68, 9.3.2000
<i>Internal policies</i>	
— Special Report No 9/99 concerning research activities in the field of agriculture and fisheries — FAIR programme (‘Fisheries, agriculture and agro-industrial research’)	OJ C 92, 30.3.2000
<i>External aid</i>	
— Special Report No 4/99 concerning financial aid to the overseas countries and territories under the sixth and seventh EDFs	OJ C 276, 29.9.1999
— Special Report No 5/99 concerning Phare cross-border cooperation (1994 to 1998)	OJ C 48, 21.2.2000
<i>Financial instruments and banking activities</i>	
— Special Report No 3/99 on the management and control of interest-rate subsidies by the Commission	OJ C 217, 29.7.1999
Special annual reports	
Report on the financial statements of the ECSC at 31 December 1998	OJ C 240, 25.8.1999
Annual report on the ECSC for the financial year 1998	OJ C 338, 25.11.1999
Report on the 1998 accounts of the Euratom Supply Agency	Not published in OJ
Report on the 1998 JET financial statements	Not published in OJ
Report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999

Title	Publication
Report on the financial statements of the European Centre for the Development of Vocational Training (Cedefop, Thessalonica) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the accounts of the European Schools for the financial year 1998	Not published in OJ
Report on the operational efficiency of the management of the European Monetary Institute for the financial year 1997	OJ C 164, 10.6.1999
Report on the financial statements of the Community Plant Variety Office (CPVO, Angers) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the Office for Harmonisation in the Internal Market (OHIM, Alicante) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the European Agency for Safety and Health at Work (EASH, Bilbao) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the European Environment Agency (EEA, Copenhagen) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA, Lisbon) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the European Agency for the Evaluation of Medicinal Products (EAEMP, London) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the Translation Centre for the Bodies of the European Union (TCBEU, Luxembourg) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the European Training Foundation (ETF, Turin) for the financial year ended 31 December 1998	OJ C 372, 22.12.1999
Report on the financial statements of the European Monitoring Centre on Racism and Xenophobia (Vienna) (period 1 May to 31 December 1998)	OJ C 372, 22.12.1999

Opinions

Opinion No 1/99 on a proposal for an amendment of the Financial Regulation of the European Monitoring Centre for Drugs and Drug Addiction (OEDT, Lisbon)	Not published in OJ
Opinion No 2/99 on the amended proposal for a Council Regulation (EC, Euratom) concerning investigations conducted by the Fraud Office	OJ C 154, 1.6.1999
Opinion No 3/99 on an amended proposal for a Council Regulation (EC, ECSC, Euratom) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (proposal presented by the Commission in document COM(1998) 676 final 98/0130 (CNS) of 20 November 1998)	OJ C 154, 1.6.1999
Opinion No 4/99 on a proposal for an amendment to the Financial Regulation of the European Agency for Safety and Health at Work (EASH, Bilbao)	Not published in OJ
Opinion No 5/99 on the additional voluntary pension scheme and fund for Members of the European Parliament	Not published in OJ
Opinion No 6/99 concerning the draft amendment of the Obnova Regulation with a view to the creation of an agency for the reconstruction of Kosovo	Not published in OJ
Opinion No 7/99 concerning a proposal to amend the Financial Regulation of the Translation Centre for the Bodies of the European Union (TCBEU, Luxembourg)	Not published in OJ
Opinion No 8/99 on a Council proposal for a decision concerning the European Union's system of own resources [document COM(1999) 333 final 99/0139 (CNS)]	OJ C 310, 28.10.1999
Opinion No 9/99 on a proposal for a Council Regulation (EC) on budgetary discipline [document COM(1999) 364 final 99/0151 (CNS)]	OJ C 334, 23.11.1999

