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REPORT

drawn up on behalf of the Committee on Budgetary Control

on the budgetary control aspects of the management of
Community development aid funds by the European
Investment Bank

Rapporteur: ~~Mr. G. DIMITRIADIS~~

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By letter of 1 October 1984 the Committee on Budgetary Control requested authorization to draw up a report on the budgetary control aspects of the management of Community development aid funds by the European Investment Bank.

At the plenary sitting of 14 January 1985 the Committee on Budgetary Control was authorized to draw up a report on this subject. The Committee on Development and Cooperation was asked for its opinion.

On 20 November 1984 the Committee on Budgetary Control appointed Mr DIMITRIADIS rapporteur. His mandate was confirmed on 15 May 1985.

At its meeting of 18/19 June 1985 the Committee on Budgetary Control considered the draft report. The motion for a resolution as a whole was adopted unanimously on 18 September 1985.

The following took part in the vote: Mr AIGNER, chairman; Mr MARTIN, vice-chairman; Mrs BOSERUP, vice-chairman; Mr DIMITRIADIS, rapporteur; Mr ALBER (deputizing for Mrs LENTZ-CORNETTE), Mr ANASTASSOPOULOS, Mr BARDONG, Mr CORNELISSEN, Mr FRÜH (deputizing for Mr SCHÖN), Mr GUERMEUR, Mrs HOFF, Mr PITT, Mr PRICE, Mr RYAN, Mr SCHREIBER, Mrs SCRIVENER, Mr SIMMONDS, Mr STAVROU (deputizing for Mr MARCK), Mr TOMLINSON (deputizing for Mr WETTIG) and Mr WAWRZIK (deputizing for Mr GIUMMARRA).

The opinion of the Committee on Development and Cooperation is attached.

The report was tabled on 23 September 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the budgetary control aspects of the management of Community development aid funds by the European Investment Bank

The European Parliament,

- having regard to the report of 20 February 1983¹, on relations between the European Parliament and the European Investment Bank and ways in which Parliament may supervise the budgetary operations associated with the activities of the European Investment Bank,
 - having regard to its resolutions on improving political monitoring of the borrowing and lending activities of the European Communities of 13 October 1981² and on the borrowing and lending activities of the Commission of the European Communities of 20 April 1982³,
 - having regard to the special report by the Court of Auditors on the management of Community development aid funds by the European Investment Bank,
 - having regard to the report by the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc. A2-95/85),
- A. wishing to continue the work embarked upon in the report of 25 February 1983,
- B. whereas the European Investment Bank is an autonomous Community institution established under the terms of the Treaty of Rome (Articles 129 and 130),

¹No. C 128, 16 May 1983, p. 98
²OJ No. C 287, 9 November 1981
³OJ No. C 125, 17 May 1982

- C. whereas the European Investment Bank is involved on a major scale in the implementation of Community development aid policy,
- D. having regard to the basic responsibility of the Commission for the implementation of the budget and the fact that Parliament is responsible for granting a discharge to the Commission for the implementation of development aid, which is confirmed by the internal agreement concerning the 5th European Development Fund,
- E. wishing to intensify relations with the European Investment Bank so that Parliament is well-informed on its activities in relation to the implementation of Community development aid; basing this on the statements made by the then President of the European Investment Bank on 24 June 1982 to the Committee on Budgetary Control that Parliament had a right to information in this respect,
1. Will continue its efforts for democratic control by Parliament of financial resources used on behalf of the Community as part of the intensification of its links with the European Investment Bank;
 2. Draws attention to the applicability of the principles and provisions of the Treaty of Rome and legislation enacted on this basis when the European Investment Bank administers Community budget resources on the latter's behalf or issues loans guaranteed by it;
 3. Reminds the Commission of its responsibility to Parliament, which remains undiminished even when Community development aid operations have been transferred to the European Investment Bank; stresses the right of the Court of Auditors to be given access to the relevant documents at the Commission;
 4. Calls on the Commission to make available in its files for scrutiny by the European Court of Auditors all documents relevant to decisions on the planning and implementation of development aid projects financed by the European Investment Bank so as to enable Parliament to exercise its supervisory function;

5. Believes it absolutely necessary for the Commission to be regularly informed on the economic benefit and criteria applied to calculate this once projects are completed; welcomes the progress made in this respect by the exchange of correspondence between the Commission and the European Investment Bank in July 1984; invites the Commission to report more fully than in the past on project financing in its annual report on the borrowing and lending activities of the Community;
6. Recalls its resolution forming part of the decision granting discharge in respect of the EDF for 1983, whereby ex post evaluation of projects managed by the EIB should be carried out on an increasing scale according to a timetable;
7. Calls on the Commission to ensure in the agreements concluded by it on behalf of the Community on the implementation of development projects that the Court of Auditors is enabled to ascertain proper implementation and assess the economic soundness of measures and more generally to ensure that transferral of functions does not impair the quality of information;
8. Believes it necessary when drawing up legislation, if possible in time for the agreement on the Sixth European Development Fund, to give thought to a precise delimitation of powers in relation to the allocation of tasks, highlighting in particular the audit powers of the Court of Auditors;
9. Adheres to the principle that in the long term there should be a balance between the earnings and expenditure in respect of the development aid operations carried out by the European Investment Bank for the Community and calls on the Commission to enable the Court of Auditors to assess this balance; invites the Court of Auditors to provide the Committee on Budgetary Control as soon as possible with a detailed analysis including foreseeable future trends;
10. Instructs its President to forward this resolution to the Governments of the Member States, the Council, the Commission and the European Investment Bank.

EXPLANATORY STATEMENTINTRODUCTION

1. This report continues the intensive efforts initiated several years ago by the Committee on Budgetary Control to make Community development aid policy more efficient. The special aspect of this report is that it deals with the activities of the European Investment Bank to implement this policy.
2. In various resolutions based on reports by the its Committee on Budgetary Control, Parliament has dealt with the question of improving the transparency of EIB activities and the exercise of parliamentary control over the implementation of the budget (in the case of transferred responsibilities) or the right of Parliament to information on Bank activities unrelated to the budget.
3. Paragraphs 3 and 4 of the resolution of 13 October 1981¹ read as follows:

'Feels that the information which it currently receives on the management of borrowing and lending operations to enable it to exercise its powers of control - by checking that the management of the operations carried out has been regular and efficient and, above all, in accordance with political objectives - is fragmentary and incomplete;'

'Calls on the Commission to submit to its Committee on Budgetary Control before 30 September each year a detailed report on all the borrowing and lending operations of the European Communities carried out during the previous year ...'

