Basic information

2007/2048(DEC) DEC - Discharge procedure	Procedure completed
2006 discharge: European Agency for Reconstruction EAR **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MARTIN Hans-Peter (NI)	27/03/2007

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	KACIN Jelko (ALDE)	03/10/2007

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2847	2008-02-12

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
30/03/2007	Non-legislative basic document published	SEC(2007)1055	Summary
25/10/2007	Committee referral announced in Parliament		
25/03/2008	Vote in committee		Summary
03/04/2008	Committee report tabled for plenary	A6-0112/2008	
22/04/2008	Decision by Parliament	T6-0149/2008	Summary
22/04/2008	Results of vote in Parliament		
22/04/2008	Debate in Parliament		

22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2007/2048(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/53859

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE396.691	07/02/2008	
Committee opinion	AFET	PE398.661	26/02/2008	
Amendments tabled in committee		PE402.804	06/03/2008	
Committee report tabled for plenary, single reading		A6-0112/2008	03/04/2008	
Text adopted by Parliament, single reading		T6-0149/2008	22/04/2008	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05843/2008	29/01/2008	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2007)1055	30/03/2007	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2008 OJ C 309 19.12.2007, p. 0001	15/11/2007	Summary

Additional information

Source	Document	Date

Final act

Budget 2009/0211
OJ L 088 31.03.2009, p. 0150 Summary

2006 discharge: European Agency for Reconstruction EAR

2007/2048(DEC) - 22/04/2008 - Final act

PURPOSE: to grant discharge to the European Agency for Reconstruction for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/211/EC of the European Parliament on the discharge for the implementation of the budget of the European Agency for Reconstruction for the financial year 2006.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the European Agency for Reconstruction for the implementation of the Agency's budget for the financial year 2006.

This decision is in line with the European Parliament’s resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

2006 discharge: European Agency for Reconstruction EAR

2007/2048(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 620 votes in favour, 27 against and 36 abstentions, a Decision to grant the Director of the European Agency for Reconstruction discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this EU agency.
At the same time, the Parliament adopted, by 609 votes in favour, 24 against and 37 abstentions, a Resolution containing the comments which form part of the decision granting discharge. The report had been tabled in the plenary by Hans-Peter **MARTIN** (NI, AT) on behalf of the Committee on Budgetary Control.

As is the case for all EU agencies, the Parliament's Resolution is divided into two parts: part one contains general comments on EU agencies, while part two focuses on the specific case of the Agency.

1) General comments on the majority of EU agencies: the Parliament notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled **more than EUR 1 billion** and that the number of agencies is constantly increasing. The number of agencies subject to the discharge procedure evolved from 8 in 2000 to 20 in 2006. It concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies and that, in the future, this type of procedure should be simplified and rationalised for decentralised agencies.

On the basis of the financial analysis, the Parliament is of the following opinion:

- **Fundamental considerations**: given the constantly increasing number of agencies, the Parliament requests that, before the creation of a new agency, the Commission provide clear explanations regarding agency type, objectives of the agency, internal governance structure, products, services, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy. It also requests that each agency be governed by a yearly performance agreement which should contain the main objectives for the coming year and that the performance of the agencies be regularly audited by the Court of Auditors (and extend the financial analysis of expenditure to also cover administrative efficiency and effectiveness). More generally, the Parliament takes the view that, in the case of agencies, which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts in order to reduce the assigned revenue for the agencies and therefore also lower administrative costs of the EU. It recalls that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations etc., and consider that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions rather than for small agencies. Therefore, it is necessary to seek a rapid solution in order to enhance the effectiveness of the legislation by grouping the administrative functions of various agencies together or by establishing implementing rules which are better adapted to the agencies. The Parliament also insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years and revise the budget requested by the particular agency accordingly. If the Commission does not undertake this revision, the Parliament invites the **competent committee to revise, itself, the budget in question to a realistic level**. At the same time, the Parliament recalls that it expects the Commission to present every five years a study on the added value of every existing agency and to not hesitate to close an agency if it is deemed useless by the analysis. Such an assessment is expected as soon as possible given that this type of assessment has yet to be presented. Furthermore, the Parliament insists that

recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements.