Title	Publication
Reports and opinions adopted during 1998	
Annual reports and statements of assurance	
Twenty-first annual report concerning the financial year 1997:	
— Report and statement of assurance on the activities financed from the general budget	
— Report and statement of assurance on the activities of the sixth and seventh EDFs	OJ C 349, 17.11.1998
Special Reports	
<i>Own resources</i>	
— Special Report No 6/98 concerning the assessment of the systems of resources based on VAT and GNP	OJ C 241, 31.7.1998
— Special Report No 9/98 concerning the protection of the financial interests of the European Union in the field of VAT on intra-Community trade	OJ C 356, 20.11.1998
— Special Report No 13/98 concerning the use of risk-analysis techniques in customs control and the clearance of goods	OJ C 375, 3.12.1998
<i>Common agricultural policy</i>	
— Special Report No 2/98 on the Commission's Decisions of 23 April 1997 and 30 July 1997 on the clearance of accounts for 1993 of guarantee expenditure for agriculture of the European Agricultural Guidance and Guarantee Fund (EAGGF)	OJ C 121, 20.4.1998
— Special Report No 4/98 on importation at reduced rate of levy into the Community and disposal of New Zealand milk products and Swiss cheese	OJ C 127, 24.4.1998 and OJ C 191, 18.6.1998
— Special Report No 19/98 concerning the Community financing of certain measures taken as a result of the BSE crisis	OJ C 383, 9.12.1998
— Special Report No 20/98 on the audit of physical checks of agricultural products receiving export refunds	OJ C 375, 3.12.1998
— Special Report No 21/98 concerning the accreditation and certification procedure as applied to the 1996 clearance of accounts for EAGGF-Guarantee expenditure	OJ C 389, 14.12.1998
<i>Structural measures</i>	
— Special Report No 3/98 concerning the implementation by the Commission of EU policy and action as regards water pollution	OJ C 191, 18.6.1998
— Special Report No 12/98 on the implementation of the operational programmes relating to the promotion of rural development in the Objective 5b areas	OJ C 356, 20.11.1998
— Special Report No 14/98 on the closure of the forms of ERDF assistance	OJ C 368, 27.11.1998
— Special Report No 15/98 on the assessment of Structural Fund interventions for the periods 1989 to 1993 and 1994 to 1999	OJ C 347, 16.11.1998
— Special Report No 16/98 on the implementation of appropriations for structural operations for the programming period 1994 to 1999	OJ C 347, 16.11.1998
— Special Report No 18/98 concerning the Community measures to encourage the creation of joint enterprises in the fisheries sector	OJ C 393, 16.12.1998
— Special Report No 22/98 concerning the management by the Commission of the implementation of measures to promote equal opportunities for women and men	OJ C 393, 16.12.1998
<i>Internal policies</i>	
— Special Report No 17/98 on support for renewable energy sources in the shared-cost actions of the JOULE-Thermie programme and the pilot actions of the Altener programme	OJ C 356, 20.11.1998
— Special Report No 23/98 concerning the information and communication measures managed by the Commission	OJ C 393, 16.12.1998

Title	Publication
<i>External aid</i>	
— Special Report No 1/98 in respect of bilateral financial and technical cooperation with non-member Mediterranean countries	OJ C 98, 31.3.1998
— Special Report No 5/98 on reconstruction in former Yugoslavia (1996 to 1997)	OJ C 241, 31.7.1998
— Special Report No 7/98 in respect of the European Community development aid programme regarding South Africa (1986 to 1996)	OJ C 241, 31.7.1998
— Special Report No 11/98 concerning the development of the Phare and Tacis private sector for the 1991 to 1996 period (programmes in support of SMEs, regional development and the reorganisation of businesses)	OJ C 335, 3.11.1998
— Special Report No 24/98 concerning risk capital operations financed from the resources of the European Development Funds	OJ C 389, 14.12.1998
— Special Report No 25/98 concerning operations undertaken by the European Union in the field of nuclear safety in central and eastern Europe (CEEC) and in the new independent States (NIS) (period 1990 to 1997)	OJ C 35, 9.2.1999
<i>Administrative expenditure</i>	
— Special Report No 8/98 concerning the Commission departments specifically involved in the fight against fraud, notably the Unit for the Coordination of Fraud Prevention (UCLAF)	OJ C 230, 22.7.1998
— Special Report No 10/98 concerning the expenses and allowances of the Members of the European Parliament	OJ C 243, 3.8.1998
Special annual reports	
Report on the financial statements of the European Coal and Steel Community at 31 December 1997	OJ C 255, 13.8.1998
Annual report on the ECSC for the financial year 1997	OJ C 352, 18.11.1998
Report on the 1997 accounts of the Euratom Supply Agency	Not published in OJ
Report on the 1997 JET financial statements	Not published in OJ
Report on the financial statements and management of the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements and management of the European Centre for the Development of Vocational Training (Cedefop, Thessalonica) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the accounts of the European Schools for the financial year 1997	Not published in OJ
Report on the financial statements of the Community Plant Variety Office (CPVO, Angers) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the Office for Harmonisation in the Internal Market (OHIM, Alicante) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the European Agency for Safety and Health at Work (EASH, Bilbao) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the European Environment Agency (EEA, Copenhagen) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA, Lisbon) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the European Agency for the Evaluation of Medicinal Products (EAEMP, London) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the Translation Centre for the Bodies of the European Union (TCBEU, Luxembourg) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998
Report on the financial statements of the European Training Foundation (ETF, Turin) for the financial year ended 31 December 1997	OJ C 406, 28.12.1998

