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## **REPORT**

on the proposal for a Council regulation (EURATOM, EC) concerning the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (COM(1998)753 – C5-0038/1999 – 1998/0368(CNS))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Mr Jaime Valdivielso de Cué

<i><b>Symbols for procedures</b></i>	<i><b>Abbreviations for committees</b></i>
* : Consultation procedure <i>majority of the votes cast</i>	I. AFET: Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy
**I : Cooperation procedure (first reading) <i>majority of the votes cast</i>	II. BUDG: Committee on Budgets
**II : Cooperation procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i>	III. CONT: Committee on Budgetary Control
*** : Assent procedure <i>majority of Parliament's component Members, except in cases covered by Articles 105, 107, 161 and 300 of the EC Treaty and Article 7 of the EU Treaty</i>	IV. LIBE: Committee on Citizens' Freedoms and Rights, Justice and Home Affairs
***I : Codecision procedure (first reading) <i>majority of the votes cast</i>	V. ECON: Committee on Economic and Monetary Affairs
***II : Codecision procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i>	VI. JURI: Committee on Legal Affairs and the Internal Market
***III : Codecision procedure (third reading) <i>majority of the votes cast, to approve the joint text</i>	VII. INDU: Committee on Industry, External Trade, Research and Energy
(The type of procedure depends on the legal basis proposed by the Commission.)	VIII. EMPL: Committee on Employment and Social Affairs
	IX. ENVI: Committee on the Environment, Public Health and Consumer Policy
	X. AGRI: Committee on Agriculture and Rural Development
	XI. PECH: Committee on Fisheries
	XII. REGI: Committee on Regional Policy, Transport and Tourism
	XIII. CULT: Committee on Culture, Youth, Education, the Media and Sport
	XIV. DEVE: Committee on Development and Cooperation
	XV. AFCO: Committee on Constitutional Affairs
	XVI. FEMM: Committee on Women's Rights and Equal Opportunities
	XVII. PETI: Committee on Petitions

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## PROCEDURAL PAGE

By letter of 26 January 1999 the Council consulted Parliament, pursuant to Article 308 (formerly Article 235) of the EC Treaty and Article 203 of the Euratom Treaty, on the proposal for a Council regulation concerning the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (COM(1998) 753 – 1998/0368 (CNS)).

At the sitting of 28 January 1999 the President of Parliament announced that he had referred this proposal to the Committee on External Economic Relations as the committee responsible and the Committee on Foreign Affairs, Security and Defence Policy and the Committee on Budgets for their opinions (C5-0038/1999).

At its meeting of 8 February 1999 the Committee on External Economic Relations appointed Mr Valdivielso de Cué rapporteur.

By letter of 23 March 1999, the Committee, pursuant to Rule 63(2), consulted the Committee on Legal Affairs and Citizens' Rights, on the legal basis; by letter of 31 March 1999 the Committee on Legal Affairs and Citizens' Rights approved the legal basis proposed by the Commission.

The Committee on External Economic Relations considered the Commission proposal and the draft report at its meetings of 17 February, 17 March and 21 April 1999.

At the sitting of 14 September 1999 the President of Parliament announced that, in accordance with the Council's letter of 23 July 1999, this consultation procedure (1998/0368(CNS)) still applied to Parliament and that she had referred it to the Committee on Industry, External Trade, Research and Energy (following the changes in the committees' terms of reference) as the committee responsible and to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Budgets for their opinions.

At its meeting of 27 July 1999 the Committee on Industry, External Trade, Research and Energy appointed Mr Valdivielso de Cué rapporteur.

The Committee on Industry, External Trade, Research and Energy considered the Commission proposal and the draft report at its meetings of 29 July, 21 September, 12 October and 23-24 November 1999.

At the last meeting it adopted the draft legislative resolution by 36 votes to 6, with 4 abstentions.

The following were present for the vote: Westendorp y Cabeza, chairman; Brunetta and Ahern, vice-chairmen; Valdivielso de Cué, rapporteur; Alyssandrakis, Baltas, Beysen (for Ploij-Van Gorsel), Bodrato, Carraro, Chichester, Désir, Ferrer I Casals, Fiori (for Matikainen), Folias, Foster (for Røvsing), Gallagher, Gill (for Read), Glante, Hansenne, Harbour, Karoutchi, Lange (for Caudron), Langen, Linkohr, Lucas, Maes, McAvan, McNally, Mann, Montfort, Morgantini, Niebler, Novelli (for Lamassoure), O'Toole (for Ford), Piétrasanta, Purvis, Quisthoudt-Rowohl, Rothe, Rübig, Scapagnini, Schwaiger, Seppänen, Terrón I Cusí (for Zimeray), Thors, Van Velzen and Vidal-Quadras Roca (for Wijkman).

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Budgets are attached.

The report was tabled on 26 November 1999.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## LEGISLATIVE PROPOSAL

### **Proposal for a Council regulation (EURATOM, EC) concerning the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (COM(1998)753 – C5-0038/1999 - 1998/0368(CNS))**

The proposal is amended as follows:

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Text proposed by the Commission<sup>1</sup>

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Amendments by Parliament

#### (Amendment 1)

##### Recital 4

Whereas such assistance will be fully effective only in the context of progress towards free and open democratic societies that respect human rights, and towards market-oriented economic systems;

Whereas such assistance will be fully effective only in the context of progress towards free and open democratic societies that respect human rights, minority rights and the rights of the indigenous peoples, and towards market-oriented economic systems; whereas such progress is vital to the continuation of assistance;

#### *Justification:*

*The amendment amplifies the political and economic conditions for assistance.*

#### (Amendment 2)

##### Recital 5

Whereas further assistance is required to promote nuclear safety in the New Independent States;

Whereas further assistance is required to promote nuclear safety and alternative energy sources in the New Independent States;

#### *Justification:*

*Use of alternative energy sources needs to be promoted in the New Independent States.*

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<sup>1</sup> OJ C 37, 11.2.1999, p. 8.  
PE 230.534/fin.

(Amendment 3)

Recital 6

Whereas the continued provision of assistance will contribute to the attainment of shared objectives, notably in the context of the Partnership and Cooperation Agreements and economic cooperation agreements concluded with the New Independent States and Mongolia;

Whereas the continued provision of assistance will contribute to the attainment of shared objectives, notably in the context of the Partnership and Cooperation Agreements concluded with the New Independent States and Mongolia;

*Justification:*

*The particularly close link between the objectives of the regulation and the Partnership and Cooperation Agreements needs to be stressed.*

(Amendment 4)

Recital 8

Whereas the assistance shall take into account the differing needs and priorities of the principal regions covered by this regulation;

Whereas the assistance shall take into account the differing needs and priorities of the principal regions covered by this regulation and whereas the most appropriate instruments for intervention in the various regions will have to be determined;

*Justification:*

*Greater consideration needs to be given to regional diversification of the assistance.*

(Amendment 5)

Recital 9

Whereas experience has shown that Community assistance will be all the more effective when it is concentrated on a restricted number of areas within each partner country;

Whereas experience has shown that Community assistance will be all the more effective when it is concentrated on a restricted number of areas within each partner country and directed towards the development and strengthening of economic and social cohesion in the partner countries;

*Justification*

*Specifies the objectives of the TACIS programme as a mechanism for securing partner-country development and improving contacts between citizens of those countries.*

(Amendment 6)

Recital 11

Whereas regional cooperation, particularly in relation to the Northern Dimension and in the Black Sea region, should be encouraged;

Whereas regional cooperation, particularly in relation to the Northern Dimension and in the Black Sea region, should be encouraged; whereas it should be possible for appropriations approved on the basis of this Regulation to be used to fund the recipient countries' share of projects under the Interreg initiative.

*Justification:*

*The link with projects under the Interreg initiative should be clearly maintained.*

(Amendment 7)

Recital 14

Whereas the long-term sustainability of reform will require due emphasis on the social aspects of reform and the development of the civil society;

Whereas the long-term sustainability of reform will require due emphasis on the social aspects of reform and the development of the civil society and improving contacts between citizens; whereas particular consideration needs to be given to projects making lasting improvements to living conditions for children and young people;

*Justification:*

*Stresses the importance of this particular aspect of assistance.*

(Amendment 8)

Recital 15a (new)

Whereas projects should encourage balanced regional development and consideration should be given to the regions' own wishes;



*Justification:*

*Draws attention to the need to take account of the regions' wishes.*

(Amendment 9)

Recital 17

Whereas the quality of the assistance shall be improved by selecting a proportion of projects on a competitive basis;

Whereas the quality of the assistance shall be improved by selecting a proportion of projects on a competitive basis and on the basis of their contribution to economic and social development;

*Justification:*

*Specifies the objectives of the TACIS programme as a mechanism for securing partner-country development and improving contacts between citizens of those countries.*

(Amendment 10)

Recital 18

Whereas, in order properly to meet the most acute needs of the New Independent States and Mongolia at the present stage of their economic transformation, it is necessary to permit a certain amount of the financial allocation to be used for economically sound investment financing, notably in the areas of cross-border cooperation, promotion of SMEs, environmental infrastructure and networks of strategic importance to the Community;

Whereas, in order properly to meet the most acute needs of the New Independent States and Mongolia at the present stage of their economic transformation, it is necessary to permit the financial allocation to be used for economically sound investment financing, notably in the areas of cross-border cooperation, promotion of SMEs, environmental infrastructure and networks of strategic importance to the Community;

*Justification:*

*This amendment is related to the proposed wording of Article 6(2) (removal of ceilings for this type of assistance).*

(Amendment 11)

Recital 20a (new)

Whereas, in many cases, this assistance may with advantage be supplied via non-governmental organisations;

*Justification:*

*To emphasise the role of NGO's.*

(Amendment 12)  
Recital 22a (new)

Whereas the Commission should develop a specific communications strategy to raise the profile of the programmes and improve the dissemination of experience to a noticeable degree;

*Justification:*

*An appropriate communications strategy is needed to improve public awareness of the impact of TACIS.*

(Amendment 13)  
Recital 23

Whereas the European Council at its meeting in Rome also stressed the importance of effective coordination by the Commission of the efforts made in the former Union of Soviet Socialist Republics by the Community and its Member States acting individually;

Whereas in addition to coordination between the efforts undertaken by the Community and the Member States individually, there must also be improvements in the New Independent States in coordination between operations launched under Community political cooperation (first pillar) and those launched under common foreign and security policy (CFSP) (second pillar);

*Justification:*

*Improves coordination between instruments under the first pillar (external action by the Union) and the second pillar (external action under CFSP), in particular by adopting a common TACIS programme strategy in favour of certain of the countries concerned.*

(Amendment 14)

Article 1

A programme to promote economic reform and recovery in the partner states listed in Annex I (hereinafter called 'the partner states') shall be implemented by the Community from 1 January 2000 to 31 December 2006 in accordance with the criteria laid down in this Regulation.