- **Presentation of reporting data**: noting that there is no standard approach among the agencies with regard to the presentation of information, the Parliament recalls that it already invited the directors of the agencies to accompany their annual activity report with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission. It therefore asks the Commission to amend its standing instructions to the agencies and to produce a harmonised model for presenting information, including: i) an annual report intended for a general readership on the body's operations, work and achievements; ii) financial statements and a report on implementation of the agency's budget; iii) an activity report of the Directors of the agency (as requested by the Parliament since 2005); iv) a declaration of assurance signed by the body's director.

- **General findings by the Court of Auditors**: the Parliament refers to certain recurring findings by the Court, including the disbursement of subsidies paid by the Commission (not sufficiently justified estimates of the agencies' cash requirements), the non implementation of the ABAC accounting system by some agencies or the accrued charges for untaken leave which are accounted for by some agencies. It calls for rapid measures in these areas as well as improvements to the internal audit procedures of the agencies. The Parliament also calls on the agencies to consider an inter-agency disciplinary board, as some individual agencies have difficulty in setting up their own disciplinary boards due to their size.

- **Draft inter-institutional agreement**: the Parliament recalls the Commission's draft Interinstitutional agreement on the operating framework for the European regulatory agencies (see ACI/2005/2035), which was intended to create a framework for the creation, structure, operation, evaluation and control of the European regulatory agencies and awaits its adoption as soon as possible. It particularly welcomes the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008.

2) Specific points concerning the European Agency for Reconstruction: the Parliament welcomes the Agency's role in the development and consolidation of stability in the Balkans and its sound management of the CARDS programme. It believes that the Agency has satisfactorily fulfilled its mandate and that it can now complete its activities (planned for the end of 2008) in order to entrust the management of assistance to Serbia, Kosovo, Montenegro and the Former Yugoslav Republic of Macedonia to the Commission delegations in those countries. It insists that accumulated know-how and expertise be transferred to the relevant Commission delegations, including by means of the redeployment of Agency staff to manage the relevant programmes in those delegations.

On the whole, the Parliament congratulates the Director and his staff for the work done and looks forward to a new mandate being accorded to the Agency, at the end of its current mandate, to transform it into a truly **European agency for external actions**. This new mandate would be the most efficient way of carrying out the new tasks in external actions, which cannot be carried out by Commission services in Brussels or by Commission delegations in third countries. This would also significantly increase the visibility of Community aid.

Concerning the Court of Auditor's financial analysis for the financial year 2006, the Parliament wishes to draw the Agency's attention to the level of appropriations yet to be committed. It recalls that the European Agency for Reconstruction has by far the largest budget (2006: EUR 271 million) and that the total of appropriations carried over to 2007 was EUR 678 million. For this reason, the Parliament requests to be kept informed of the balance of appropriations remaining at the end of the Agency's mandate (end 2008).

2006 discharge: European Agency for Reconstruction EAR

2007/2048(DEC) - 29/01/2008

Based on the observations contained in the revenue and expenditure account and the balance sheet of the European Agency for Reconstruction for the financial year 2006, as well as on the Court of Auditor's report and the Agency's replies to the Court's observations, the Council recommends that the Parliament grant the Director of the Agency discharge in respect of the implementation of the budget for the financial year 2006.

In doing so, the Council confirms that EUR 250.8 million (36%) of the appropriations carried over from 2005 to 2006 (EUR 702.7 million) was used, that appropriations carried over from 2006 to 2007 amount to EUR 240.7 million and that EUR 2.8 million was cancelled.

Recalling that the Court of Auditors was able to obtain reasonable assurance that the Agency's annual accounts were, in all material aspects, reliable, the Council believes that there is a certain number of observations that must be taken into consideration when providing the discharge on the implementation of the 2006 budget, particularly regarding the following points:

- **Management of the Agency:** the Council notes its satisfaction concerning the improvements made by the Agency in terms of management compared to previous financial years, and encourages it to continue on this track. Considering the high level of appropriations that remain to be committed, the Council shares the Council's approach by inviting the Agency to monitor its programmes with greater attention, given that its mandate is due to expire at the end of 2008;
- **Monitoring:** the Council also notes the improvements to the accounting system and the internal control system in comparison with the preceding years, in particular regarding the monitoring of the funds managed by external bodies and the implementation of procurement procedures.

2006 discharge: European Agency for Reconstruction EAR

2007/2048(DEC) - 15/11/2007

PURPOSE: presentation of the report by the Court of Auditors on the 2006 annual accounts of the European Agency for Reconstruction.

CONTENT: the report indicates that the appropriations entered in the Agency's budget for the financial year in question are **EUR 268.795 million**, EUR 54.769 million was committed and EUR 25.322 million paid. Of this overall amount, EUR 240.686 million was carried over to 2007 and EUR 2.786 million was cancelled.