Parliament also calls for a report on relations between the Commission and the EIB and expresses a wish for closer cooperation with the EIB on the assessment of financing and the coordination of political objectives.

¹ OJ No. C 287, 9.11.1981

Paragraphs 1 and 4 of the resolution of 20 April 1982¹ read :

'Emphasizes that, although still not fully budgetized, borrowing and lending activities are covered by the powers of discharge provided for in Article 206(b) of the EEC Treaty and are therefore subject to control by the budgetary authority and the Court of Auditors;'

'Stresses the need to ensure that there is no delegation of powers by the Commission to the EIB such as would hinder the exercise by the European Parliament of political control over the functioning of the Community's financial instruments;'

4. Paragraphs 3 and 4 of the resolution of 15 April 1983² read as follows:

'Looks for the development of close relations with the European Investment Bank, particularly in the form of regular meetings with the relevant committees of Parliament, which will allow Parliament a greater insight into the range of the Bank's activities; takes note of the Bank's initiative of providing it with this information;'

'Considers that such meetings are all the more necessary in view of the particularly significant extension of the nature and volume of the Bank's operations in recent years;'

Parliament also emphasizes that the Commission remains responsible when budget resources are administered by the EIB on behalf of the Community.

5. Finally in its resolution on a discharge of 10 April 1984 concerning the implementation of development aid in the 1982 financial year Parliament urges that the EIB should in future provide more detailed information on the use of EDF resources which it administers on behalf of the Community because this is important for control and thus for the discharge procedure and because greater transparency is in the interests of all the parties involved.

¹OJ No. C 125, 17.5.1982

²OJ No. C 128, 16.5.1983

6. The special report by the Court of Auditors of May 1984 now provides a thorough analysis of the management of Community development aid funds by the European Investment Bank.

Subject of scrutiny

7. The report proceeds on the basis that under Article 205 of the EEC Treaty the Commission implements the budget on its own responsibility for which it is granted a discharge where appropriate by Parliament under Article 206b¹. The Commission's responsibility towards Parliament for the Fifth EDF is explicitly mentioned in Article 29(3) of the 1979 Internal Agreement on the financing and administration of Community aid. When the Commission entrusts operations to third parties it retains full responsibility: it has an obligation to exercise complete control and is fully accountable to the authority granting the discharge or must provide the Court of Auditors with full audit powers of scrutiny and enable Parliament to exercise its control function. For this reason the comments which relate to the activities of the Investment Bank are directed at the Commission which is responsible to Parliament. At the same time Parliament, as it is often stressed², is very interested in closer relations with the Bank, among other things with a view to improving the flow of information.

The European Investment Bank as a Community institution

8. The European Investment Bank is an institution set up on the basis of Article 3j and Article 129 of the EEC Treaty with legal autonomy in which the supreme body is the Board of Governors. The Bank has its own system of and bodies for control. In Article 14(1) of the Protocol on the Statutes of the EIB, the responsibility of a Committee appointed by the Board of Governors to 'verify that the operations of the Bank have been conducted and its books kept in a proper manner' is explicitly formulated.

¹ See Article 11 of the Internal Agreement of 1979 on the financing and management of Community aid (OJ No. L 347, 22 December 1980, pp. 210 et seq.) under which the Commission is responsible for implementing the aid policy defined by the Council and to the general guidelines defined for technical and financial cooperation by the ACP-EEC Council of Ministers

² Report by Mr COUSTE (Doc. 1-1309/82, 25 February 1983)

The activities of the EIB in the context of the management development aid funds

9. The EIB plays a major role in Community development aid acting partly on the basis on internal agreements between Member States and partly on instructions from the Commission. In addition there are in almost all cases loans from EIB own resources.

The activities of the EIB in this field may be broken down into the following categories:

- management of development aid resources under the Yaoundé and Lomé conventions and agreements for the overseas territories and regions of Member States (financed by contributions from individual Member States which do not therefore come under the budget),
 - management of resources under the financial protocols to the cooperation agreement between the Community and individual countries in the Mediterranean area (resources from Chapter 96 of the budget).
10. In some cases the EIB's responsibility includes the collection of interest and repayments from special loans or the financial and technical monitoring of projects financed using risk capital. As far as the Lomé agreements are concerned, relations between the EIB and the Commission are governed by the Internal Agreement on the financing and management of Community aid. As regards the resources from Chapter 96 of the budget are concerned, relations between the Commission and the bank are governed by an agreement between the two institutions which like the internal agreement between the Member States establishes a monitoring and discharge procedure in accordance with the Bank's Statute.
11. The development aid resources administered by the EIB are shown on the following table (further tables appear in ANNEX I to this report):

FUNDS ALLOCATED FOR ACP COUNTRIES AND O.C.T. at 31 December 1982

(Mio ECU)

EDF	Period covered	Total aid	Aids managed by EIB					Aids managed by Commission		
			Own re-sources	Special loans (1)	Interest subsidies	Risk capital	Total	Special loans + Sysmun (2)	Grants + Stabex	Total
1st EDF	1959 - 1964	569,4	-	-	-	-	0,0	-	569,4	569,4
2nd EDF	1964 - 1970	803,1	70,0	50,0	- (4)	-	120,0	-	683,1	683,1
3rd EDF	1971 - 1976	1 013,8	100,0	88,2 (5)	6,4	2,3 (5)	196,9	-	816,9	816,9
4th EDF	1976 - 1980	3 555,9	400,0 (3)	-	66,1	101,0	567,1	469,5	2 519,3	2 988,8
5th EDF	1981 - 1985	5 702,3	900,0 (3)	-	179,6	291,0	1 370,6	827,0	3 504,7	4 331,7
TOTAL		11 644,5	1 470,0	138,2	252,1	394,3	2 254,6	1 296,5	8 093,4	9 389,9
Proportion of total aid : (%)		(100%)	(12,6%)	(1,2%)	(2,2%)	(3,4%)	(19,4%)	(11,1%)	(69,5%)	(80,6%)

(1) Commission is partly responsible for some projects

(2) EIB has responsibility for collecting interest and repayments

(3) Additional amounts may be granted, without interest subsidies

(4) Interest subsidies not financed by EDF, but from interest received by EIB on special loans

(5) Risk capital was granted from the allocation for special loans under the 3rd EDF

