Basic information

2000/2131(COS) COS - Procedure on a strategy paper (historic) Community aid to Bosnia and Herzegovina. Special report 2/2000, Court of Auditors **Subject** 6.40.03 Relations with South-East Europe and the Balkans 8.40.05 Court of Auditors **Geographical area** Bosnia and Herzegovina	Procedure completed

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAES Bart (V/ALE)	19/04/2000

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs, Human Rights, Common Security, Defense	QUEIRÓ Luís (UEN)	12/07/2000

Council of the European Union

Key events

Date	Event	Reference	Summary
20/01/2000	Non-legislative basic document published	RCC0002/2000	Summary
13/06/2000	Committee referral announced in Parliament		
05/12/2000	Vote in committee		Summary
05/12/2000	Committee report tabled for plenary	A5-0389/2000	
16/01/2001	Decision by Parliament	T5-0009/2001	Summary
16/01/2001	Debate in Parliament		
16/01/2001	End of procedure in Parliament		
18/09/2001	Final act published in Official Journal		

Technical information

Procedure reference	2000/2131(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	CONT/5/12562

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0389/2000	05/12/2000	
Text adopted by Parliament, single reading		T5-0009/2001 OJ C 262 18.09.2001, p. 0024-0061	16/01/2001	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	RCC0002/2000 OJ C 085 23.03.2000, p. 0029	20/01/2000	Summary

Community aid to Bosnia and Herzegovina. Special report 2/2000, Court of Auditors

2000/2131(COS) - 20/01/2000 - Non-legislative basic document

PURPOSE: presentation of the Court of Auditors' special report 2/2000 on assistance provided by the Union to Bosnia-Herzegovina. CONTENT: As soon as the Dayton-Paris peace agreements had been signed in December 1995, the European Union (EU) allocated considerable resources not only to reconstruction but also to support for the Office of the High Representative (OHR) and to back measures to restore democracy in Bosnia-Herzegovina. These measures concerned human rights, the news media and support for the electoral process. The measures concerning human rights and the news media were mostly financed directly by the Commission, whereas support for the OHR or the electoral process took the form of joint financing. This report presents the Court's observations following an examination of these various areas in 1998 and 1999. The Court's audit shows that although the Commission contributes more than half of what the OHR spends, it has not, since 1996, implemented all of the monitoring which the application of the principles of sound management would have required. It should have paid closer attention to establishing precise financial rules and ensured that the basic principles of internal control were applied. The arrangements for submitting the OHR's accounts and granting discharge to the High Representative remained confused. By mid-1999, the High Representative considered that he had done what was needed to rectify the shortcomings in internal control. The financial aid given to the Bosnian public institutions for the defence of human rights took the form of projects, which was ill-suited to the constraints they were operating under and led to delays in the funds being made available. Financing in the form of a budgetary contribution and the introduction of rigorous budgetary procedures would have made it easier to raise the institutions' awareness of the sort of practices which ensure that public funds are soundly managed. Owing to the diverse nature of the budget headings utilised and in the absence, prior to 1997, of an explicit strategy for attaining the stated objectives, aid for the development of civil society often covered the operating expenditure of bodies whose permanent nature was not guaranteed and their results were not evaluated. This was true of most of the support channelled through the Council of Europe, whereas support given to social areas had the side-effect of relieving the State of its basic responsibilities. Aid granted to organisations which aim to increase public awareness of democratic values proved more convincing thanks to a level of personal commitment by beneficiaries which may offset the lack of financial resources. As regards its principal assistance in the news media sector, the Commission found itself faced with a fait accompli which led it to finance ineligible equipment worth 2 Mio ECU and support the operations of a television network without making adequate checks. Generally speaking, the Commission's monitoring of financings in the area of human rights and democracy in Bosnia-Herzegovina falls far short of the requirements for implementing the principles of sound management. As regards support for the electoral process, the financial control of cooperation with the OSCE as part of the common foreign and security policy remains inadequate. Funds are frozenfor prolonged periods and the legal framework chosen for financial cooperation between the Commission and the OSCE ought to be revised. Where sums are still to be settled once measures have been implemented, the Commission departments which authorise expenditure are slow to make the necessary arrangements to clear the financing. The Court's issued a series of recommendations: - Without prejudice to the responsibilities of the OHR's

management bodies, the Court considers that, in accordance with Article 274 of the Treaty establishing the European Community, the Commission should, if not require a body to the budget of which it contributes more than 50% to adopt rules and follow procedures which guarantee responsible management and reliable internal control, then at least envisage such a step. - In the case of bodies such as the OHR or the OSCE, the Commission should reach with these latter framework agreements which, taking account of the mechanisms and constraints characteristic of their management, define the procedures for providing and checking contributions from the EU budget. In the latter case, it is no doubt preferable to assume that the financing is fungible and that the funds provided by the EU cannot be dissociated from other funds, in which case overall checks must be carried out in respect of management. - As regards support provided in the form of projects, care must be taken to ensure that the terms of reference stipulate in a precise and quantified way the measures to be undertaken so that the projects' budgets can become genuine monitoring tools and to prevent the eligibility of the expenditure from being contested. - In order further to promote the development of civil society, the Commission should implement measures which are targeted more on the basis of the priorities which it itself has chosen for the Balkan region, to wit the implementation of democratic principles, the introduction of the rule of law, as well as respect for and protection of minorities. - Lastly, a monitoring system which is close to the projects in these various areas should be set up at the local level.

Community aid to Bosnia and Herzegovina. Special report 2/2000, Court of Auditors

2000/2131(COS) - 16/01/2001 - Text adopted by Parliament, single reading

The report by Mr Bart STAES (Greens/EFA, B) on the management of the Court of Auditors' report on EU aid to Bosnia-Herzegovina has been adopted by the Parliament. The resolution calls for lessons to be learned, particularly as regards support to new local or international organisations and cofinancing with other international institutions such as the UN and OSCE. Parliament broadly supports the Commission's approach in Bosnia-Herzegovenia, which seems to have solved the problem of late payments. It is impressed with the measures adopted by the Office of the High Representative (OHR) since March 1999 to put an end to the abuses, waste and irregularities mentioned by the Court of Auditors. It observes that considerable savings have been made on the OHR budget, although it still needs to be drafted and implemented more transparently. In this context, the Commission is encouraged to concern itself more with the administration of the OHR. Nevertheless, Parliament is concerned about delays in making funding available for human rights organisations and regrets that the efficiency of the OHR anti-fraud unit is impaired by the fact that staff are recruited for a maximum of 12 months. The EUR 2 million fund spent on equipment to help the media is also questioned and both OHR and the Commission are called upon to respond to criticisms made by the Court of Auditors. Parliament also recommends that civil society be promoted by means of more purposeful policies and clear priorities for the Balkans. It welcomes the 'Road Map' drawn up by the Commission in March 2000 as a set of specific measures, which the EU wishes Bosnia-Herzegovina to carry out in the short term. However, such measures towards developing a democratic system should be properly monitored in order to be more effective. Lastly, Parliament stresses the need for continuing aid to the country, in particular to help with reconstruction, the return of refugees and mine clearance. The Commission is asked to report before 1 July 2001 whether, and to what extent, corruption has jeopardised financial support for the reconstruction in Bosnia-Herzegovenia and the financial interests of the EU.