Title	Publication
Opinions	
Opinion No 1/98 concerning a proposal for a Council Regulation (EC, Euratom) implementing Decision 94/728/EC, Euratom on the system of the European Communities' own resources	OJ C 145, 9.5.1998
Opinion No 2/98 on a proposal for a Council Regulation (Euratom, ECSC, EC) amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply	OJ C 191, 18.6.1998
Opinion No 3/98 on the draft Financial Regulation applicable to the European Monitoring Centre for Racism and Xenophobia	Not published in OJ
Opinion No 4/98 on a proposal for a Council Regulation (EC) amending Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations of officials and the Conditions of employment of other servants of the European Communities, and the other regulations applicable to them with regard to the establishment of remuneration, pensions and other financial entitlement in euro	Not published in OJ
Opinion No 5/98 on a proposal for a Council Regulation (EC) amending Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations applicable to officials and the Conditions of employment of other servants of the European Communities (subject: weighting)	Not published in OJ
Opinion No 6/98 on a proposal for a Council Regulation (EC) amending Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations applicable to officials and the Conditions of employment of other servants of the European Communities (subject: parliamentary assistants)	Not published in OJ
Opinion No 7/98 on the effectiveness of the methods of recovery applied by the ESC and on the new system introduced by the ESC for the administration and reimbursement of travel expenses	Not published in OJ
Opinion No 8/98 on a proposal for a Council Regulation (EC) establishing an agrimonetary system denominated in euro (reference 98/0214) and a proposal for a Council Regulation (EC) relating to transitional measures concerning the introduction of the use of the euro under the common agricultural policy (reference 98/0215)	OJ C 368, 27.11.1998
Opinion No 9/98 on the proposal for a Council Regulation (EC, ECSC, Euratom) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (proposal submitted by the Commission in document COM (1998) 206 final of 3 April 1998)	OJ C 7, 11.1.1999
Opinion No 10/98 on certain proposals for regulations within the Agenda 2000 framework	OJ C 401, 22.12.1998
Opinion No 11/98 on a proposal for an amendment of Regulation No CB-1-95 of 27 February 1996 of the Budget Committee of the Office for Harmonisation in the Internal Market (Alicante) (Financial Regulation)	Not published in OJ

Reports and opinions adopted during 1997

Annual report and statements of assurance

Twentieth annual report and statements of assurance (general budget and EDF) concerning the financial year 1996	OJ C 348, 18.11.1997
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Special reports

Common Agricultural Policy

— Special Report No 1/97 on the Commission Decisions of 10 April 1996 and 20 November 1996 on the clearance of the accounts for the financial year 1992 and certain expenditure for the financial year 1993	OJ C 52, 21.2.1997
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Title	Publication
— Special Report No 4/97 on the audit of certain aspects of German reunification measures involving EAGGF compensation payments and export refunds	OJ C 144, 13.5.1997
— Special Report No 5/97 on management of the Community cereals trade involving export refunds, special import arrangements and regional aid schemes	OJ C 159, 26.5.1997
<i>External aid</i>	
— Special Report No 2/97 concerning humanitarian aid from the European Union between 1992 and 1995	OJ C 143, 12.5.1997
— Special Report No 3/97 concerning the decentralised system for the implementation of the Phare programme	OJ C 175, 9.6.1997
— Special Report No 6/97 concerning Tacis subsidies allocated to the Ukraine	OJ C 171, 5.6.1997
<i>Administrative expenditure</i>	
— Special Report No 7/97 on the audit of the European Association for Cooperation (EAC)	Not published in OJ