FUNDS ALLOCATED FOR ALL MEDITERRANEAN COUNTRIES at 31 December 1982

(Mio ECU)

Country	Agreement	Total aid	Aids managed by the EIB				Aids not yet allocated and aids managed by the Commission		
			Own re-sources	Special loans	Interest subsidies	Total allocated	Special loans	Grants	Total
TOTAL MAGHREB/MASHREQ		1 684,0	962,0	37,8	25,0	1 024,8	260,2	399,0	659,2
NORTHERN MEDITERRANEAN + ISRAEL (annex 2 (1))		2 526,0	1 596,0	564,0	117,9	2 277,9	-	248,1	248,1
TOTAL MEDITERRANEAN REGION		4 210,0	2 558,0	601,8	142,9	3 302,7	260,2	647,1	907,3
Proportion of total aid (%)		(100,0%)	(60,7%)	(14,3%)	(3,4%)	(78,4%)	(6,2%)	(15,4%)	(21,6%)

Source: Special report by Court of Auditors, 10 May 1984, pp.45 and 47

12. For financing where the EIB uses resources from the Community budget, Parliament's right to exercise control (over the Commission) follows directly from its powers to grant a discharge under Article 206a of the Treaty. As far as the other resources used for Community development aid policy are concerned, Parliament's right to information on the way in which resources have been used derives from its right to consultation on the formulation of the main Community objectives¹ and its powers to grant a discharge where as the financial management of the Fifth EDF is directly involved (Article 29(3) of the Internal Agreement (see too Article 70(1) of the Financial Regulation of 17 March 1981 for the Fifth EDF²)).

AUDIT OF EIB ACTIVITIES IN CONNECTION WITH THE MANAGEMENT OF COMMUNITY DEVELOPMENT AID FUNDS

13. In its annual reports for 1980³, 1981⁴ and 1982⁵, the Court of Auditors pointed out that it is not neither legally nor practically feasible for it to check the accounts for the operations carried out by the EIB on behalf of the Community. It is important to note out again that the Court of Auditors does not have direct access to Bank documents and can only consider the documents lodged with the Commission.
14. There is no legal restriction on the Court of Auditors' powers of audit as far as the development fund is concerned. Statement No. 1 on the first sub-section of Article 206a(1) reads as follows:

'It is agreed that the Court of Auditors shall have jurisdiction to audit the operations of the European Development Fund'

¹ For a justification in detail see the COUSTE report (Doc. 1-1309/82 of 25 February 1983

² OJ No. L 101 of 11 April 1981, p. 2

³ Paragraphs 14 et seq.

⁴ Paragraphs 1.11 et seq., p.31

⁵ Paragraphs 1.10, 1.11 and 10.29 - 10.32

Unrestricted audit powers for the Court of Auditors

15. Under Article 29(2) of the Internal Agreement of 1979 on the financing and administration of Community aid, the Court of Auditors exercises its powers under the Treaty of Rome in respect of the Fund's operations without prejudice to Article 29(4) under which operations managed by the Bank are subject to the control and discharge procedures laid down by the Statute of the Bank for all its operations. This clearly shows that it is a question of two different and independent powers and by no means a restriction on the powers of the Court of Auditors. Otherwise the actual provisions of Article 29(2) which derives the powers of the Court of Auditors from Article 206 of the EEC Treaty would immediately remove them again. There must therefore be concurrent powers for the statutory control bodies of the bank and the application of the Community's control procedure (Court of Auditors) to monitor adherence to the provisions of the financial regulation enacted pursuant to Article 28 of the Internal Agreement (see Article 209 of the EEC Treaty). This is confirmed by Article 29(3) which explicitly grants Parliament the power to grant a discharge.

16. There can be no objection from the Bank or the Commission to full audit powers for the Court of Auditors in relation to all operations carried out by the Bank on behalf of the Community insofar as the Bank is acting on behalf of the Community at the latter's risk or at the risk of the Member States but in the context of a development policy defined by the Community institutions where control is exercised by the Court of Auditors or Parliament indirectly, i.e. via the Commission. Similar considerations should apply to all loans to third countries granted by the EIB using its own resources but with guarantees from the Community (for example Article 969 of the 1984 budget on lending to Mediterranean countries).

17. The same applies to the administration of operations financed from the general budget (mainly financial protocols with countries in the Mediterranean area, Chapter 96), which provide for the control and discharge procedures of the EIB to be applied in accordance with

instructions from the Commission¹. It would be useful to clarify this in the written instructions by stating that the powers of the discharge authority and those of the Court of Auditors are in no way affected. Under no circumstances can a transferral of authority mean that the supervisory institutions defined in the Treaty or agreements of similar status are excluded. The Court of Auditors therefore rightly insists on the full exercise of its powers and duties.

Present scope for auditing

18. As far as the practical problems are concerned, the Court of Auditors notes in a number of cases that the documents in the Commission files concerning matters transferred to the EIB provide little or no information. For example there is a lack of financing proposals, loan contracts and progress reports. Nor are there any receipts or reports how the beneficiaries have benefited from the completed investments projects. This means that it is impossible for the Court of Auditors, which is not allowed to have direct access to EIB documents, to obtain a clear picture of the administration of funds. It is also doubtful whether the Commission itself is in a position to do this. Frequent personal contacts and meetings between the EIB and the Commission are at all events no substitute for orderly records being kept at the institution which ultimately is responsible for accounting to the institution granting the discharge.
19. This is all the more serious in that in its report on measures to be taken in response to the 1981 discharge the Commission referred to a willingness on the part of the EIB to provide the information demanded by the Court of Auditors (COM(XIX/83, p. 8 et seq.)².

¹ As the financial regulations proposed by the Commission in 1978 were not accepted, the Commission began to conclude agreements with the EIB regulating relations between the two institutions.

² The Commission notes in this connection :
'In applying these arrangements, the Commission has operated on the principle that the operations should be as transparent as those which it manages directly. The Commission and the Bank have therefore agreed that the reports on the execution of the Bank's management mandates should contain all the information required to enable the Court of Auditors, and hence Parliament, to carry out their responsibilities under the Treaty.'

20. Only in July 1984 in an exchange of correspondence between the EIB and the Commission was it agreed that the flow of information should be improved. Under this agreement reports on the implementation and auditing of projects, financing proposals, public tenders and awards are to be presented in addition to the usual annual report by the Commission. The draft Lomé III Convention provides explicitly for the drawing up of final reports and more extensive follow-up assessment programmes.