A programme to promote economic reform and recovery in the partner states listed in Annex I (hereinafter called 'the partner states'), and the development of the rule of law and civil society, shall be implemented by the Community from 1 January 2000 to 31 December 2006 in accordance with the criteria laid down in this Regulation.

*Justification:*

*The aims of the assistance need to be clearly set out in Article 1.*

(Amendment 15)

Article 2(1)

1. The programme shall provide assistance to support reforms in progress in the partner states for measures aimed at bringing about the transition to a market economy and reinforcing democracy and the rule of law.

1. The programme shall provide assistance to support reforms in progress in the partner states for measures aimed at bringing about the transition to a social market economy and reinforcing democracy and the rule of law.

*Justification:*

*Efforts to move towards a market economy should take account of social conditions.*

(Amendment 16)

Article 2(3)

3. The programme shall aim to maximise impact through concentration on a limited number of large-scale initiatives. To this end, the indicative and action programmes referred to below shall cover at most three of the eligible areas of cooperation listed in Annex II. Where applicable, support for nuclear safety shall be provided in addition to the three areas. Concentration shall reflect the differing needs and priorities of the partner country as outlined in the following

3. The programme shall aim to maximise impact through concentration on a limited number of high-profile large-scale initiatives, and by keeping to a minimum the funding of preparatory studies, which should be carried out solely when the optimum conditions for launching the action are present. To this end, the indicative and action programmes referred to below shall cover at most three of the eligible areas of cooperation listed in Annex II. Where

paragraph.

applicable, support for nuclear safety shall be provided in addition to the three areas. Concentration shall reflect the differing needs and priorities of the partner country as outlined in the following paragraph.

*Justification:*

*To take account of the frequent criticism of TACIS that excessive amounts are spent on feasibility studies which are not actually followed up.*

(Amendment 17)  
Article 2(4)

4. The programme shall take into account the differing needs and priorities of the principal regions covered by the regulation and in particular the need to promote democracy and the rule of law. In the Western NIS and the Caucasus particular attention shall be given to creating a favourable investment climate, promoting regional cooperation and building a wider area of cooperation across Europe. In Russia particular attention shall be given to reinforcing the rule of law, strengthening the economic and financial framework, and promoting industrial cooperation and partnership. In Central Asia and Mongolia particular attention shall be given to strengthening democracy and good governance, supporting the development of networks, and promoting fundamental, sustainable, economic reform.

4. The programme shall take into account the differing needs and priorities of the principal regions covered by the regulation and in particular the need to promote democracy and the rule of law, and to strengthen the legislative framework and the functioning of civil society. These regions shall be determined by the Commission in consultation with the partner countries, where possible together with common priorities among the countries of each region. In the Western NIS and the Caucasus particular attention shall be given to creating a favourable investment climate, promoting regional cooperation and building a wider area of cooperation across Europe. In Russia particular attention shall be given to reinforcing the rule of law, strengthening the economic and financial framework, and promoting industrial cooperation and partnership. In Central Asia and Mongolia particular attention shall be given to strengthening democracy and good governance, supporting the development of networks, and promoting fundamental, sustainable, economic reform.

*Justification:*

*To encourage consideration of an aid approach differentiated according to the major regions concerned.*

(Amendment 18)  
Article 2(5)

The programme shall aim to promote inter-state, inter-regional and cross-border cooperation between the partner states themselves, between the partner states and the Union and between the partner states and Central and Eastern Europe.

Inter-state and inter-regional cooperation shall primarily serve to assist the partner states to identify and pursue actions which are best undertaken on a multi-country, rather than a national level such as the promotion of networks, environmental cooperation and actions in the area of justice and home affairs. Cross-border cooperation shall primarily serve to: (i) assist border regions in overcoming their specific developmental problems stemming from their relative isolation, (ii) encourage the linking of networks on both sides of the border, e.g. border-crossing facilities, and (iii) accelerate the transformation process in the partner states through their cooperation with border regions in the Union or Central and Eastern Europe (iv) reduce transboundary environmental risks and pollution.

The programme shall aim to promote inter-state, inter-regional and cross-border cooperation between the partner states themselves, between the partner states and the Union and between the partner states and Central and Eastern Europe. Inter-state and inter-regional cooperation shall primarily serve to assist the partner states to identify and pursue actions which are best undertaken on a multi-country, rather than a national level such as the promotion of networks, energy networks, environmental cooperation and awareness and actions in the area of justice and home affairs. Cross-border cooperation shall primarily serve to: (I) assist border regions in overcoming their specific developmental problems stemming from their relative isolation, (ii) encourage the linking of networks on both sides of the border, e.g. border-crossing facilities, and (iii) accelerate the transformation process in the partner states through their cooperation with border regions in the Union or Central and Eastern Europe (iv) reduce transboundary environmental risks and pollution, and raise environmental awareness.

*Justification:*

*Seeks to strengthen an environmental awareness in cooperation between states and regions and across borders.*

(Amendment 19)  
Article 2(6)

In the area of nuclear safety, the programme shall focus on three priorities: (i) supporting the reinforcement of the nuclear safety culture and the application of efficient safeguards, in particular through support for the regulatory authorities; (ii) contributing to international initiatives, such as those

In the area of nuclear safety, the programme shall focus on three priorities: (i) supporting the reinforcement of the nuclear safety culture and the application of efficient safeguards, in particular through support for the regulatory authorities and the nuclear power station management authorities; (ii)

outlined in the context of the G7; and (iii) supporting spent fuel and nuclear waste management, notably in Northwest Russia. As necessary, on-site assistance at nuclear power plants which aims to contribute to an efficient transfer of safety culture and know how at the plant level shall be implemented in the short term.

contributing to international initiatives, such as those outlined in the context of the G7; and (iii) supporting spent fuel and nuclear waste management and reprocessing, notably in Northwest Russia. As necessary, on-site assistance at nuclear power plants which aims to contribute to an efficient transfer of safety culture and know how at the plant level shall be implemented in the short term.

*Justification:*

*Spent fuel and waste reprocessing should be included among the operations to be considered.*

(Amendment 20)  
Article 2(7)

7. Measures shall be implemented taking into account the objective of promoting stability, through support for sustainable economic, environmental and social development, and taking account of the evolving needs, absorption capacity and progress towards democratic and market-orientated reform in the partner states.

7. Measures shall be implemented taking into account the objective of promoting stability, through support for sustainable economic development and environmental and social development, and taking account of the evolving needs, absorption capacity and progress towards democratic and market-orientated reform in the partner states.

*Justification:*

*The different aspects of development should be identified separately.*

(Amendment 21)  
Article 3(4)

4. Action programmes based on the indicative programmes referred to in the preceding paragraph shall be adopted on an annual or bi-annual basis in accordance with the procedure provided for in Article 10. These action programmes shall include a list of the projects to be financed within the areas of cooperation set out in Annex II. The content of the programmes shall be determined in sufficient detail, so as to enable the Committee referred to in Article PE 230.534/fin.

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4. Action programmes based on the indicative programmes referred to in the preceding paragraph shall be adopted on an annual or bi-annual basis in accordance with the procedure provided for in Article 10. These action programmes shall include an indicative list of the projects to be financed within the areas of cooperation set out in Annex II. The content of the programmes shall be determined in sufficient detail, so as to enable the Committee referred to in

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10 to deliver its opinion.

Article 10 to deliver its opinion.

*Justification:*

*The action programmes should not contain any final list of projects for funding; the Commission should have a degree of discretion in the conduct of the programmes.*

(Amendment 22)  
Article 3(5)

5. The measures outlined in the national action programmes shall be reflected in financing memoranda agreed between the Commission and each partner states. These shall be based on a dialogue addressing the joint interests of the Community and the partner states, particularly in the context of the Partnership and Cooperation Agreements.

5. The measures outlined in the national action programmes shall be reflected in financing memoranda agreed between the Commission and each partner state. These shall be based on a dialogue addressing the joint interests of the Community and the partner states, particularly in the context of the Partnership and Cooperation Agreements, and shall set out the legal provisions, in particular as regards tax and customs matters and payments, which will apply in the implementation of the projects.

*Justification:*

*To require a degree of clarity in the fiscal treatment of projects being financed.*

(Amendment 23)  
Article 3(7)

7. In the event of severe political or economic crisis in one of the partner states or the threat thereof, a special programme of support may be adopted in accordance with the procedure outlined in Article 10.

7. In the event of severe political or economic crisis in one of the partner states or the threat thereof, a special programme of support may be adopted by the Council, acting by qualified majority on a proposal by the Commission, after consulting the European Parliament.

