Basic information

2008/2256(DEC) DEC - Discharge procedure	Procedure completed
2007 discharge: European Agency for Reconstruction EAR **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	FJELLNER Christofer (PPE-DE)	26/03/2008

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2922	2009-02-10

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
23/07/2008	Non-legislative basic document published	SEC(2008)2359	Summary
20/11/2008	Committee referral announced in Parliament		
16/03/2009	Vote in committee		Summary
23/03/2009	Committee report tabled for plenary	A6-0169/2009	
21/04/2009	Debate in Parliament		
23/04/2009	Decision by Parliament	T6-0299/2009	Summary
23/04/2009	Results of vote in Parliament		

23/04/2009	End of procedure in Parliament		
26/09/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/2256(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/67262

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE416.349	29/01/2009	
Amendments tabled in committee		PE420.213	23/02/2009	
Committee report tabled for plenary, single reading		A6-0169/2009	23/03/2009	
Text adopted by Parliament, single reading		T6-0299/2009	23/04/2009	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05588/2009	23/01/2009	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2008)2359	23/07/2008	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2009 OJ C 311 05.12.2008, p. 0001	05/12/2008	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2009/0671
OJ L 255 26.09.2009, p. 0176 Summary

2007 discharge: European Agency for Reconstruction EAR

2008/2256(DEC) - 23/07/2008 - Non-legislative basic document

PURPOSE: presentation of the final accounts of the European Agency for Reconstruction (EAR) for the financial year 2007.

CONTENT: this document sets out a detailed account of Agency's expenditure in 2007. According to this document, the final budget of the EAR, whose main head office is based in Thessalonica – Greece), amounted to **EUR 250.2 million** (compared to EUR 268.8 million in 2006).

As regards the staffing policy, the EAR officially set out 108 posts in its establishment plan. 83 are currently occupied + 165 local staff (154 currently occupied) and 29 contract staff (27 currently occupied) giving a total of 264 posts assigned to administrative and operational tasks of the Agency.

The principal operational activities in 2007 are as follows:

KOSOVO

- social economic development assistance to minority communities;
- support for civil society and the media;
- support to the ministries of Justice, Internal Affairs, Local Government, Trade and industry, Agriculture, Energy and to border management bodies and municipalities;
- capacity building of Agency for European Integration and advice on EU compatibility and participation in the SAP;
- drafting of public procurement law, and support for developing a public investment programme;
- incorporation of publicly owned utilities;
- sustainable forest management and land utilisation;
- livestock breeding and development of food safety control systems;
- support for the energy, environment, professional training, transport sectors.

SERBIA

- draft laws in public administration reform;
- supply of equipment and support to the police and the border police;
- support for Juvenile Detention Centres;
- introduction of capitation payment in state primary health care facilities;
- support for privatisation and training support for enterprises;
- support for the facilitation of FDIs;
- support for vulnerable groups including refugees and displaced persons;
- district Heating renovation and modernisation.

MONTENEGRO

- support for refugee and IDP integration and support to civil society organisations;
- strengthen environmental management;
- upgrade road infrastructure in coastal areas;
- assist Public Administration Reform: police and prison reform;
- electricity utility unbundling/restructuring, energy efficiency strategy;
- providing management expertise to companies;
- animal identification and registration system and fishery resource management.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

- twinning support on Money Laundering, Corruption and Organised Crime, Statistics, Air Quality, Financial Control;
- completing the establishment of the National Animal Identification System;
- fostering performance of SMEs and development of Human Resource Development Fund; elaborating a National Transport Strategy;
- support for civil society organisations and municipalities;
- support for the elimination of industrial hotspots, municipal waste water management and healthcare risk waste management;
- support for the programming of the Pre-accession Assistance Instrument;
- support for the implementation of professional standards in prison administrations.

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

2007 discharge: European Agency for Reconstruction EAR

2008/2256(DEC) - 23/04/2009 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2007. This decision to grant discharge also closes the accounts of this Community agency.

In parallel, the European Parliament adopted by 417 votes to 12, with 17 abstentions, a resolution with observations which are an integral part of the decision to grant discharge.

Parliament also underlines that:

- **follow up to the 2006 discharge exercise**: in its resolution concerning the 2006 Commission discharge, it requested the Commission to keep it regularly informed of the transfer of activities from the Agency to delegations. It notes that the Commission notes that the Commission sent a series of information notes concerning cooperation between the Commission and the Agency during the transition period 2007-2008 to the Chairman of the Committee on Budgetary Control. The Commission will submit a final report on the phasing-out of the Agency once the final accounts of the Agency have been established and the closure cell has terminated its work;
- **potential risks relating to the transfer of activities from the Agency to the delegations**: Parliament notes that the Court of Auditors, in its annual report for 2007, identified three potential risks related to the transfer of activities from the Agency to the delegations: (i) due to the multi-annual character of the Agency's activity, there are still unused budgetary appropriations of EUR 453 million which have to be implemented in years beyond 2008, which is the last year of existence of the Agency; (ii) the guidance note issued by the Commission on 11 June 2008 on the transfer of files does not cover all items on the Agency's balance sheet; (iii) the accumulated surplus of EUR 180 million shown in the Agency's balance sheet at 31 December 2007 will also have to be taken over and managed by the Commission at the end of the Agency's mandate. In this context, Parliament requests the Commission to inform Parliament's competent committee of how the unused budgetary appropriations will be implemented and how the accumulated surplus of EUR 180 million will be managed by the Commission. The Commission should also inform it about whether a memorandum of understanding covering all items in the Agency's balance sheet has been concluded between the Agency and the Commission, or how the Commission has otherwise ensured the completeness of the transfer of all files and items.