The Court notes that the Agency's accounts are reliable in all material respects and that the underlying transactions, taken as a whole, are legal and regular.

Analysis of the accounts by the Court: concerning the implementation of the 2006 budget, the Court indicates that the rate of implementation was satisfactory. The Agency's attention is, however, drawn to the level of appropriations yet to be committed, which will require particular monitoring of its programmes, given that the Agency's mandate expires at the end of 2008**.**

The Court also indicates that it noted that the accounting system and the internal control system had improved in comparison with previous years, in particular regarding the monitoring of the funds managed by external bodies and the implementation of procurement procedures. In this regard, the Court considers that the audit does not call for observations of a significant nature in those fields.

The Agency's replies: the Agency indicates that it has a fast track procedure for implementing assistance programmes. The last allocation to the Agency for assistance amounted to EUR 250 million in 2006 to be contracted over 3 years, hence until 2009. In the first six months of 2007, the Agency contracted EUR 185 million, which represents 74% of an annual allocation. Therefore, at the end of the Agency's mandate, the residual amount to be contracted is likely to be small.

2006 discharge: European Agency for Reconstruction EAR

2007/2048(DEC) - 30/03/2007 - Non-legislative basic document

PURPOSE: presentation of the final accounts of the European Agency for Reconstruction (EAR) for the financial year 2006.

CONTENT: this document sets out a detailed account of the implementation of the 2006 budget, including the revenue and expenditure and the balance sheet for the year concerned.

According to this document, the final budget of the EAR, whose main head office is based in Thessalonica – Greece), amounted to **EUR 286.8 million** (compared to EUR 318.9 million in 2005) including an EU grant.

As regards the staffing policy, the EAR officially set out 108 posts in its establishment plan. 90 are currently occupied + 164 other posts (local staff) (157 currently occupied) and 29 contract staff (26 currently occupied) giving a total of 273 posts assigned to administrative and operational tasks of the Agency. In 2006, staff expenditure represented EUR 17.117 million (final appropriations paid).

The principal operational activities in 2006 are as follows:

KOSOVO

- start-up grants, loans, training and business advice to small businesses of minorities and returnees;
- support to privatisation;
- rehabilitation of district heating (in north) and waste and water utility buildings in (south) Mitrovica;
- improving border/boundary management;
- setting up a new system for public investment programming;
- expert advice and training to the Kosovo Assembly;
- support to Justice and Internal Affairs ministries and Statistical Office;
- environmental upgrades, including construction of Pristina regional landfill;
- support to drafting of Kosovo Rural Development Plan.

SERBIA

- draft laws in public administration reform;
- supply of equipment to border police;
- completion of state-of-the- art DNA laboratory;
- rehabilitation and supply of equipment to courts;
- rehabilitation programme for hospitals;
- new jobs created due to loans from the Revolving Credit Fund;
- training support to enterprises;
- regional training centres for adults;
- economic development programmes for poorest municipalities;
- handover of new border crossings with Hungary and Croatia;
- renovation of municipal infrastructure;
- reform of the statistics office;
- support to Foreign Direct Investment management;
- support to vulnerable groups including refugees and displaced persons;
- completion of power plant rehabilitation projects;
- air filter installed at Kostolac power plant.

MONTENEGRO

- construction of Podgorica international airport and refurbishment of Tivat airport;
- central IT database of the Ministry of the Interior;
- support for Human Resources Management Agency;
- new Roads Directorate and transport laws;
- electricity utility unbundling/restructuring, energy efficiency strategy;
- establishing an Environmental Protection Agency;
- providing management expertise to companies;
- supporting Judicial Training Centre;
- prison reform;
- support to drafting of strategy for agriculture and rural development.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

- assistance in strengthening and creating new institutions in the public administration (e.g. State Statistical Office, Civil Society Unit in the General Secretariat; Public Procurement Bureau);
- support to development of electronic communications market;
- support to police reform including refurbishment of Police Academy;
- support to money laundering prevention and refurbishment of Skopje Basic Court;
- opening of new state phytosanitary laboratory;
- construction of National Border Management Coordination Centre;
- assistance to municipalities in decentralisation;
- upgrading of municipal infrastructure;
- training of civil servants from non-majority communities;
- management training for SMEs.

The complete version of the final accounts may be found at the following address: http://www.ear.europa.eu/agency/agency.htm