Assessment following completion of projects

21. The evaluation of completed projects in terms of their economic benefit and viability and importance for the national economy as a whole is becoming increasingly important, particularly in view of a number of mistakes made in the past which are mentioned in the Court of Auditors' report and described in more detail in the annual reports on the implementation of Community development aid. It was not possible for the Court of Auditors to go into detail on any material shortcomings in its special report because of the abovementioned incompleteness of Commission documentation.
22. It is important to insist in future that Commission documents contain comprehensive reports from the Bank with information on their conclusions reached after supervision and in particular the criterion and procedure used. The obligation on the EIB and Commission to satisfy themselves as to the conditions under which Community aid is being used is explicitly set out in Article 25(1) of the 1979 Internal Agreement. Since the EIB states that it carries out such checks on projects financed by it on behalf of the Community, documentation on this should also be available in the Commission files. It would be welcomed if the EIB information, at least to the Commission, was of a comparable standard to that published by the World Bank.
23. It is all the more important for Parliament to be informed on the outcome of its development aid policy as this sector has been attracting particular attention for several years. Any mistakes and unsuccessful projects which turn out not to have been viable must have repercussions at political level if they are to be more successful in future. And it is not least the reputation of the Community as a whole which is at stake, especially in the context of development projects.

Payment to the Bank for services rendered

24. The EIB receives various forms of payment for its activities in part from the Community budget. It was however established at the outset that the aim should be to reconcile expenditure and revenue from the operations entrusted to the Bank for implementation.

1. Commission for administering special loans

Rates varied according to the Treaty on which they were based (Yaounde I, II, Lomé I and II) from 0.25 to 0.75% per annum on the balance due.

2. Commissions for the placement and administration of risk capital

One-off administration fee: 1.5% and 0.75% commission on the balance due.

3. Updating rates for subsidized loans

Three-quarters of the amount charged to the beneficiary (before deduction of interest subsidies).

25. For 1982 the Court of Auditors calculated the overall sum paid to the EIB from operations on behalf of the Community at some 8.13 m ECU. The Court of Auditors assumes by 1986 the annual charges will have risen to 18.4 m ECU.

Calculations of earnings

26. It is first important to note that this is purely an estimate based on the assumption that the amounts lent will in fact be taken up in full on schedule (the findings of the Court of Auditors are based on 1982 figures). But in May 1985, only 150 million of the special loans totalling 827 million ECU (see paragraph 2 at the end of the comments by the Court of Auditors on the Commission's replies) has been paid out whereas the Court of Auditors in its table on page 44 of the special report clearly assumes more than half the total amounts have been paid. It is also important to notice in the context of these special loans that so far there has been 30 individual transactions involving 2,400 due dates which have had to be monitored and often several reminders sent.

27. A distinction should then be made between earnings from fees and earnings from capital¹. Nor can a commission or interest payment be equated with profits. Most of the bank's earnings are matched by expenditure. Since 1978 the EIB has been operating a computerized cost assessment system which calculates precisely the costs of individual items.
28. In Section V.5 of its answers to the comments by the Court of Auditors, the Commission compares the expenditure and earnings of the Bank which according to Bank calculations produced a considerable annual deficit until 1980 as a result of their activities in administering the Yaounde and Lomé Conventions.
29. It is particularly important to take inflation into account in relation to the earnings quoted in paragraph 2 of the comments by the Court of Auditors on the Commission's answers amounting to some 84 m ECU for special loans as part of an overall amount of 827 m over a 40 year period: at present-day values 84 m ECU represents a very considerable sum but in the course of these 20 years inflation will mean steadily rising expenditure on staff and materials. Revenue during the latter years will have to be earned by the Bank at a far higher rate of expenditure although it must be conceded that the amount of work involved in paying over loans is of course much greater.

Discounting subsidized interest rate amounts

30. The calculation presented by the Court of Auditors in paragraph 31 cannot be accepted as it stands: the Court of Auditors estimates a profit of 3% from the agreed rate of interest on the lump sum with a subsidized interest rate (three-quarters of the rate it receives from the borrower) because the rate of interest on loans from EIB own-resources in 1981/82 was 12%. This would be correct if the EIB could use the lump sum at the conclusion of the contract in its entirety for refinancing at an effective rate of 12%. In practice, however, it cannot lend this amount on such a long term. Moreover there is an exchange rate risk which can only be finally calculated once the last interest payment has been made. The fact that the Bank reduced its margin for subsidized loans under the second Mediterranean protocol shows, however, that this area is problematic (see also paragraph 31).

¹See Annex 6 of the special report of the Court of Auditors where both types of revenue are added.

Premature transfer of interest subsidies

31. As far as the lump sums paid by the Commission to the EIB as interest rate subsidies are concerned, the Court of Auditors complains of the advantage to the EIB from the fact that the transfer does not take place when the interest is due but once the signing of the loan contract is planned, which in some cases means long before disbursement. This lump sum (with the compound interest which can be earned in the period) contains the full amount of the interest subsidies due. Such early transfers do not seem appropriate as the Commission could invest these amounts profitably for the benefit of the Community budget. It should be noted in this context that under the second Mediterranean agreement the procedure criticized by the Court of Auditors has not been applied since January 1983. Since then a discounted interest rate subsidy has been calculated from the date of the effective disbursement of the loan and transferred to the bank; the discounting rate applied is the loan rate reduced by 0.4%. In future, the lump sum for interest subsidies including those under the Lomé Convention is to be paid at the earliest on the date when the loan is granted or the first date for repayment of interest. Transfers as interest becomes due would not be justified given the high administrative costs this would involve.
32. If such lump sums have to be paid back, the EIB also pays back the accumulated interest: the Court of Auditors observes that the rate for calculating the accumulated interest only amounts to three-quarters of the rate charged to the borrower. This is perfectly in accordance with the appropriate financial regulation. Nevertheless, restitution on the basis of applicable market rates would in fact be more appropriate.

The need for access to EIB calculations sent to the Commission

33. The Committee on Budgetary Control will not be able to check payments made to the EIB until the Court of Auditors deals thoroughly with the Commission argument that expenditure in connection with the

administration of loans is higher than the revenue produced. According to the Bank the Commission has detailed figures which the Court of Auditors should be able to examine so as to give the Committee on Budgetary Control a final assessment and enable it to gain a clear picture. Information on the most recent development since 1980 is particularly important to show whether there is any sign of the trend having been reversed. The committee will follow future developments closely and in particular the adjustment of the rates of payment to the Bank to the present circumstances. The Commission is asked to make available to the Court of Auditors all the necessary documentation.