A number of amendments were adopted in plenary stating, in particular, that Parliament has seen ample evidence that the Agency not only had the systems (logistics, IT systems and others) to swiftly implement large amounts of support in post-conflict situations, but that it also had the proven expertise and know-how to design and deliver high quality assistance to the countries concerned. It regrets the fact that the Commission did not respect the discharge resolutions for the financial years 2005 and 2006, which asked for an extension of the Agency's activities, which ended in 2008, and is concerned at the consequent risk that the EU might lose much of the expertise the Agency has acquired over the last eight years.

Lastly, noting that the Agency’s annual accounts for the financial year 2007 are reliable, and the underlying transactions are legal and regular, the Parliament approves the closure of its accounts and refers, for other observations accompanying its decision on discharge, to its resolution on financial management and control of EU agencies - see 2008/2207(INI) - adopted in parallel.

2007 discharge: European Agency for Reconstruction EAR

2008/2256(DEC) - 23/04/2009 - Final act

PURPOSE: to grant discharge to the European Agency for Reconstruction for the financial year 2007.

LEGISLATIVE ACT: Decision 2009/671/EC of the European Parliament on the discharge for the implementation of the budget of the European Agency for Reconstruction for the financial year 2007.

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 2007.

This decision is in line with the European Parliament’s resolution adopted on 23 April 2009 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 23/04/2009). The decision to grant discharge is also an approval of the closure of the accounts of this EU agency.

2007 discharge: European Agency for Reconstruction EAR

2008/2256(DEC) - 05/12/2008

PURPOSE: presentation of the report by the Court of Auditors on the 2007 annual accounts of the European Agency for Reconstruction.

CONTENT: the Court of Auditors report includes a detailed section on the expenditure of the European Agency as well as an analysis of the expenditure in the accounts and the Agency’s replies.

- **The Court's analysis of the accounts**: the Court of Auditors makes a series of observations in its report, including on the handover of programmes previously delegated to the Agency. On 11 June 2008, the Commission issued an instruction and guidance note on the transfer

of programme/contract files. This guidance note does not cover all items on the Agency's Balance Sheet. To formalise the transfer of all programmes and items a Memorandum of Understanding should be signed between the Agency and the Commission and endorsed by the Agency's Governing Board. This Memorandum will facilitate the transfer of items and ensure that they are reflected correctly on the Agency's accounts. The accumulated surplus of 180 million euro shown on the Balance Sheet at 31 December 2007 mostly reflected the funds received from the Commission for the pre-financing payments made by the Agency under contracts and grant agreements. These will also have to be taken over and managed by the European Commission at the end of the Agency's mandate.

- **Agency's replies**: at the end of 2007, due to the multi-annual character of the CARDS programmes, the Agency could still proceed to commitments and payments for annual programmes 2004, 2005 and 2006. The CARDS deadline for committing is 2009 and for disbursement is 2010. These three live programmes amounted to EUR 1.8 billion. Having EUR 163 million still to be committed (9 %) and a total amount of EUR 453 million still to be paid (25%) three years ahead of the CARDS deadline, shows a very high rate of implementation. The Court has praised the Agency's performance on its Special Report no 5/2007. The Agency states that it is doing its utmost to make this hand over exercise a successful one. It is in process of drafting agreements for the disposal of items of its assets with several EU Institutions. Moreover, the Agency is in contact with the Commission in view of formalising all aspects of the hand over and will present the result to the Governing Board for endorsement.

2007 discharge: European Agency for Reconstruction EAR

2008/2256(DEC) - 23/01/2009

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 20076, 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 2007.

In doing so, the Council confirms that EUR 276.1 million (41%) of the EUR 679.5 million in appropriations carried forward from the financial year 2006 to the financial year 2007 were used and that EUR 14.41 million in appropriations were carried forward from the financial year 2007 to the financial year 2008 and EUR 1.92 million were 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 2007 budget, particularly regarding the following points:

- **Implementation rate**: the Council acknowledges the satisfactory rate of implementation of the budget at the year end; however, given the fact that the mandate of the Agency expires at the end of 2008, it expresses some concern regarding the unused budgetary appropriations for operating activities still remaining, which will have to be implemented in the years beyond 2008.
- **Handing over programmes**: the Council supports the Court's recommendation concerning the handover of programmes from the Agency to the Commission, and calls on both entities to sign a Memorandum of Understanding, in order to formalise and facilitate the transfer of all programmes and items and to ensure that all items are reflected correctly on the Agency's accounts. In this context, the Council draws the attention to the fact that the accumulated surplus shown on the balance sheet at 31 December 2007 have also to be taken over and managed by the Commission at the end of the Agency's mandate.