*Justification:*

*A political or economic crisis justifying exceptional measures should not be dealt with by a management committee alone.*

(Amendment 24)  
Article 5(1), second indent

- twinnings and industrial cooperation based on partnerships between public and private organisations from the European Union and partner countries.

- twinnings and industrial cooperation based on partnerships between public and private organisations from the European Union and partner countries; twinning will in particular facilitate training schemes for the development of civil society in the recipient countries.

*Justification:*

*The importance of such schemes should be emphasised.*

(Amendment 25)  
Article 5(3)

3. The assistance shall also cover costs related to the preparation, implementation, monitoring, audit and evaluation of the programme, as well as costs concerning information.

3. The assistance shall, within the limits fixed by the budgetary authority in the course of the annual budgetary procedure, also cover costs related to the preparation, implementation, monitoring, audit and evaluation of the programme, as well as costs concerning information.

*Justification*

*Draws attention to the budgetary authority's powers to fix annually, on the basis of sound financial management criteria, the amount to be allocated by the budget to meet the costs of evaluation, monitoring, auditing and information.*

(Amendment 26)  
Article 5(4)

The measures can be carried out, where appropriate, on a decentralised basis. The final recipients of Community assistance shall be closely involved in the preparation and execution of the projects. Wherever possible, the identification and preparation of the projects shall be carried out directly at regional and local level.

The measures should be carried out, where possible, on a decentralised basis, subject to the required level of control by the Commission over their implementation. The final recipients of Community assistance shall be closely involved in the preparation and execution of the projects. Wherever possible, the identification and preparation



of the projects shall be carried out directly at regional and local level. To this end the Commission shall establish an appropriate level of local representation.

*Justification:*

*Decentralised implementation is possible if there is local control, especially via strengthened local representation of the Commission.*

(Amendment 27)  
Article 5(5)

Projects will, where appropriate, be implemented in phases. Support for subsequent phases will depend upon the successful implementation of previous phases.

Projects will, where appropriate, be implemented in phases. Support for subsequent phases will depend upon the successful implementation of previous phases, provided that monitoring activities do not impair the continuity of the programmes.

*Justification:*

*Monitoring activities need to be planned.*

(Amendment 28)  
Article 5(6)

The involvement of local experts in project implementation will be encouraged.

In identifying and selecting projects forming part of action programmes, the Commission shall give priority to those that provide for significant involvement by local agents (consultants, experts or NGOs) and local authorities, provided this does not detract from the character of the project or the underlying European concept of the programme;

*Justification:*

*Clarifying the parts to be played by local agents (consultants, experts and NGOs) and local authorities in project participation and implementation.*

(Amendment 29)  
Article 6(1)

The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspective.

The annual appropriations shall be fixed by the budgetary authority in the light of the stage reached in implementing the programme and in accordance with the principles of sound financial management.

*Justification:*

*Draws attention to the budgetary authority's powers to fix annually, on the basis of sound financial management criteria, the amount to be allocated by the budget to that programme as a whole and to each section thereof.*

(Amendment 30)  
Article 6(2)

2. A maximum of 25% of the annual budget could be allocated to investment-related activities as described in Annex III. A maximum of 25% of the annual budget could be allocated to the "Incentive Scheme" as outlined in Article 4.

Deleted

*Justification:*

*Horizontal ceilings should not be set for such activities in the regulation; decisions on these matters should be taken in the light of the specific merits of the projects and of the situation in each partner state. If necessary, the Commission could make a recommendation to the budgetary authority for a breakdown of the TACIS line in the budget.*

(Amendment 31)  
Article 9(3)

Taxes, duties and the purchase of immovable property shall not be funded by the Community.

The financing memoranda concluded on the basis of Article 3(5) of this regulation must stipulate that taxes, duties and the purchase of immovable property shall not be funded by the Community and that supplies imported into the partner country for the implementation of a project funded by the Community shall not be subject to customs

duties.

*Justification:*

*More detail of the fiscal arrangements for activities funded.*

(Amendment 32)  
Article 10 (1) – (6)

1. The Commission shall be assisted by a committee composed of the representatives of the Member States and chaired by the representative of the Commission, to be known as the 'committee for cooperation with the New Independent States and Mongolia' hereinafter referred to as the 'committee'.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the EC Treaty. The chairman shall not vote.

3. The Commission may adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee they shall be communicated by the Commission to the Council forthwith. In that event, the Commission may defer application of the measures which it has decided on for not more than one month from the date of such communication.

4. The Council, acting by qualified

1. The Commission, on the basis of the Council decision of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>1</sup>, and in particular Articles 2 and 4 thereof, shall be assisted by a management committee composed of the representatives of the Member States and chaired by the representative of the Commission, to be known as the 'committee for cooperation with the New Independent States and Mongolia' hereinafter referred to as the 'committee'.

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<sup>1</sup> OJ L 184, 17.7.1999, p. 23.

majority, may take a different decision within the time limit provided for by the third paragraph.

5. The committee shall adopt its rules of procedure by qualified majority.

Deleted

6. The Commission shall keep the committee regularly informed, supplying specific, detailed information on the contracts awarded for the implementation of the projects and programmes.

Deleted

*Justification:*

*To take account of the Council decision of 28 June 1999 on comitology.*

(Amendment 33)  
Article 10(7)

The European Parliament shall be kept regularly informed of the implementation of the programmes.

The European Parliament shall be kept regularly informed of the implementation of the programmes, and in particular of the sums allocated to projects for children and young people.

*Justification:*

*Specific information on these aspects is needed.*

(Amendment 34)  
Article 10a (new)

The Commission shall inform the budgetary authority every three months of the stage reached in the financial implementation of the programme, indicating, by country and by sector, the commitments and payments carried out and any discrepancies, by country, between the programming and the financial implementation.

The Commission shall inform the committee and the European Parliament, at most one month after its decision, of the actions and projects approved, stating their amount, nature and partners.

*Justification:*

*To keep Parliament informed of the implementation of the programme.*

(Amendment 35)

Article 11, first paragraph

The Commission shall, together with the Member States and on the basis of a reciprocal and regular exchange of information, including exchange of information on the spot, seek the effective co-ordination of the assistance efforts undertaken by the Community and individual Member States, in order to increase the coherence and complementarity of their cooperation programmes.

The Commission shall, on the basis of a reciprocal and regular exchange of information, including exchange of information on the spot, ensure the effective co-ordination of the assistance efforts undertaken by the Community and individual Member States, in order to increase the coherence and complementarity of their cooperation programmes.

*Justification:*

*To emphasise the central role of the Commission in coordinating the assistance effort.*

(Amendment 36)

Article 12

Each year the Commission shall present a progress report on the implementation of the assistance programme. This report shall include an evaluation of the assistance already provided. The report shall be addressed to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

Each year, not later than 1 September, the Commission shall present a progress report on the implementation of the programme. This report shall include an evaluation of the assistance already provided, the projects completed and coordinating measures within the Commission and between the Council and the Commission in implementing the different Union intervention mechanisms in the countries benefiting from the programme. The report shall be addressed to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the

Regions.

*Justification*

*Improves the mechanisms for informing Parliament about TACIS programme implementation.*

(Amendment 37)

Article 13, first paragraph

When an essential element for the continuation of cooperation through assistance is missing, in particular in cases of violation of democratic principles and human rights, the Council may, on a proposal from the Commission, acting by a qualified majority, decide upon appropriate measures concerning assistance to a partner state.

When an essential element for the continuation of cooperation through assistance is missing, in particular in cases of violation of democratic principles and human rights, the Council may, on a proposal from the Commission, acting by a qualified majority after Parliament has delivered an opinion in favour may, decide to suspend assistance to a partner state.

*Justification:*

*Provides, as in other circumstances, for prior consultation of the European Parliament on all Council decisions on suspending assistance to a partner country.*

(Amendment 38)

Article 14a (new)

14a. Pending adoption of the regulation harmonising management procedures for Community programmes on cooperation with third countries, the procedural rules and management principles adopted during the previous programme shall be applicable, subject to the provisions of the Financial Regulation, with the following modification:

- the commitment appropriations entered each year in the budget may be authorised (committed) with the approval of each contract.

*Justification*

*Stipulates, pending the adoption of a regulation harmonising management procedures for third-country cooperation programmes, the implementation of the provisions currently in force for a transitional period, subject to the principle that the commitment of appropriations will be made, at the earliest, on the adoption of each contract (to prevent backlogs from being created artificially).*

(Amendment 39)

Transitional provision (new) to follow Article 15

All aid programmes for the Russian Federation deriving from the present Regulation shall be suspended until a satisfactory solution has been found to the armed conflict in Chechnya, in line with European Union recommendations.