Problems in connection with cooperation between the Commission and EIB

34. It was mentioned at the beginning that the Court of Auditors has not been able to study the implementation of projects financed by the EIB because of the lack of documentation at the Commission. This is mentioned in detail at various points in its report (see paragraphs 29, 39, 58 and 74). As regards tasks transferred to the EIB, the obligation to provide comprehensive reporting is inherent in the task itself but for clarification it would be desirable to set out in writing what information should be supplied to the Commission. This also applies of course to the receipts and disbursement requests to be sent to the Commission, as for example in the case raised by the Court of Auditors in paragraph 29 where no real control on the use of interest subsidies is possible because of the inadequate information in the Commission.
35. In its written instructions the Commission must clearly state which documents it needs to carry out its obligations under Article 205 of the EEC Treaty. In the internal agreements which the Member States conclude on the implementation of development aid there should be greater emphasis on the responsibility of the Commission.
36. The different administrative procedures used by the Commission and the EIB might lead to difficulties for the recipients as possibly not

sufficient distinction is made between loans administered by the Commission and by the EIB. It would therefore be helpful if there could be as much similarity as possible. It is said that the present arrangements have led to uncertainty among beneficiaries.

37. As the EIB itself has no local delegations, closer cooperation with the Commission to make use of its delegations would be desirable and this would also mean that the European Community which takes the initiative for promoting such projects would present a more coherent image to the outside world. This would also ensure regular and cost-effective monitoring.
38. One anomaly in relations between the Commission and the EIB (to which the Court of Auditors draws attention in paragraph 28) is that a unanimous financing decision by the EIB can provide interest subsidies from budget resources for a project which the Commission, the body responsible for Community development policy, does not support. Such a provision is solely incongruous as long as the Commission is responsible under Article 205 for the implementation of the budget.

FINANCING PROVIDED ACCORDING TO THE EUROPEAN INVESTMENT BANK ANNUAL
REPORT FOR 1984

Table 15: Financing from 1959 to 1984

Year	Total financing	Within the Community			Outside the Community	
		Lending from own resources	Loans under mandate and guarantees	Lending from NCI resources	Lending from LWR resources	Operations mounted from budgetary resources
1959—1979 <i>annual average</i>	13 693.6 <i>652.1</i>	11 355.0 <i>540.7</i>	228.2 <i>10.9</i>	277.0 <i>13.2</i>	1 165.8 <i>55.5</i>	667.6 <i>31.8</i>
1980	3 498.5	2 739.0	14.2	197.6	371.4	176.3
1981	3 831.9	2 523.8	282.1	539.8	396.4	89.8
1982	4 695.8	3 453.2	—	791.1	410.2	41.3
1983	5 947.8	4 158.1	97.6	1 211.8	427.2	53.1
1984	6 903.2	5 013.1	—	1 181.8	620.7	87.6
Total	38 570.9	29 242.3	622.1	4 199.2	3 391.7	1 115.6

SOURCE: EIB ANNUAL REPORT 1984, p.103

Table 1: Financing provided in 1984, from 1980 to 1984 and from 1959 to 1984
Broad breakdown by origin of resources and project location

	1984		1980—1984		1959—1984 (1)	
	million ECUs	%	million ECUs	%	million ECUs	%
Loans from EIB own resources and guarantees						
within the Community	5 013.1	72.6	18 281.2	73.5	29 864.4	77.4
of which guarantees	—	—	393.9	1.6	622.1	1.6
outside the Community	620.7	9.0	2 225.9	8.9	3 391.7	8.8
Total	5 633.8	81.6	20 507.1	82.4	33 256.1	86.2
Financing (2) provided from other resources (accounted for in the Special Section)						
within the Community, from the resources of the New Community Instrument for borrowing and lending (NCI)	1 181.8	17.1	3 922.1	15.8	4 199.2	10.9
outside the Community from Member States' or Community budgetary funds	87.6	1.3	448.1	1.8	1 115.6	2.9
Total	1 269.4	18.4	4 370.2	17.6	5 314.8	13.8
Grand Total	6 903.2	100.0	24 877.3	100.0	38 570.9	100.0
of which — within the Community	6 194.9	89.7	22 203.3	89.3	34 063.6	88.3
— outside the Community	708.3	10.3	2 674.0	10.7	4 507.3	11.7

(1) Amounts at current prices and exchange rates. A summary of financing provided over such a long period should be interpreted cautiously, data for individual years are affected by price movements and exchange rate variations occurring between 1959 and 1984.

(2) Excluding Euratom loans and loans on special conditions made available under the Lomé Conventions as decided by the Commission of the European Communities.

SOURCE: EIB ANNUAL REPORT 1984, p.9

Table 5: Financing provided within the Community in 1984, 1983 and from 1980 to 1984
Geographical breakdown

	1984						1983						1980-1984					
	From own resources		From NCI resources		Total		From own resources		From NCI resources		Total		From own resources		From NCI resources		Total	
	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%
Belgium	32.5	0.7	—	—	32.5	0.5	—	—	—	—	—	—	428.7	2.3	—	—	428.7	1.9
Denmark	190.0	3.8	134.6	11.4	324.6	5.2	259.7	6.1	105.4	8.7	365.1	6.7	883.0	4.8	354.2	9.0	1 237.2	5.6
Germany	134.3	2.7	—	—	134.3	2.2	152.2	3.6	—	—	152.2	2.8	613.6	3.4	—	—	613.6	2.8
Greece	275.5	5.5	69.3	5.9	344.8	5.6	364.3	8.6	85.3	7.0	449.6	8.2	1 117.1	6.1	279.6	7.1	1 396.6	6.3
France	814.0	16.2	386.3	32.7	1 200.3	19.4	707.9	16.6	186.2	15.4	894.1	16.4	2 451.9	13.4	650.4	16.6	3 102.3	14.0
Ireland	124.0	2.5	50.0	4.2	174.0	2.8	234.6	5.5	69.4	5.7	304.0	5.6	1 343.7	7.4	261.5	6.7	1 605.2	7.2
Italy	2 538.2	50.6	497.3	42.1	3 035.5	49.0	1 945.7	45.7	665.4	54.9	2 611.1	47.7	8 476.4	46.4	2 198.2	56.0	10 674.6	48.1
Luxembourg	16.4	0.3	—	—	16.4	0.3	—	—	—	—	—	—	16.4	0.1	—	—	16.4	0.1
Netherlands	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
United Kingdom	888.2	17.7	44.3	3.7	932.5	15.0	591.3	13.9	100.1	8.3	691.4	12.6	2 876.8	15.7	178.3	4.6	3 055.1	13.7
Non-member countries ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	73.6	0.4	—	—	73.6	0.3
Total	5 013.1	100.0	1 181.8	100.0	6 194.9	100.0	4 255.7	100.0	1 211.8	100.0	5 467.5	100.0	18 281.2	100.0	3 922.1	100.0	22 203.3	100.0
<i>of which guarantees</i>	—	—	—	—	—	—	97.6	2.3	—	—	—	—	393.9	2.2	—	—	—	—