Special annual reports

Report on the financial statements of the European Coal and Steel Community at 31 December 1996	OJ C 242, 8.8.1997
Annual Report on the ECSC for the financial year 1996	OJ C 380, 15.12.1997
Report on the 1996 accounts of the Euratom Supply Agency	Not published in OJ
Report on the 1996 JET financial statements	Not published in OJ
Report on the financial statements and management for the financial year 1996 of the European Foundation for the Improvement of Living and Working Conditions (Dublin)	OJ C 393, 29.12.1997
Report on the financial statements and the management for the financial year 1996 of the European Centre for the Development of Vocational Training (Cedefop, Thessalonica)	OJ C 393, 29.12.1997
Report on the accounts of the European Schools for the financial year 1996	Not published in OJ
Report on the operational efficiency of the management of the European Monetary Institute for the financial year 1996	OJ C 42, 9.2.1998
Report on the financial statements of the Community Plant Variety Office (Angers) for the financial years 1995 and 1996	OJ C 393, 29.12.1997
Report on the financial statements of the Office for Harmonisation in the Internal Market (Alicante) for the financial year 1996	OJ C 393, 29.12.1997
Report on the financial statements of the European Agency for Safety and Health at Work (Bilbao) for the financial year 1996	OJ C 393, 29.12.1997
Report on the financial statements of the European Environment Agency (Copenhagen) for the financial year 1996	OJ C 393, 29.12.1997
Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction (Lisbon) for the financial year 1996	OJ C 393, 29.12.1997
Report on the financial statements of the European Agency for the Evaluation of Medicinal Products (London) for the financial year 1996	OJ C 393, 29.12.1997
Report on the financial statements of the Translation Centre for the Bodies of the European Union (Luxembourg) for the financial years 1995 and 1996	OJ C 393, 29.12.1997
Report on the financial statements of the European Training Foundation (Turin) for the financial year 1996	OJ C 393, 29.12.1997

Title	Publication
Opinions	
Opinion No 1/97 on the conditions governing the implementation of expenditure under the common foreign and security policy (CFSP)	Not published in OJ
Opinion No 2/97 concerning a proposal for a Council Regulation (Euratom, ECSC, EC) determining the powers and obligations of agents authorised by the Commission pursuant to Article 18(2) and (3) of Regulation (EEC, Euratom) No 1552/89	OJ C 175, 9.6.1997
Opinion No 3/97 on the draft Financial Regulation applicable to development finance cooperation under the fourth ACP-EC Convention amended by the Agreement of 4 November 1995	OJ C 223, 22.7.1997
Opinion No 4/97 on a proposal for a Council Regulation (Euratom, ECSC, EC) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (document COM(96) 351 final)	OJ C 57, 23.2.1998
Opinion No 5/97 on a proposal for a Council Regulation (EC, Euratom) amending Council regulation (EEC, Euratom) No 1552/89 implementing Council Decision 94/728/EC, Euratom on the system of the European Communities' own resources	OJ C 15, 19.1.1998
Opinion No 6/97 on the draft Financial Regulation of the Community Plant Variety Office (Angers)	Not published in OJ

Reports and opinions adopted during 1996

Annual report and statements of assurance

Nineteenth annual report concerning the financial year 1995	OJ C 340, 12.11.1996
Statements of assurance (general budget and EDF) concerning the financial year 1995	OJ C 395, 31.12.1996

Special reports

Structural measures

— Special Report No 3/96 on tourist policy and the promotion of tourism	OJ C 17, 16.1.1997
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External aid

— Special Report No 1/96 on the MED programmes	OJ C 240, 19.8.1996
— Special Report No 2/96 concerning the administrator's accounts and administration of Mostar by the European Union (EUAM)	OJ C 287, 30.9.1996
— Special Report No 4/96 on the accounts of the European electoral unit set up by the joint foreign and security policy action concerning the observation of the Palestinian elections	OJ C 57, 24.2.1997
— Reports on operations financed from contributions from non-member States which are members of the European Economic Area for the financial years 1994 and 1995	Not published in OJ

Special annual reports

Report on the financial statements of the European Coal and Steel Community at 31 December 1995	OJ C 251, 29.8.1996
Annual report on the ECSC for the financial year 1995	OJ C 377, 13.12.1996
Report on the 1995 accounts of the Euratom Supply Agency	Not published in OJ
Report on the 1995 JET financial statements	Not published in OJ
Report on the 1995 accounts of the European Foundation for the improvement of Living and Working Conditions (Dublin)	OJ C 81, 13.3.1997
Report on the 1995 accounts of the European Centre for the Development of Vocational Training (Thessalonica)	OJ C 81, 13.3.1997
Report on the accounts of the European Schools for the financial year 1995	Not published in OJ