*Justification*

*Consistent with the stance taken by Parliament on 4 November 1999 in relation to the EU-Russia agreement on science and technology, and on 18 November 1999 in relation to the resolution on Chechnya.*

(Amendment 40)

Annex II, (1) seventh indent

- support for the implementation of international commitments	- <u>technical</u> implementation of commitments	support for the international
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*Justification:*

*The technical nature of this support needs to be stressed.*

(Amendment 41)

Annex III, (3), first indent

- reform of <u>the</u> health, pension, social protection and insurance systems	- reform <u>or where appropriate establishment</u> of health, pension, social protection and insurance systems
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*Justification:*

*These systems are under-developed in some countries.*

(Amendment 42)  
Annex II, (3), third indent

- |   |  |
|---|--|
| - assistance for social <u>reconstruction</u> | - <u>where appropriate</u> , assistance for <u>the establishment of a social security system</u> |
|---|--|

*Justification:*

*Establishing an effective social security system is a major priority.*

(Amendment 43)  
Annex II, point 5

- |  |  |
|--|--|
| Promotion of Environmental Protection  | Promotion of Environmental Protection –  |
| - development of sustainable environmental policies and practices  | development of sustainable environmental policies and practices, <u>including environmental awareness-raising amongst policy-makers</u> – promotion of harmonisation of environmental standards with EU norms –            |
| - promotion of harmonisation of environmental standards with EU norms  | promotion of sustainable use and management of natural resources, including efficient energy usage, <u>for example: use of CHP and temperature controls in buildings</u> , and improvement of environmental infrastructure |
| - promotion of sustainable use and management of natural resources, including efficient energy usage and improvement of environmental infrastructure |  |

*Justification:*

*The objectives in terms of promoting environmental protection need to be spelled out.*

(Amendment 44)  
Annex II, (6), third indent

- |   |  |
|---|--|
| - improvement of distribution and access to markets | - improvement of <u>processing infrastructure</u> , distribution and access to markets |
|---|--|

*Justification:*

*Processing is often the crucial stage in creating a viable agricultural sector.*



(Amendment 45)  
Annex III, final paragraph

Priority sectors for investment financing would include: cross-border cooperation, border infrastructure, promotion of SMEs, environmental infrastructure and networks.

Priority sectors for investment financing would include: cross-border cooperation, border infrastructure, promotion of SMEs, especially in structurally weak regions, environmental infrastructure and networks.

*Justification:*

*Priority needs to be given to structurally weak regions.*

## DRAFT LEGISLATIVE RESOLUTION

**Legislative resolution embodying Parliament's opinion on the proposal for a Council regulation (EURATOM, EC) on the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (COM(1998)753 – C5-0038/1999 - 1998/0368(CNS))**

### **(Consultation procedure)**

The European Parliament,

- having regard to the Commission proposal to the Council, COM(1998)753<sup>1</sup>2),
  - having been consulted by the Council pursuant to Article 308 of the EC Treaty and Article 203 of the Euratom Treaty (C5-0038/99),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Trade, Research and Energy and the opinions of the Committee on Foreign Affairs, Security and Defence Policy and the Committee on Budgets (A5-0081/99),
1. Approves the Commission proposal, as thus amended;
  2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty and pursuant to Article 119, second paragraph, of the Euratom Treaty;
  3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  4. Calls for the conciliation procedure to be initiated should the Council intend to depart from the text approved by Parliament;
  5. Asks to be consulted again should the Council intend to amend the Commission proposal substantially;
  6. Instructs its President to forward its position to the Council and Commission.

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<sup>1</sup> OJ C 37, 11.2.1999, p. 8.

## **B**

### **EXPLANATORY STATEMENT**

#### **1. Background**

The Commission's proposal for a regulation<sup>1</sup> relates to the provision of assistance 'to economic reform and recovery' in the New Independent States and Mongolia during the period between 2000 and 2006: it is therefore taking over from the current TACIS regulation<sup>2</sup> designed to assist these countries with economic reform and recovery.

The TACIS programme, which was launched in 1991 following the Dublin and Rome European Councils, has been the main aid instrument deployed by the Union in this region and still largely stands for the Union in those countries.

The Commission estimates<sup>3</sup> that between 1991 and 1998 a total of Euro 3793 million was committed, and payments made of Euro 2130.4 m.

The impact and procedures of the TACIS programme have been a constant source of debate: Parliament has on several occasions given its views on the basic regulation<sup>4</sup> and important contributions were made by the Court of Auditors<sup>5</sup> and by the Commission itself<sup>6</sup>.

#### **2. Parliament's position on the current regulation**

In its resolution of 19 April 1996 Parliament made substantial amendments to the Commission proposal; the Commission redrafted its text to produce an amended proposal<sup>7</sup> which incorporated most of Parliament's amendments. However, despite a conciliation procedure<sup>8</sup>, the Council was unable to accept most of Parliament's amendments.

These amendments related to:

- strengthening the procedures for supervising implementation and reporting
- reducing the role of the TACIS committee in selecting projects

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<sup>1</sup> COM (1998) 0753.

<sup>2</sup> Council Regulation No 1279/96 of 25.6.1996 (OJ L 165, 4.7.1996).

<sup>3</sup> Annual TACIS report, COM (1999) 380.

<sup>4</sup> Resolutions of 16 November 1995 (OJ C 323 of 4.12.1995), of 19.4.1996 (OJ C 141, 13.5.1996), and 20.6.1996 (OJ C 198, 8.7.1996).

<sup>5</sup> In particular the annual report for 1997, Chapter 5 (OJ C 349, 17.11.1998), and special report 25/98 on EU operations in the field of nuclear safety in the CEECs and the NIS (1990-1997).

<sup>6</sup> See in particular the interim evaluation report and the reflections on the future of 26.5.1998.

<sup>7</sup> COM(1996)213 of 8.5.1996.

<sup>8</sup> See resolution of 20.6.1996 op. cit.

- upholding Parliament's powers when the regulation is modified or aid is suspended
- strengthening 'political conditionality'
- strengthening coordination between donors and facilitating cofinancing
- setting priorities including environmental, health and cultural identity aspects,
- strengthening cross-border cooperation and
- rationalising tendering procedures.

The Council's refusal to embark on genuine discussion with Parliament during the conciliation procedure was also severely criticised by Parliament in its resolution of 20 June 1996.

Since then, Parliament, in the course of budgetary procedure in particular, has looked closely at the problems with the implementation of TACIS and been generally critical of the matching of budget estimates to the programme's capacity to absorb them; it also drew attention to the backlog of appropriations committed but for which contracts had not been concluded, and delays in payments. The result was that EURO 45 m in commitment and EURO 38 m in payment appropriations had been entered in the reserve by the budgetary authority against the 1998 budget<sup>1</sup>.

### **3. The new proposal**

The regulation proposed by the Commission would cover the years 2000 to 2006, thus coinciding with the new financial perspective. The objectives of the revision are as follows<sup>2</sup>:

- greater concentration of the assistance
- clearly differentiated country programmes
- the link to the partnership and cooperation agreements.

The instruments listed by the Commission<sup>3</sup> are as follows:

- the move from 'demand-driven' to 'dialogue-driven' programming
- increased promotion of investment
- an increase in the number of assistance instruments available, including an increased use of twinnings between EU and NIS institutions and industrial cooperation
- improving the quality of the assistance, in particular through the creation of an incentive scheme.

We therefore need to consider how the priorities and objectives set by the Commission are reflected in the proposed regulation and whether the changes are constant with the effects sought and Parliament's priorities.

#### *3.1. Priorities for assistance*

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<sup>1</sup> Working document by Mr Pimenta for the Committee on Budgets, PE 223.705 of 17.9.1997.

<sup>2</sup> COM(98)753, p. 3.

<sup>3</sup> Ibid.

The Commission is on the one hand planning to replace sectoral priorities (Annex II of the 1996 regulation: human resources, restructuring of enterprises, infrastructure, energy, food and the environment) by 'thematic' priorities (strengthening democracy and the rule of law; support for the private sector, alleviating the social consequences of transition; infrastructure networks, environmental protection and the rural economy).

The Commission is also seeking to move from 'demand-based' to 'dialogue-based' programming to establish areas of common interest in cooperation with the partner countries. To this end, the Union is to use the objectives and dialogue mechanisms set out in the partnership and cooperation agreements (Article 2(2) and should concentrate on a 'limited number of large-scale initiatives' covering 'at most three of the eligible areas of cooperation', plus nuclear safety where appropriate.

However, although the programme is supposed to take into account the differing needs and priorities of the various countries, no formal differentiation is made (Article 2(4)).

Additional detail is given regarding the objectives for inter-state and cross-border cooperation (Article 2(5)) and for activities in the field of nuclear safety (Article 2(6)). It should however be noted that the proposals to remove nuclear safety entirely from the programme<sup>(1)</sup>, in view of its very specialised nature and the problems of linking it with other multilateral initiatives, have not been taken up.

### *3.2. The instruments of the programme*

The current programme's structure (of indicative programmes and action programmes) is retained. The action programmes are, however, to be reflected in 'financing memoranda' concluded between the Commission and each partner state (Article 3(7)); a 'special programme of support' may be adopted in the event of severe political or economic crisis in one of the partner states (Article 3(7)).

In addition to the national programmes the Commission intends to establish an 'incentive scheme' to 'introduce an element of competition into the allocation of resources' (i.e. a programme not subject to the apportionment of funds among the beneficiary states). However, the selection

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<sup>(1)</sup> On the inadequacy of TACIS procedures in this area see Court of Auditors report 25/98, in particular Chapters 5 and 6. As regards budgetary procedures, the Court of Auditors also points out (p. 23) that 'owing to the specialised nature of the operations in support of increased nuclear safety in East European countries, they should be shown separately from the amounts of PHARE and TACIS programmes in the EU budget'.  
See also the report by Mr Adam (resolution of 11.3.1999) on the nuclear sector in the CEECs and the NIS. The Committee of Independent Experts, in its report of 15 March 1999, points out that in this sector 'the problem of the award of contracts to European Union industrial firms remains, given an oligopolistic and indeed even monopolistic market because of the need to apportion contracts among the Member States, with extremely high risks of concerted practices' but that 'there are no grounds for contending, as matters stand at present, that the implementation of nuclear safety programmes in Eastern countries gave rise to fraud or serious irregularities'.

criteria for these projects are not laid down in the budget but will be agreed by the management committee. This incentive scheme will be limited to 25% of the annual budget (Article 6(2)).

In Article 5 the Commission lays down the measures to be supported; in addition to conventional technical assistance it introduces:

- twinning and industrial cooperation 'based on partnerships between public and private organisations from the European Union and partner countries'
- investment and investment-related activities (to a maximum of 25% of the annual budget); such expenditure is already provided for in the existing regulation, but only in the case of cross-border micro-infrastructures and SMEs and limited to 10% of spending.