⁽¹⁾ Loans granted in accordance with the second paragraph of Article 18 (1) of the Bank's Statute, empowering the Board of Governors to authorise the Bank to contribute towards financing projects outside, but of direct interest to, the Community

SOURCE: EIB ANNUAL REPORT, 1984, p.35

Table 21: Financing provided from 1980 to 1984 in the Mediterranean region
Breakdown by project location and origin of resources

	Loans from own resources		Operations mounted from budgetary funds		Total	
	million ECUs	%	million ECUs	%	million ECUs	%
Candidates for accession	784.0	50.6	—	—	784.0	44.5
Spain	390.0	25.2	—	—	390.0	22.1
Portugal	394.0	25.4	—	—	394.0	22.4
Other countries	766.8	49.4	209.5	100.0	976.3	55.5
Northern Mediterranean⁽¹⁾	314.0	20.2	174.0	83.0	488.0	27.8
Yugoslavia	260.0	16.7	—	—	260.0	14.8
Turkey	54.0	3.5	174.0	83.0	228.0	13.0
Maghreb	176.0	11.4	21.5	10.3	197.5	11.2
Algeria	30.0	1.9	—	—	30.0	1.7
Morocco	120.0	7.8	5.0	2.4	125.0	7.1
Tunisia	26.0	1.7	16.5	7.9	42.5	2.4
Mashreq	206.8	13.3	10.0	4.8	216.8	12.3
Egypt	115.5	7.4	3.0	1.4	118.5	6.7
Jordan	33.0	2.1	7.0	3.4	40.0	2.3
Lebanon	20.0	1.3	—	—	20.0	1.1
Syria	38.3	2.5	—	—	38.3	2.2
Other	70.0	4.5	4.0	1.9	74.0	4.2
Cyprus	20.0	1.3	4.0	1.9	24.0	1.4
Israel	50.0	3.2	—	—	50.0	2.8
Malta	—	—	—	—	—	—
Total	1 550.8	100.0	209.5	100.0	1 760.3	100.0

⁽¹⁾ Additional to 101.0 million from own resources in respect of lending in Greece in 1980

SOURCE: EIB ANNUAL REPORT 1984, p.116

Table 23: Financing provided from 1976 to 1984 in the African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT) under the Lomé Conventions

Breakdown by project location and origin of resources

(million ECUs)

	Loans from own resources			Risk capital operations mounted from budgetary funds			Total financing (1)		
	1st Lomé Convention	2nd Lomé Convention	Total	1st Lomé Convention	2nd Lomé Convention	Total	1st Lomé Convention	2nd Lomé Convention	Total
	ACP States: Total	390.0	446.7	836.7	99.71	208.46	308.17	489.71	655.16
OCT	7.0	3.0	10.0	2.05	5.14	7.19	9.05	8.14	17.19
Grand Total	397.0	449.7	846.7	101.76	213.6	315.36	498.76	663.3	1 162.06

(1) Excluding financing provided between 1964 and 1976 under the two Yaoundé Conventions, amounting to 146.1 million from own resources and 142 million from EDF resources

SOURCE: EIB ANNUAL REPORT, 1984, p. 118

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Development and Cooperation

Draftsman: Mrs L. SCHMIT

On 21 November 1984, the Committee on Development and Cooperation appointed Mrs L. SCHMIT draftsman of an opinion.

At its meeting of 26 March 1985, the committee considered the draft opinion. It unanimously adopted its conclusions on 25 April 1985.

The following took part in the vote:

Mrs FOCKE, chairman; Mr BERSANI and Mr WURTZ, vice-chairmen; Mrs SCHMIT, draftsman;

Mr ANDREWS, Mr BAGET BOZZO, Mr BALFE, Mrs BUCHAN, Mrs CINCIARI RODANO, Mr COHEN, Mrs DALY, Mrs DE BACKER VAN OCKEN, Mr MOUCHEL (deputizing for Mr FLOSSE), Mr NORMANTON (deputizing for Mr de COURCY LING), Mrs PANTAZI, Mrs PERY, Mrs RABBETHGE, Mrs SIMONS, Mr SIMPSON, Mr ULBURGHS (deputizing for Mr PANNELLA), Mr VERBEEK and Mr VERGEER.

A. OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

The Committee on Development and Cooperation:

1. Fully appreciates the value of the presentation by the Court of Auditors of a special report on the management of Community development aid funds by the EIB and, more generally, stresses its desire for increased cooperation with the Court of Auditors through the presentation of special reports;
2. Notes the important role played by the EIB in the implementation of the EEC's development policy with regard both to the ACP States and the Maghreb and Mashreq countries, while stressing that this role should be further extended to meet the growing need of these countries for easier access to the international capital market and private foreign investment; asks to reconsider how the EIB can broaden its scope and what sort of specific proposals can be made by the Member States to enable the Bank to extend loans to non-associated developing countries;
3. Stresses the important specific contribution which the EIB ought to make as a banking institution, particularly in the field of industrial cooperation through the issuing of loans from its own resources together with interest rate subsidies and risk capital;
4. Stresses that the justification for the EIB's lending operations lies in the development aims which were clearly defined in the ACP-EEC Conventions and in the Mediterranean financial protocols, and considers that, therefore, the EIB's aim should be to achieve a balance between revenue and expenditure, rather than a profit in carrying out its operations;
5. In order to ensure that this aim is constantly pursued, calls on the Commission, in collaboration with the EIB, to undertake detailed economic and financial studies of the costs associated with the Bank's operations, so as to determine to what extent a review of the Bank's revenue is necessary, particularly that relating to special lending operations and loans enjoying interest rate subsidies;
6. Deplores the EIB's attitude, which all too often seems to be based on the solvency of a country or the pursuit of strict financial viability;
7. Stresses the need for still greater exchange of information and coordination between the Commission and the EIB in order to ensure that the EEC's aid measures are as effective as possible; calls for the provisions on this matter in the act establishing the EDF to be scrupulously observed and considers that the exchange of letters in 1984 between the Commission and the EIB should help to improve the situation in this field, notably by improving project evaluation;
8. Deeply regrets that in the case of many earlier agri-industrial projects, where the agricultural side was managed by the Commission and the industrial side managed by the EIB, the two institutions acted entirely independently of each other, a policy which is likely to jeopardize the success of any development project;
9. Stresses that, above and beyond the management powers assigned to the EIB, the Commission retains a responsibility for monitoring the implementation of the aid policy defined by the Council and the financial and technical cooperation policy laid down by the ACP-EEC Council of Ministers and the corresponding bodies set up under the Maghreb-Mashreq agreements;