Title	Publication
Report on the operational efficiency of the management of the European Monetary Institute for the financial year 1994	OJ C 394, 31.12.1996
Report on the operational efficiency of the management of the European Monetary Institute for the financial year 1995	OJ C 394, 31.12.1996
Report on the financial statements of the Office for Harmonisation in the Internal Market for the period 1 September 1994 to 31 December 1995	OJ C 81, 13.3.1997
Report on the financial statements of the European Environment Agency for the period 1 September 1994 to 31 December 1995	OJ C 81, 13.3.1997
Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the period 1 November 1994 to 31 December 1995	OJ C 81, 13.3.1997
Report on the financial statements of the European Agency for the Evaluation of Medicinal Products for the period 1 September 1994 to 31 December 1995	OJ C 81, 13.3.1997
Report on the financial statements of the European Training Foundation for the period 1 November 1994 to 31 December 1995	OJ C 81, 13.3.1997

Opinions

Opinion No 1/96 concerning the proposal for a financial regulation applicable to the Translation Centre for the Bodies of the European Union	Not published in OJ
Technical opinion on the financial commitments for the Court of Justice's buildings	Not published in OJ
Opinion No 2/96 concerning the proposal for a financial regulation applicable to the European Agency for Safety and Health at Work	Not published in OJ
Opinion No 3/96 concerning the proposal for a Council Decision setting up a European guarantee fund to promote cinema and television production	O J C 338, 11.11.1996
Opinion No 4/96 concerning the management of data-processing resources in the European Parliament	Not published in OJ
Opinion No 5/96 concerning a draft amendment to the Financial Regulation of the European Agency for the Evaluation of Medicinal Products	Not published in OJ
Opinion No 6/96 concerning a draft amendment to the Financial Regulation of the European Environment Agency	Not published in OJ

Reports and opinions adopted during 1995

Annual Report and Statements of Assurance

Eighteenth annual report concerning the financial year 1994	OJ C 303, 14.11.1995
Statements of Assurance (general budget and EDF) concerning the financial year 1994	OJ C 352, 30.12.1995

Special reports

Common Agricultural Policy

— Special Report No 3/95 on the implementation of the intervention measures provided for by the common organisation of the market in the sheep meat and goat meat sector	OJ C 285, 28.10.1995
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Structural measures

— Special Report No 1/95 on the Cohesion Financial Instrument	OJ C 59, 8.3.1995
— Special Report No 4/95 on the management of EAGGF-Guidance expenditure in Portugal from 1988 to 1993	OJ C 345, 22.12.1995

External aid

— Special Report No 2/95 concerning the Stabex fund in the context of the first financial Protocol of the fourth Lomé Convention	OJ C 167, 3.7.1995
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Title	Publication
<i>Administrative expenditure</i>	
— Special Report No 5/95 concerning the signing without prior approval of the contract for the building of the European Parliament's new chamber in Strasbourg	OJ C 27, 31.1.1996
Special annual reports	
Report on the financial statements of the European Coal and Steel Community at 31 December 1994	OJ C 244, 21.9.1995
Annual report on the ECSC for the financial year 1994	OJ C 329, 7.12.1995
Report on the 1994 accounts of the Euratom Supply Agency	Not published in OJ
Report on the 1994 JET financial statements	Not published in OJ
Report on the 1994 accounts of the European Foundation for the Improvement of Living and Working Conditions (Dublin)	OJ C 354, 30.12.1995
Report on the 1994 accounts of the European Centre for the Development of Vocational Training (Thessalonica)	OJ C 354, 30.12.1995
Report on the accounts of the European Schools for the financial year 1994	Not published in OJ
Opinions	
Opinion No 1/95 on the draft Financial Regulation applicable to the European Training Foundation	Not published in OJ
Opinion No 2/95 on the draft Financial Regulation in respect of the European Monitoring Centre for Drugs and Drug Addiction	Not published in OJ
Opinion No 3/95 on the draft Financial Regulation in respect of the Office for Harmonisation in the Internal Market	Not published in OJ
Opinion No 4/95 on the draft Financial Regulation in respect of the European Environment Agency	Not published in OJ
Opinion No 5/95 on a proposal to amend Article 24 of the statute governing teaching staff of the European Schools	Not published in OJ
Opinion No 6/95 on the Commission's clearance decision for the financial year 1991	OJ C 10, 15.1.1996
Opinion No 7/95 on the draft Financial Regulation for the European Agency for the Evaluation of Medicinal Products	Not published in OJ
Observations on the proposal for a Regulation (EC, Euratom) on the protection of the Communities' financial interests and on the proposal for an act establishing a convention for the protection of the Communities' financial interests (COM(94) 214 final, of 15 June 1994)	Not published in OJ