The investment activities are described in greater detail in Annex III.

### *3.3 Financial and implementing provisions*

For the annual appropriations to be authorised, the proposal refers only to decisions by the budgetary authority (Article 6(1)); the financial statement reveals that, according to the Commission's estimates, the programme should on average absorb some Euro 570 m a year, about Euro 4000 m in total.

The average figure is rather higher than the present rate in both commitments (1998: Euro 507.2 m;) and payments (1998: Euro 461.8 m).

As regards the implementing procedures, the proposal refers only to the Financial Regulation of the European Communities<sup>1</sup>, and annexes III and IV of the present regulation are not included in the new proposal. This is a direct consequence of the fact that the Commission, and in particular the SCR (Joint Service for the management of Community aid to non-Member countries), is drawing up unified procedures for external activities financed by the Union budget and does not therefore at this stage wish to introduce specific provisions in the present proposal.

The result of this decision by the Commission is that it is not only impossible to ascertain the procedures under which normal technical assistance activities will be carried out, but special activities (nuclear safety, investment, twinning, cooperation in justice and home affairs) will not be subject to the specific procedures that their nature would require.

Moreover, the explanatory memorandum refers to the need for these simplified contracting procedures<sup>2</sup> but the proposal does not clearly include them.

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<sup>1</sup> Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (OJ L 356 of 31.12.1977) as subsequently amended.

<sup>2</sup> COM(98) 753, p. 8: 'For certain forms of assistance and cooperation, such as some forms of twinning, industrial cooperation and nuclear safety projects where there are a very limited number of appropriate implementing agencies, the current tendering procedures are not appropriate. These procedures delay project implementation without providing any value in the form of transparency or competition. At the same time,

Simply applying the Financial Regulation to contracting procedures would have considerable implications. For example, while the current regulation opens tender procedures to enterprises in the EU, the beneficiary countries and, by specific decision, the PHARE countries and certain Mediterranean countries, under the Financial Regulation<sup>1</sup> they would be open only to EU and recipient state tenderers.

Moreover, if the sole basis is the Financial Regulation, service contracts could be concluded by private treaty, in the cases laid down in Article 118<sup>2</sup>, not subject to the current ECU 200 000 ceiling.

It would therefore appear that the Commission and the Council, taking into account the need to ensure the continuity of the programme, are tending to take the following approach:

- carrying on with the implementing provisions contained in the existing regulation pending the adoption of a revised financial regulation;
- the Commission to submit a proposal for a revision of the financial regulation taking into account the need to harmonise and unify the proposals relating to external activities.

In the meantime the Commission would at all events adopt an internal procedures manual on the matter.

This approach may be adopted as a temporary solution, with the comments and remarks quoted; but it must be made clear that if that renewal involved substantial new factors, Parliament would have to be reconsulted, if necessary by urgent procedure.

### *3.4. General provisions*

In Article 10 the proposal provides for a type 2a management committee responsible for very important tasks and in particular for approving the 'action programmes' (Article 3(4)) which 'include a list of the projects to be financed'.

The current regulation provides for a type 3a regulatory committee.

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flexibility should not be at the expense of transparency. A number of provisions should be included to ensure that an appropriate level of transparency is maintained.'

<sup>1</sup> op. cit. Article 114.

<sup>2</sup> 'However, some contracts may be awarded by private treaty, particularly in the following cases:

- short or small contracts
- projects being carried out by non-profit-making institutions or associations
- extension to projects already under way
- where the invitation to tender has been unsuccessful.

Parliament has in the past, on the basis of its stance on comitology, been in favour of type 1 advisory committees; it has also been constantly critical of the central role in project selection given to the TACIS Committee, the effect of which has been to slow down the implementation of the programme and often to reduce its quality in view of the need to reach a laborious consensus between the Member States on the choice of projects to be financed.

The comitology problem may however be regarded as settled under the Council decision which posits the management committee solution.

The Committee also has an important role to play in deciding the criteria for the incentive system (Article 4) and a vital role in the launching of a special support programme in the event of severe political or economic crisis (Article 3(7)).

There are special provisions governing the coordination of assistance (Commission/Member States/IFI/other donors) (Article 11), the annual report (Article 12) and, (Article 13) conditionality (political and economic) and the procedure for the possible suspension of assistance (proposal from the Commission, Council decision by qualified majority, without the involvement of Parliament).

Article 14 deals with special aspects (equal opportunities for women, protection of the environment, social impact of reforms, links with agreements between the EU and the recipient countries) which have to be taken into account.

#### **4. Assessment**

The Commission's explanatory memorandum contains an accurate and detailed analysis of the difficulties encountered by the TACIS programme and some reflections and interesting proposals for its future development.

Your rapporteur fully concerns with some of the main elements, in particular:

- the transition from almost total concentration on technical assistance to increased promotion of investment
- the identification of new areas for cooperation, such as justice and home affairs, and an increased role for public bodies and players in these activities
- the emphasis on twinning between institutions and on industrial cooperation.

He would however point out that

- some other questions have not been analysed in sufficient detail such as differentiation by country or region, or the scope for concentrating aid ('priority' themes being very vaguely worded) or the specific requirements of nuclear safety and the introduction of the incentive scheme



- in particular the new assistance guidelines are not reflected in the procedures, because of the problem raised in point 3.3 regarding implementing procedures. At this stage in the proposal for the regulation it is difficult to perceive what its application could be.

At this stage we can therefore:

- table a number of amendments reflecting Parliament's traditional priorities as regards the objectives and procedures for aid
- reserve judgement on procedure, both the general procedures governing current activities and the specific procedures which will apply to new or reorganised activities (investment, twinning, industrial cooperation and nuclear safety).

In the (very likely) event that the Commission's proposals on harmonised external programme implementing procedures will require a revision of the financial regulation, a temporary renewal of the current procedures might be considered pending its adoption with the following points being borne in mind:

- these procedures were in part strongly criticised by Parliament at the time of their adoption and are not completely suited to some of the activities to be funded, and
- if the Council were to seek to make substantial changes to the regulation (departing from the Commission proposal), Parliament would have to be reconsulted.

24 November 1999

## **OPINION**

(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the proposal for a Council Regulation (Euratom, EC) concerning the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (COM(1998) 753 - C4-0038/1999 - 1998/0368(CNS)) (report by Jaime Valdivielso de Cué)

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Draftsman: Vitaliano Gemelli

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## **PROCEDURE**

At its meeting of 23 September 1999 the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Mr Vitaliano Gemelli draftsman.

It considered the draft opinion at its meeting of 24 November 1999.

At that meeting it adopted the following conclusions by 41 votes to 0, with 1 abstention.

The following were present for the vote: Nicholson of Winterbourne, acting chairman; Newton Dunn, vice-chairman; Gemelli, draftsman; Belder, Brie, Carnero Gonzalez (for Diez Gonzalez), Cashman (for Titley), Cohn-Bendit, Efthymiou, Esteve i Abad, Fabra Vallés, Frahm (for Vinci), Friedrich, Gahler, Gahrton, Gawronski, Giannakou-Koutsikou, Haarder, Hoff, Katiforis (for Soulidakis), Korakas, Maij-Weggen (for Oostlander), Malmström (for Rutelli), Marset Campos, Martin, Menéndez del Valle, Morillon, Napoletano, Obiols i Germa, Poettering, Poos, Posselt (for Stenzel), Sacrédeus (for Carlsson), Sakellariou, Salafranca Sánchez-Neyra, Santer, Schröder, Schroedter, Sumberg (for Bethell), Van Orden, Väyrynen, Wuori.

## **BACKGROUND**

The EU operates the TACIS programme for the benefit of the New Independent States (the states of the former Soviet Union, except the Baltic States) and Mongolia. This programme provides know-how and useful contacts, i.e. technical assistance, with the aim of promoting these countries' progress towards free and open democratic societies that respect human rights and towards market oriented economic systems. TACIS works with governments as well as with the private sector and, to some extent, also with non-governmental organisations (NGOs). The resources allocated to TACIS are currently in the order of EURO 500 million a year. A total of EURO 4 billion for the years 2000-2006 period is foreseen.

It is widely recognised that in terms of actual results achieved, TACIS' has a very mixed record. Clearly, its shortcomings are attributable both to the often very difficult conditions prevailing in the partner countries and to deficiencies in the programme itself and in its management. The Commission now admits that several of the criticisms that have been levelled by Parliament and the Court of Auditors against it have been justified.

The current regulation governing the programme will expire on 31.12.1999. The Commission proposal for a new regulation on which Parliament now is consulted is intended to cover the years 2000-2006.

The Commission's approach is based in particular on the following assumptions:

- that fewer, but bigger projects related to a smaller selection of general objectives will be easier to manage, have greater impact and better satisfy the EU's desire for visibility;
- that the needs of the individual partner states as well as the EU's interests in different countries and regions vary considerably and that this should be reflected in clear variations between the country programmes;
- that the Commission should take a more proactive role in project identification, instead of just reacting to proposals.
- that competition between the partner countries for a maximum of 25 per cent of the assistance, in terms of the funds allocated, could increase the quality of the projects.

The Commission uses the terms concentration, differentiation, 'dialogue-driven' programming (as opposed to 'demand-driven' programming) and 'incentive scheme' to summarise these ideas.

Seeking to counter criticisms to the effect that too much money is spent on EU consultants (reportedly in the order of 60 per cent of the payments made), the Commission holds out the prospects of increased reliance on expertise found in the partner countries and on EU civil servants as well as of increased use of twinning, i.e. the creation of partnerships between similar public service or private entities in the EU and in partner countries, as an alternative to consultants.