10. Points out that, in addition to its powers in the field of budgetary control and discharge, the European Parliament has called for measures taken within the framework of the new ACP-EEC Convention to be subject to parallel control and assessment by the Commission, the Court of Auditors and Parliament, as this is the only way of ensuring that optimum use is made of these funds;
11. Reiterates its desire for a closer and more continuous dialogue with the EIB, while respecting the independent status of the Bank in the Community structure, so as to enable the European Parliament to assess the extent to which the EIB's operations are contributing to the achievement of the priority development aims of the European Community;
12. Calls on the Commission to report regularly to it both on the Bank's management of budget aid for which the European Parliament is the budgetary and discharge authority, and on the management of EDF funds, over which Parliament should be able to exercise the same control as it does over the management activities performed by the Commission;
13. Requests that the Committee on Development and Cooperation of the European Parliament be permitted to draw up a report on the Bank's role, objectives and future operating and control procedures in connection with the Community's development policy - taking into account both the current moves to reform the Community institutions and the increased resources which the Bank will have to administer under the new Lomé Convention.

B. EXPLANATORY STATEMENT

I. THE PRESENT SITUATION

The European Investment Bank is responsible for administering the appropriations destined on the one hand for the ACP States and, on the other, for seven developing Maghreb and Mashreq countries.

For its operations in the ACP countries, the EIB has at its disposal appropriations from the EDF, in addition to the funds it allocates from its own resources, whereas, for the Mediterranean countries - in addition to the funds granted from its own resources - it uses appropriations from the EEC budget (Chapter 96).

In financial terms, the Second Lomé Convention entrusted the EIB with the management of 280 m ECU from the EDF(1) plus 685 m ECU to be used from its own resources, these latter appropriations being coupled with an interest rate reduction granted by virtue of the quota of EDF subsidies specifically earmarked for this purpose(2). The new Convention of Lomé III entrusts the EIB with the management of 600 m ECU from the EDF(3) plus 1,100 m ECU to be used from its own resources, these appropriations being accompanied by an interest rate reduction financed from the resources of the EDF, on the same terms as under the present Convention.

The Maghreb and Mashreq countries receive a total of 560 m ECU allocated by the EIB from its own resources(4). In addition, the EIB administers both the appropriations forming part of the non-reimbursable aid aimed at reducing the interest rate on loans granted by the EIB from its own resources, and those appropriations appearing under the heading of special loans in application of cooperation agreements granted to sectors other than rural development and social infrastructure.

Apart from the management of the funds which it obtains from its own resources and the quota of the appropriations which, after being deducted either from the EDF subsidies or from the subsidies provided for under the Mediterranean financial protocols - and included in the EEC budget - are used to reduce interest charges on loans issued from its own resources, the criteria governing the EIB's powers of management depend, with regard to the ACP countries, on the nature of loans issued and, with regard to the Maghreb and Mashreq countries, on the sectors concerned by the operations financed. This type of funding represents a form of financial aid specifically adapted to the financial situation and economic conditions of these countries, particularly as it allows financial participation in undertakings and the financing of preparatory studies for projects.

(1) Funds in the form of risk capital

(2) A maximum of 175 m ECU in accordance with the Internal Agreement of 1979 on the funding and administration of Community aid, OJ No L 347, 22.12.1980

(3) Funds in the form of risk capital

(4) See opinion by Mr NARDUCCI on behalf of the Committee on Development and Cooperation on the conclusion of new financial protocols between the European Economic Community and certain southern Mediterranean countries - Doc. 1-846/82 of 15 November 1982

With regard to the Mediterranean countries, the EIB administers loans which concern sectors other than rural development and social infrastructure, as we have seen above.

From the legal and institutional point of view, the management operations performed by the EIB can be seen in a substantially different light according to whether they concern cooperation between the ACP and the EEC or with the Maghreb and Mashreq countries.

The scope of the role of the EIB, which is assigned the task of administering certain funds from the EDF under the Lomé Convention, is laid down in the legal act establishing the European Development Fund(1), which gives a detailed definition of the breakdown of responsibilities and the relations between the EIB and the Commission for the management of the EDF. In particular, Article 29(4) of this text states that: 'the operations financed from the resources of the Fund and managed by the Bank shall be subject to the control and discharge procedures laid down by the statute of the Bank for all its operations. Each year the Bank shall send the Commission and the Council a report on the execution of operations financed from the resources of the Fund and managed by the Bank.'

With regard to the agreements with the Maghreb and Mashreq countries, as the Court of Auditors has stressed, neither the cooperation agreements nor the financial protocols define how the management responsibilities should be divided between the EIB and the Commission. As no financial regulation has yet been adopted(2), the EIB is acting under a mandate given by the Commission which in this case concerns the management of Community funds in the strict sense of the word, since they appear in Chapter 96 of the EEC budget.

With regard to the funds granted from its own resources, in both cases the EIB administers these in accordance with the provisions of its statute. This applies also to the control and discharge procedures.

Under the terms of Article 206a of the EEC Treaty, the Court of Auditors is required to examine the accounts of all revenue and expenditure of the Community. It draws up an annual report at the close of each financial year. It may also submit observations on specific questions at any time and it is under this provision that the Court has drawn up the special report on which we are required to deliver an opinion.