Investment promotion and in exceptional cases even investment financing or part-financing is another priority and industrial cooperation is also emphasised.

While the proposed regulation provides for a reduction of the number of objectives to be pursued in each partner state, the list of objectives to choose from is much more comprehensive than the list of target areas for the assistance in the regulation currently in force. In particular, a group of social objectives (including reform of the health, pension, social protection and insurance systems) has been added.

A conditionality clause is included in article 13. It stipulates that the Council, acting on a proposal from the Commission, may decide upon appropriate measures concerning assistance to a partner state when an essential element for the continuation of cooperation is missing, in particular in cases of violation of democratic principles and human rights. The same will apply in cases of violations of the Partnership and Cooperation Agreements.

## ASSESSMENT

The changes introduced to the TACIS programme through the new regulation should serve two main purposes: 1) to ensure that the programme has the right objectives and focuses on the most appropriate tasks, *inter alia*, by taking account of more recent developments in the partner states, 2) to improve the preconditions for efficient management of the programme and the achievement of concrete results.

Clearly, the transition process in most of the TACIS beneficiary countries has proved to be considerably more complex and difficult than expected. While in some countries and in some respects very tangible progress has been made, e.g. as regards democratic rights and freedoms, other phenomena are up to 60 per cent falls in economic output, drastically reduced productivity, levels of corruption among the highest recorded in international comparative estimates, public finances near the brink of collapse, disintegrating health care systems and falling life expectancy.

The process of change in the TACIS partner countries does not simply represent a repetition at a lower speed of the successful transition realised in Poland and under way in other Central European countries. Some countries are characterised by authoritarian systems, serious human rights problems and the absence of any major attempt at economic reform. In others, old apparatchiks and dubious reformers have - e.g. through the payment of huge subsidies, the extension of large loans, effectively on give-away terms, and rushed privatisations - effectively ruined the state and its ability to perform necessary functions in the economic as well as in the social life of the nation.

In these circumstances, TACIS needs to focus much attention on helping to preserve or reconstruct essential government functions where this is strongly needed and possible. It should also increase efforts to pave the way for improvements in the living conditions of population strata that are particularly hard hit by the social crisis through supporting the development of NGOs in this field. Moreover, it should strive to strengthen democracy both in countries with authoritarian characteristics and in countries where the weakest groups systematically fail to gain representation of their interests, despite the holding of free or relatively free elections. The concept of democracy must not be defined in too narrow terms.

The proposed regulation mentions that "due emphasis on the social aspects of reform" is required and that the objective of promoting stability should be taken into account, *inter alia* through support to social development. In the list of areas of cooperation (annex II of the regulation), support in addressing the social consequences of transition is included and various objectives enumerated. Although the regulation could have included an even stronger commitment to social protection (which moreover is recognised as an area of cooperation in the EU-Russia Partnership and Cooperation Agreement, article 74.3), the wordings included provide a basis for efforts in this area that should be very actively used.

The list in annex II, from which at most three of the six areas of cooperation should be selected for each partner country, does not need to be extended. The selection system has a respectable aim, but should not be so rigidly implemented that it prevents support for particularly promising projects outside the selected areas in exceptional cases.

The conditionality clause in article 13 should be amended, so as to give Parliament a proper role.

## **CONCLUSIONS**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy supports the broad lines of the Commission proposal, but calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report, so as to make respect for democratic principles a more important factor in the future regulation:

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Text proposed by the Commission

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Amendments by Parliament

### (Amendment 1)

Article 5(1) insert a new indent before the first indent

- the strengthening of democracy, the  
promotion of human rights and minority  
rights and the development of civil society,

#### *Justification:*

*This amendment is designed to make respect for democratic principles a more important factor in the future regulation.*

### (Amendment 2)

Article 13(1)

1. When an essential element for the continuation of cooperation through assistance is missing, in particular in cases of violation of democratic principles and human rights, the Council may, on a proposal from the Commission, acting by a qualified majority, decide upon appropriate measures concerning assistance to a partner states.

1. When an essential element for the continuation of cooperation through assistance is missing, in particular in cases of violation of democratic principles and human rights, the Council may, on a proposal from the Commission and after consulting the European Parliament, acting by a qualified majority, decide upon appropriate measures concerning assistance to a partner State.

#### *Justification:*

*This amendment is designed to give Parliament its proper role.*

(Amendment 3)

after ‘Having regard to the opinion of the European Parliament’

- Whereas democratic principles, respect for cultural, religious, political and ethnic pluralism, the strengthening of peace and social harmony, and the improvement of conditions to ensure a higher quality of life must become more and more firmly established;

*Justification:*

*This amendment is designed to indicate the democratic principles on which future assistance should be based.*

(Amendment 4)

Recital 18

Whereas, in order properly to meet the most acute needs of the New Independent States and Mongolia at the present stage of their economic transformation, it is necessary to permit a certain amount of the financial allocation to be used for economically sound investment-financing, notably in the areas of cross-border cooperation, promotion of SMEs, environmental infrastructure, and networks of strategic importance to the Community;

Whereas, in order properly to meet the most acute needs of the New Independent States and Mongolia at the present stage of their economic transformation, it is necessary to permit an amount of the financial allocation to be used for economically sound investment-financing, notably in the areas of cross-border cooperation, promotion of SMEs, environmental infrastructure, and networks of strategic importance to the Community;

*Justification:*

*This amendment is designed to avoid the financial resources being quite inadequate.*

(Amendment 5)

TITLE I, Article 3(4)

4. Action programmes based on the indicative programmes referred to in the preceding paragraph shall be adopted on an annual or bi-annual basis in accordance with PE 230.534/fin.

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4. Action programmes based on the indicative programmes referred to in the preceding paragraph shall be adopted on an annual or bi-annual basis in accordance with RR\386630MPEN.doc

the procedure provided for in Article 10. These action programmes shall include a list of the projects to be financed within the areas of cooperation set out in Annex II. The content of the programmes shall be determined in sufficient detail, so as to enable the Committee referred to in Article 10 to deliver its opinion.

the procedure provided for in Article 10 and may take the form of functional, self-sufficient and summarised extracts. These action programmes shall include a list of the projects to be financed within the areas of cooperation set out in Annex II. The content of the programmes shall be determined in sufficient detail, so as to enable the Committee referred to in Article 10 to deliver its opinion.

*Justification:*

*This amendment is designed to make the implementation of programmes more specific and identifiable.*

(Amendment 6)  
Annex II, Point 1

1. Promotion of Democracy and the Rule of Law

- development of the rule of law
- support for effective policy making
- reform of public administration at national, regional and local level
- support for executive and legislative bodies (national, regional, local)
- support for Justice and Home Affairs activities
- reinforcement of the legal and regulatory framework
- support for the implementation of international commitments
- support for the civil society.

1. Promotion of Democracy and the Rule of Law

- development of the rule of law and respect for the principle of cultural, religious, political, social and ethnic pluralism
- support for effective policy making
- reform of public administration at national, regional and local level
- support for executive and legislative bodies (national, regional, local)
- support for Justice and Home Affairs activities
- reinforcement of the legal and regulatory framework
- support for the implementation of international commitments
- support for the civil society.

*Justification:*

*This amendment is designed to ensure respect for pluralism with regard to the identities of partner countries.*

(Amendment 7)  
Article 12, add a second paragraph

12. Each year the Commission shall present a progress report on the implementation of the assistance programme. This report shall include an evaluation of the assistance already provided. The report shall be addressed to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

12. Each year the Commission shall present a progress report on the implementation of the assistance programme. This report shall include an evaluation of the assistance already provided. The report shall be addressed to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

Where elements of uncertainty arise that might affect the impact of assistance and are due to the political and economic situation of the partner states, the Commission shall present a report to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

*Justification:*

*This amendment is designed to check that recipient institutions and the authorities of the partner country are willing and able to cooperate and implement the assisted projects.*



22 September 1999

## **OPINION**

(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the report on the proposal for a Council Regulation (Euratom, EC) concerning the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (COM(98)0753 - C4-0038/99 - 98/0368(CNS)) (report by Mr Jaime Valdivielso de Cué)

Committee on Budgets

Draftsman: Mrs Constanze Krehl

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## **PROCEDURE**

At its meeting of 28 July 1999, the Committee on Budgets appointed Mrs Constanze Krehl draftsman.

It considered the draft opinion at its meeting of 22 September 1999.

At the latter meeting it adopted the following conclusions unanimously.

The following took part in the vote: Wynn, chairman; Dührkop Dührkop, vice-chairman; Walter (for the rapporteur); Averoff, Böge, Bourlanges, Buitenweg, Colom I Naval, Dover, Fabra Vallés (for Elles), Färm, Guy-Quint, Haug, Jensen, Jöns (for Krehl), Martin, Martins Casaca, Mulder, Ortuondo Larrea (for Rühle), Pittella, Seppänen (for Wurtz), Stenmarck and Virrankoski.

## **BACKGROUND**

1. Over the past seven years the Tacis programme has been the principal Community assistance instrument in favour of the New Independent States (NIS) and Mongolia.
2. The fundamental purpose of the programme is to promote economic reform and recovery in the countries concerned by providing assistance and support for reforms as part of the transition to a market economy and efforts to strengthen democracy and the rule of law.
3. The attached table shows expenditure trends in all budget items relating to the financial allocation to the Tacis programme.
4. The Commission recognises that experience has shown that the main problems detected in programme implementation hitherto have been concentrated on the lack of precision in programme objectives, failure to concentrate efforts (partly on account of a demand-led approach) and failure to differentiate objectives to match the needs of different regions.

5. The Commission at the same time also recognises that more varied instruments will be necessary in future to meet ever more complex needs and further to encourage in particular investment, certain forms of twinning and industrial cooperation. It also recognises the importance of improving project quality and simplifying management procedures.

## **POSITIONS TAKEN WITHIN THE EUROPEAN PARLIAMENT HITHERTO**

6. The Committee on Budgets has commented repeatedly on the difficulties encountered in implementing the Tacis programme. A September 1997 Working Document (PE 223.705) highlighted the main aspects calling for improvement in terms of financial management, programme objectives and coordination with Euratom activities and the introduction of cross-border cooperation. Early in 1998 the Committee on Budgets also considered the implementation of Parliament's information mechanisms and application of the 'Liikanen facility' (cf. Working Document PE 225.537). The Tacis programme also benefited from the new approach, drawn up for the 1999 budget, to technical assistance (TAOs).

## **THE COMMISSION PROPOSAL**

### ***The legal basis***

7. Your draftsman notes that, contrary to what the Commission proposed for the new programme on cooperation with Turkey (COM (1998)0600 final), the legal basis for this proposal is not Article 130w of the Treaty, but Article 235 of the Treaty. This despite the fact that the level of socio-economic development in the majority of the countries concerned is similar to or even lower than that in Turkey; also despite the fact that the assistance formulae and sectors proposed by the Commission in Annex II to the proposal for a regulation are similar to those proposed for the new cooperation programme for Turkey (Article 4 of the first proposal for a regulation, COM (1998)0600 final).
8. The foregoing legal basis could be replaced by Article 130w of the Treaty (before the entry into force of the Treaty of Amsterdam); this would make it possible consistently to follow the same approach as that adopted by the Commission on support to socio-economic development in Turkey. Once the Treaty of Amsterdam entered into force, Parliament would then be consulted under the codecision procedure and not the simple consultation procedure laid down in Article 235 of the Treaty.
9. The Committee on Legal Affairs and Citizens' Rights did not approve that approach; it considered that Article 235 of the Treaty was an adequate legal basis for this proposal for a regulation. Your draftsman consequently withdrew the amendment originally tabled in that connection.

### ***Differences between the explanatory statement and the legislative text of the proposal - some discrepancies***

10. Some of the conclusions set out in the explanatory statement are not fully reflected in the proposal for a regulation, in particular those relating to the need to adopt a better structured approach to strengthening democracy and defining strategic objectives.
11. The need to concentrate Community financing is not expressed in realistic terms in the proposal for a regulation, which marginalises the part to be played by the budgetary authority in allocating available financial resources.
12. The acknowledgement that technical assistance is more immediately required than financial assistance is not clearly reflected in the proposal for a regulation; nor are there proper safeguards concerning the use of national consultants and experts.
13. The proposal for a regulation has absolutely nothing to say about efforts to simplify and rationalise management and improve its efficiency. Indeed, we are still awaiting results from the efforts of Commission DG IA's Joint External Relations Department to draw up a proposal for a regulation leading to harmonisation of the procedures applicable to all external policy programmes (managed by DG I or DG VIII).
14. One of the main reasons for Parliament's refusal to adopt its opinion on this proposal for a regulation before the end of its term of office was the need to know, pending such a proposal for harmonisation, at least the general principles applicable to it and the expected timetable for submitting such a harmonisation proposal.
15. In that connection, and to prevent efforts to implement the Tacis programme from being held hostage to the adoption of a regulation on harmonising procedures, we might with immediate effect envisage a set of transitional arrangements that, while continuing to comply with the principles adopted during recent years of implementation, and subject to the provisions of the Financial Regulation, in particular those relating to external policy, would ensure more effective management, the main aims of which would be:
  - to make invitations to tender more transparent to partners and contractors (including distribution of project results);
  - to ensure implementation of a forecasting-assisted management scheme that would enable project implementation to be monitored and difficulties anticipated;
  - to achieve a more balanced average size of projects to be financed;
  - to improve partner-country commitment to and responsibility for project success (with European experts not necessarily being excluded from the later stages of projects);
  - to ensure simplification of arrangements for the award of contracts and fix deadlines in the first half-year for the adoption of annual programmes;

- to improve the system of financial management at Commission level, so as to forestall the artificial creation of high levels of implementation of commitment appropriations and the existence of significant backlogs in payment appropriations (because appropriations entered in the budget are not committed until contracts have been approved, as distinct from when the annual programme is adopted);
  - to ensure that supporting and monitoring actions during programme implementation are carried out by independent experts under the authority of the Commission department responsible for financial management; that *ex post* evaluation also takes into account the results of monitoring procedures and is carried out on the responsibility of the Commission department responsible for initial programme planning and negotiation.
16. In the matter of projects to provide technical assistance to partner countries, it would also be necessary to clarify arrangement for ensuring that action will be taken on projects financed on the basis of technical assistance (financing of specific assistance projects to SMEs following prior technical assistance).

### **PROPOSED AMENDMENTS**

17. Having regard to the foregoing, your draftsman proposes that the Committee on Budgets adopt the following amendments, for the purpose of:
- specifying the objectives of the Tacis programme, both as a mechanism for securing partner-country development and improving contacts between citizens of those countries (Amendments 1, 2, 3);
  - improving coordination between the first (external action by the Union) and second pillars (external action under CFSP), in particular by adopting a common Tacis programme strategy in favour of certain of the countries concerned (Amendment 4);
  - explicitly acknowledging what has been common practice hitherto, namely the option of using the Tacis financial allocation also to finance actions relating to financing and support for the implementation of structural adjustment or balance-of-payments support programmes (macro-financial assistance) (Amendment 5);
  - refraining, in the legislative act, from specifying the multiannual reference amount, while drawing attention to the budgetary authority's powers to fix, annually, on the basis of sound financial management criteria, the amount to be allocated by the budget to that programme as a whole and to each section thereof (Amendments 6, 8, 9, 10);
  - clarifying the parts to be played by local agents (consultants, experts and NGOs) in project participation and implementation (Amendment 7);

- confirming the standard Committee on Budgets approach to commitmentology (Amendment 11);
- improving the mechanisms for informing Parliament about Tacis programme implementation (Amendments 12, 13) ;
- arranging, as in other similar circumstances, for prior consultation of the European Parliament on all Council decisions on suspending assistance to a partner country (Amendment 14);
- stipulating, pending the adoption of a regulation harmonising management procedures for third-country cooperation programmes , the implementation, during a transition period, of the provisions in force, subject to the principle that the commitment of appropriations will be made at the earliest with the adoption of each contract (to prevent backlogs from being created artificially) (Amendment 15).

## **CONCLUSIONS**

- a. Calls on the Committee on Industry, External Trade, Research and Energy, in the context of the forthcoming negotiations with the Commission and the Council, to ensure that this proposal for a regulation is not approved in the absence of certainty and agreement with regard to the conditions for the harmonisation of management procedures and implementation of EU programmes for cooperation with third countries. In the event of consideration being given to transitional rules to enable the provisions currently in force to be maintained, the Committee on Industry, External Trade, Research and Energy is urged to ensure that the Commission and the Council accept Amendment 15 of this draft opinion.

Text proposed by the Commission

Amendments by Parliament

### (Amendment 1) Recital 9

Whereas experience has shown that Community assistance will be all the more effective when it is concentrated on a restricted number of areas within each partner country;

Whereas experience has shown that Community assistance will be all the more effective when it is concentrated on a restricted number of areas within each partner country and directed towards the development and strengthening of economic and social cohesion in the partner countries;

*Justification:*

*specifies the objectives of the TACIS programme as a mechanism for securing partner-country development and improving contacts between citizens of those countries.*

(Amendment 2)  
Recital 14

Whereas the long-term sustainability of reform will require due emphasis on the social aspects of reform the development of the civil society;

Whereas the long-term sustainability of reform will require due emphasis on the social aspects of reform, the development of the civil society and bringing citizens closer together;

*Justification:*

*specifies the objectives of the TACIS programme as a mechanism for securing partner-country development and improving contacts between citizens of those countries.*

(Amendment 3)  
Recital 17

Whereas the quality of the assistance shall be improved by selecting a proportion of projects on a competitive basis;

Whereas the quality of the assistance shall be improved by selecting a proportion of projects on a competitive basis and their contribution to economic and social development;

*Justification:*

*specifies the objectives of the TACIS programme as a mechanism for securing partner-country development and improving contacts between citizens of those countries.*

(Amendment 4)  
Recital 23

Whereas the European Council at its meeting in Rome also stressed the importance of effective co-ordination by the Commission of the efforts made in the former Union of Soviet Socialist Republics by the Community and its Member States acting individually;

Whereas in addition to coordination between the efforts undertaken by the Community and the Member States individually, there must also be improvements in the New Independent States in coordination between operations launched under Community political cooperation (first pillar) and those launched under common foreign and security policy (CFSP) (second pillar);

*Justification:*

*improves coordination between instruments under the first pillar (external action by the Union) and the second pillar (external action under CFSP), in particular by adopting a common Tacis programme strategy in favour of certain of the countries concerned.*

(Amendment 5)  
Article 3(7)

7. In the event of severe political or economic crisis in one of the partner states or the threat thereof, a special programme of support may be adopted in accordance with the procedure outlined in Article 10.

7. This programme may, following a favourable European Parliament opinion, be used to finance operations relating to structural adjustments and support for the balance of payments by way of macro-financial assistance. In the event of severe political or economic crisis in one of the partner states or the threat thereof, the Commission may, taking into account any measures adopted under common foreign and security policy (CFSP) (second pillar) and following a favourable European Parliament opinion, adopt a special programme of support in accordance with the procedure outlined in Article 10.

*Justification:*

*explicitly acknowledges what has been common practice hitherto, namely the option of using the TACIS financial allocation also to finance actions relating to financing and support for the implementation of structural adjustment programmes or balance-of-payments support programmes (macro-financial assistance).*

(Amendment 6)  
Article 5(3)

3. The assistance shall also cover costs related to the preparation, implementation, monitoring, audit and evaluation of the programme, as well as costs concerning information.