II. MAIN PROBLEMS AND IMPLICATIONS

In response to the main criticisms made by the Court of Auditors - inadequate control of the EIB's management operations by the Commission, and thus also by the Court of Auditors and the European Parliament, particularly as regards the compliance of the Bank's operations with the EEC's development policy aims, inadequate coordination between the EIB and the Commission and

(1) For the Fifth EDF under the Convention of Lomé II, see (2), p. 7

(2) See OJ No C 99, 22.4.1977, proposal for a Council regulation

the excessive cost of the EIB's intervention - it should be pointed out that our committee has adopted a number of positions which ought to be applied to the activities of the EIB, and its relations with the Commission and the European Parliament.

The Committee on Development and Cooperation has stressed on numerous occasions the need for the developing countries, particularly the ACP countries, to secure additional finance at reduced cost by using the resources of the international capital market and to attract private foreign investment (1). The committee has also declared its support for extending the EIB's field of intervention(2).

On the basis of the conclusions of its Working Party on ACP-EEC Industrial Cooperation, the ACP-EEC Consultative Assembly declared its support for a substantial increase in resources for industrial cooperation, notably in the form of interest rate subsidies and risk capital(3).

The EIB's operations - both those which are financed out of its own resources and those using the other types of appropriations which it administers - must be carried out in conformity with and within the strict framework of the EEC's development aims. The Lomé conventions are very clear on this subject(4). The same applies to the different financial protocols concluded with the Maghreb and Mashreq countries(5).

In this respect, it should be stressed that the aim of the EIB's operations, as the Commission itself points out in its replies to the Court of Auditors, should be to achieve a balance between revenue and expenditure and not a profit. In order to ensure strict and constant compliance with this aim and in view of the criticisms made by the Court of Auditors, particularly as regards special loans and interest rate subsidies, the Commission must be urged to undertake appropriate financial and economic studies, in collaboration with the Bank, to determine whether a review of the Bank's revenue procedures is necessary.

Furthermore, the Internal Agreement establishing the Fifth EDF(6), after drawing a distinction between operations which are the responsibility of the EIB and of the Commission, stipulates that the latter shall monitor the implementation of the aid policy laid down by the Council and by the ACP-EEC Council of Ministers. The same provision has been laid down within the framework of cooperation with the Maghreb and Mashreq countries(7).

(1) Reports by Mr Jackson on Community policy towards developing countries, OJ No C 242, 12. 9.1983 and by Mr Irmer on the context of the future ACP-EEC convention to follow Lomé II, OJ No C 277, 17.10.1983

(2) Jackson report, op. cit.

(3) Resolution on ACP-EEC Industrial Cooperation and the impact of the Lomé Convention, OJ No C 300, 7.11.1983

(4) Articles 91, 92 and 95 of the Convention of Lomé II - Articles 185 and 194 of the Convention of Lomé II

(5) See for instance the Second Financial Protocol between Algeria and the EEC, Article 2, OJ No L 337, 29.11.1982, page 3

(6) See (2) p. 7

(7) See (2) p. 8

The Committee on Development and Cooperation, which has constantly stressed the need for the closest possible coordination between the various operators in the field of development, wishes to emphasize that the greatest possible exchange of information and coordination between the Commission and the EIB are vital to ensure that Community aid operates with maximum efficiency.

It should be pointed out that the Internal Agreement establishing the Fifth EDF includes a whole series of precise provisions which, if strictly observed, should allow satisfactory information and coordination at each of the following different stages: planning, drawing up of target programmes for each country and, if appropriate, re-evaluation of the programmes during the period of their application, requests and decisions concerning financing and finally, regular assessments. The new draft Internal Agreement of 1985 establishing the Sixth EDF also includes the same provisions and improves on certain aspects of them(1).

In addition, an exchange of letters between the Commission and the EIB in July 1984 gave details of the information, in respect both of the ACP and the Maghreb and Mashreq countries, which should be provided to the Commission and to the delegations located in the countries concerned, and led to the reorganization of the procedures for centralizing this information within the Directorate of Finance of DG VIII. This should help to improve the situation still further in future.

In any case, it should be stressed that the information supplied by the EIB must no longer be confined to data concerned strictly with accountancy but should include firm details making it possible to assess the Bank's activities and their impact on the development of the projects it finances.

It is worth remembering that the rapporteur of the ACP-EEC Working Party on Industrial Cooperation and the Lomé Convention pointed out in his explanatory statement, with regard to the lack of coordination between the EIB and the Commission, that 'these observations, which may have been justified at one time or another, are no longer valid today'(2).

The European Parliament and its Committee on Development and Cooperation have on numerous occasions called for the EDF to be included in the budget, while stressing the serious disadvantages of the present situation, particularly as regards the control of financial resources.

These serious disadvantages remain in respect of the application of the new Convention of Lomé III, since the EDF has not been included in the budget and the new draft Internal Agreement establishing the Sixth EDF - currently being ratified by the Member States - retains the same provisions, particularly those placing the EIB's operations outside the control of the Court of Auditors.

(1) Internal Agreement of 1985 on the funding and administration of Community aid, text forwarded by the Council

(2) Report by Mr Fuchs, Publication of the ACP-EEC Consultative Assembly, paragraph 80, p.31

With regard to the negotiations on the Convention of Lomé III, the European Parliament and its Committee on Development and Cooperation have called for 'continuous on-going monitoring and evaluation of all measures under the new ACP-EEC Convention by the Commission, the European Court of Auditors and the European Parliament as this is the only means of achieving an optimum use of financial resources'(1).

More specifically, the lack of information on the management of EFD resources by the EIB has aroused the criticism of the Committee on Development and Cooperation. This was again the case recently in connection with the discharge for the financial year 1983(2).

Some time ago the committee had called for the establishment of 'closer and more continuous dialogue' with the EIB(3). Since then Parliament has stressed that, 'in accordance with the Bank's autonomous status within the Community structure and with the powers of its decision-making bodies in particular, it must be in a position to assess how far the Bank's operations contribute to the achievement of the Community's prime objectives'(4).

In conclusion, your rapporteur wishes to reiterate this request.

(1) Report by Mr Irmer, op. cit., resolution paragraph 88

(2) Opinion by Mr Vergeer, paragraph 22, PE 95.193/fin., 27.2.1985

(3) Report by Mr Michel on the assessment of Community development policies and the role of the European Parliament, resolution paragraph 9, OJ No C 260, 12.10.1981

(4) Resolution on relations between the European Parliament and the European Investment Bank, OJ No. C 128, 16.5.1983.