3. The assistance shall, within the limits fixed by the budgetary authority in the course of the annual budgetary procedure, also cover costs related to the preparation, implementation, monitoring, audit and evaluation of the programme, as well as costs concerning information.

*Justification:*

*draws attention to the budgetary authority's powers to fix annually, on the basis of sound financial management criteria, the amount to be allocated by the budget to meet the costs of evaluation, monitoring, auditing and information.*

(Amendment 7)  
Article 5(6)

6. The involvement of local experts in project implementation will be encouraged.

6. In drawing up and identifying projects forming part of action programmes, the Commission shall give priority to those that provide for significant involvement by local agents (consultants, experts or NGOs) and local authorities in project implementation, provided this does not detract from the character of the project and the underlying European concept of the programme;

*Justification:*

*clarifying the parts to be played by local agents (consultants, experts and NGOs) and local authorities in project participation and implementation*

(Amendment 8)  
Article 6(1)

1. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspective.

1. The annual appropriations shall be fixed by the budgetary authority in the light of the stage reached in implementing the programme and in accordance with the principles of sound financial management.

*Justification:*

*draws attention to the budgetary authority's powers to fix annually, on the basis of sound financial management criteria, the amount to be allocated by the budget to that programme as a whole and to each section thereof*

(Amendment 9)  
Article 6(2)

2. A maximum of 25% of the annual budget could be allocated to investment-related activities as described in annex III. A maximum of 25% of the annual budget could be allocated to the "Incentive

2. The budgetary authority shall decide each year, having regard to the stage reached in implementing the programme and the absorptive capacity of each recipient country, on the share of the following year's



Scheme” as outlined in Article 4.

budget to be allocated to investment-related activities as described in annex III, to the "Incentive Scheme" as outlined in Article 4 and to the nuclear sector

*Justification:*

*draws attention to the budgetary authority's powers to fix annually, on the basis of sound financial management criteria, the amount to be allocated by the budget to each of the main sectors concerned*

(Amendment 10)  
Article 8(1)

1. Community assistance shall in general be in the form of grants. They may generate funds that can be used for financing other cooperation projects or measures.

1. Community assistance shall in general be in the form of grants. They may generate funds that can be used for financing other cooperation projects or measures to be adopted under the programme.

*Justification:*

*stresses the obligation to use the funds generated by the programme for other projects covered by Tacis*

(Amendment 11)  
Article 10(1)-(5)

1. The Commission shall be assisted by a committee composed of the representatives of the Member States and chaired by the representative of the Commission, to be known as the 'committee for cooperation with the New Independent States and Mongolia' hereinafter referred to as the 'committee'.

1. The Commission shall be assisted by an advisory committee composed of the representatives of the Member States and chaired by the representative of the Commission, to be known as the 'committee for cooperation with the New Independent States and Mongolia' hereinafter referred to as the 'committee'.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the EC

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter at issue, if necessary proceeding to a vote.

Treaty. The chairman shall not vote.

3. The Commission may adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee they shall be communicated by the Commission to the Council forthwith. In that event, the Commission may defer application of the measures which it has decided on for not more than one month from the date of such communication.

4. The Council, acting by qualified majority, may take a different decision within the time limit provided for by the third paragraph.

5. The committee shall adopt its rules of procedure by qualified majority.

3. The opinion shall be entered in the minutes; each Member State shall, moreover, have the right to ask for its position to be recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of the manner in which it has taken that opinion into account.

4. The committee shall ordinarily meet in public, save where a decision, duly justified and notified in good time, is taken to the contrary. The committee shall publish its agendas two weeks in advance of its meetings. It shall publish the minutes of its meetings. It shall draw up a public register of its members' declarations of interests.

5. The foregoing provisions shall be adopted in accordance with the European Parliament's position on a new legislative act setting out the principles governing European Union committees chaired by the Commission and the implementing powers conferred on the Commission.

*Justification:*

*confirms the standard Committee on Budgets approach to commitology, without prejudice to any modifications in the light of the Council's recent decisions*

(Amendment 12)  
Article 10(6)-(8)

6. The Commission shall keep the committee regularly informed, supplying specific, detailed information on the contracts awarded for the implementation of the projects and programmes.

7. The European Parliament shall be kept

6. The Commission shall keep the committee and the competent committees of the European Parliament informed, by supplying them with specific, detailed information on the contracts awarded for the implementation of the projects and programmes.

7. The Commission shall inform the

regularly informed of the implementation of the programmes.

8. The Commission shall inform the Council and the European Parliament of any special programmes or support that may be proposed according to Article 3 (7).

budgetary authority every three months of the stage reached in the financial implementation of the programme, indicating, by country and by sector, the commitments and payments carried out and any discrepancies, by country, between the programming and the financial implementation.

8. The Commission shall inform the Council and the European Parliament every three months of the implementation of any special programmes or support that may be proposed according to Article 3 (7).

*Justification:*

*improves the mechanisms for informing Parliament about Tacis programme implementation and provides a legal basis for existing practice*

(Amendment 13)

Article 12

Each year the Commission shall present a progress report on the implementation of the assistance programme. This report shall include an evaluation of the assistance already provided. The report shall be addressed to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

Each year, not later than 1 September, the Commission shall present a progress report on the implementation of the programme. This report shall include an evaluation of the assistance already provided, the projects completed and coordinating measures within the Commission and between the Council and the Commission in implementing the different Union intervention mechanisms in the countries benefiting from the programme. The report shall be addressed to the Member States, the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

*Justification:*

*improves the mechanisms for informing Parliament about Tacis programme implementation*

(Amendment 14)  
Article 13, first paragraph

When an essential element for the continuation of cooperation through assistance is missing, in particular in cases of violation of democratic principles and human rights, the Council may, on a proposal from the Commission, acting by a qualified majority, decide upon appropriate measures concerning assistance to a partner states.

When an essential element for the continuation of cooperation through assistance is missing, in particular in cases of violation of democratic principles and human rights, the Council may, on a proposal from the Commission, acting by a qualified majority after Parliament has delivered an opinion in favour, decide to suspend assistance to a partner states.

*Justification:*

*provides, as in other circumstances, for prior consultation of the European Parliament on all Council decisions on suspending assistance to a partner country*

(Amendment 15)  
Article 14a - (new)

Pending adoption of the regulation harmonising management procedures for Community programmes on cooperation with third countries, the procedural rules and management principles adopted during the previous programme shall be applicable, subject to the provisions of the Financial Regulation, with the following modification:

- the commitment appropriations entered each year in the budget may be authorised (committed) with the approval of each contract.

*Justification:*

*stipulates, pending the adoption of a regulation harmonising management procedures for third-country cooperation programmes, the implementation of the provisions currently in force for a transitional period, subject to the principle that the commitment of appropriations will be made, at the earliest, on the adoption of each contract (to prevent backlogs from being created artificially)*

# TACIS: TRENDS IN APPROPRIATIONS

m ECU/EUR

		1996 OUT TURN	97 BUDGET		97 OUTTURN		98 BUDGET		OUTTURN DECEMBER 98		TOTAL OUTTURN 98	
		CA	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
B7-510	(NIS section)	--	--	--	--	--	11,250	11,250	33,750	4,388	33,750	
B7-520	Assistance to economic reform and recovery in the New Independent States and Mongolia	495,000	510,500	479,800	445,194	385,735	410,250* 45,000	372,100* 38,000	432,233	397,000	1_372,427	7
B7-521	Transfrontier cooperation in the field of structural operations	30,000	30,000	10,000	30,000	0,000	30,000	15,000*	30,000	3,159	90,000	
B7-522	Rehabilitation '(1)'	0,000	0,000	0,000	0,000	0,000	16,666	12,333	?	?	0,000	
B7-5310	Exceptional financial assistance to Armenia, Georgia and, if appropriate, Tajikistan	ne	10,000	10,000	0,000	0,000	13,000*	13,000*	23,000	18000.000	23,000	
B7-534	Completing the programme of cooperation on nuclear safety with the CEECs and the NIS (NIS section)	--	--	4,200	--	1,975	--	--*		0,883	0,000	
B7-535	Cooperation with the CEECs and the NIS under the Euratom Treaty (NIS section)	ne	ne	ne	ne	ne	pm 10,115	pm 6,550*	0,605	0,322	0,605	
B7-536	Chernobyl/EBRD	ne	ne	ne	ne	ne	pm 25,000*	pm 25,000*	50,000	50,000	50,000	
TOTAL		525,000	550,500	504,000	475,194	387,710	561,281	493,233	569,588	18455.752	1_569,782	8
FINANCIAL PLANNING REFERENCE FIGURE(2) (difference by comparison with the budget)		528,000	540,700		540,700		565,000		565,000		1_633,700	
		3,000	-9,800		65,506		3,719		-4,588		63,918	
B7-701	Tacis democracy						10,000	9,000				

(1) This item was created in the 1999 PDB; (96/97 and 98: the measures concerned were covered in part by Article B7-641).

(2) The amounts in italics correspond to the difference between the figure laid down in the context of financial planning and the amount entered in the budget or the outturn.

\* By means of transfers or carryovers, the appropriations against this article/item have been reduced/strengthened, the total amount available being: **B7-520**: CA 430,250 (-25,0) / PA 396,941 (-13,06); **B7-521**: PA 3,159 (-11,841); **B7-5310**: CA 23,0 (+10)/ PA 23,0 (+10); **B7-534**: PA 1,500 (+1,5); **B7-535**: PA 5,050 (-1,5); **B7-536**: CA 50,000 (+25,0) / PA 50,000

