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**A5-0204/2000**

27 July 2000

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## **REPORT**

on the proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership  
(COM(1999) 494 – C5-0023/2000 – 1999/0214(CNS))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Jaime Valdivielso de Cué

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position*  
*majority of Parliament's component Members, to reject or amend*  
*the common position*
- \*\*\* Assent procedure  
*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 Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position*  
*majority of Parliament's component Members, to reject or amend*  
*the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	4
LEGISLATIVE PROPOSAL .....	6
DRAFT LEGISLATIVE RESOLUTION.....	35
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS, COMMON SECURITY AND DEFENCE POLICY .....	36
OPINION OF THE COMMITTEE ON BUDGETS .....	46
OPINION OF THE COMMITTEE ON BUDGETARY CONTROL .....	53

## PROCEDURAL PAGE

By letter of 17 January 2000 the Council consulted Parliament, pursuant to Article 308 of the EC Treaty, on the proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership (COM(1999) 494 – 1999/0214 (CNS)).

At the sitting of 21 January 2000 the President of Parliament announced that she had referred this proposal to the Committee on Industry, External Trade, Research and Energy as the committee responsible and the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy for its opinion (C5-0023/2000).

At the sitting of 14 February 2000 the President of Parliament announced that she had also referred the proposal to the Committee on Budgetary Control for its opinion.

At its meeting of 19 May 2000

The Committee on Industry, External Trade, Research and Energy had appointed Jaime Valdivielso de Cué rapporteur at its meeting of 27 January 2000.

It considered the Commission proposal and draft report at its meetings of 16 May, 23 May, 22 June and 12 July 2000.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Nuala Ahern, vice-chairman; Jaime Valdivielso de Cué, rapporteur; Konstantinos Alyssandrakis, Maria del Pilar Ayuso González (for Godelieve Quisthoudt-Rowohl), Yves Butel, Massimo Carraro, Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Dorette Corbey (for Imelda Mary Read), Willy C.E.H. De Clercq, Claude J.-M.J. Desama, Jonathan Evans (for Umberto Scapagnini), Concepció Ferrer, Francesco Fiori (for Renato Brunetta), Glyn Ford, Jacqueline Foster (for Dominique Vlasto), Vitalino Gemelli (for Guido Bodrato pursuant to Rule 153(2)), Neena Gill (for Linda McAvan), Norbert Glante, Lisbeth Grönfeldt Bergman (for Angelika Niebler), Michel Hansenne, Malcolm Harbour, Dimitrios Koulourianos (for Robert Hue), Wolfgang Kreissl-Dörfler (for Caroline Lucas), Werner Langen, Rolf Linkohr, Eryl Margaret McNally, Albert Jan Maat (for W.G. van Velzen), Erika Mann, Marjo Tuulevi Matikainen-Kallström, Elizabeth Montfort, Reino Kalervo Paasilinna, Yves Piétrasanta, Elly Plooij-van Gorsel, Samuli Pohjamo (for Colette Flesch), John Purvis, Alexander Radwan (for Peter Michael Mombaur), Daniela Raschhofer, Mechtild Rothe, Christian Foldberg Røvsing, Paul Rübig, Ilka Schröder, Konrad K. Schwaiger, Esko Olavi Seppänen, Anna Terrón i Cusí (for Harlem Désir), Helle Thorning-Schmidt (for François Zimeray), Astrid Thors, Antonios Trakatellis (for Christos Folias), Claude Turmes (for Nelly Maes), Elena Valenciano Martínez-Orozco, Alejo Vidal-Quadras Roca, Anders Wijkman and Myrsini Zorba.

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

The report was tabled on 27 July 2000.

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

## LEGISLATIVE PROPOSAL

**Proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership**

**(COM(1999) 494 – C5-0023/2000 – 1999/0214(CNS))**

The proposal is amended as follows:

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

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Amendments by Parliament

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(Amendment 1)  
Recital 1a (new)

*Whereas there is an unacceptable mismatch in the EU's political and economic agenda between the absolute priority for enlargement of the EU to include the countries of Northern, Central and Eastern Europe and the importance attached to the Barcelona process which had scarcely made significant progress in recent years.*

*Justification:*

A clear commitment needs to be made in favour of the Mediterranean by balancing aid with that granted to the Eastern European countries.

(Amendment 2)  
Recital 1b (new)

*Article 3 of the EU Treaty points to the need for consistency in all measures adopted under the headings of external relations, security, economic, and development policies.*

*Justification:*

*The mandate laid down in the Barcelona Declaration covers the above policies (as well as*

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<sup>1</sup> OJ C 89, 28.3.2000, p. 4.

*cultural policy), and the Regulation now under consideration stems from that mandate.*

(Amendment 3)

Recital 2

The Mediterranean region constitutes a priority area for the European Union and the political, economic and social development of the Mediterranean partners is a challenge of ever-increasing proportions.

The Mediterranean region constitutes a ***strategic*** priority area for the European Union and the political, economic and social development of the Mediterranean partners is a challenge of ever-increasing proportions ***and whereas the budgetary resources so far provided neither match the stated ambitions nor translate into a capacity for effective implementation.***

*Justification:*

*As far as the Union is concerned, the Mediterranean is a geographical area of great strategic importance from every point of view, be it economic, social, environmental, or cultural. This fact is most obvious at a time such as the present, when the Union is seeking to devise a common strategy for the Mediterranean.*

(Amendment 4)

Recital 2a (new)

***(2a) Dialogue between cultures and societies should be intensified, giving particular support to training, development, and decentralised cooperation activities.***

*Justification:*

*Cultural context created by the Barcelona Declaration.*

(Amendment 5)

Recital 3a (new)

***Regional cooperation must be strengthened through the allocation thereto of greater resources and increased political and technical support, beginning with certain***

***areas which are already consolidated, such as the Maghreb.***

*Justification:*

*The current state of cooperation is inadequate and it deserves more attention from the Commission.*

(Amendment 6)  
Recital 4a (new)

***Whereas it is imperative that the new MEDA regulation should guarantee balanced and sustainable political, economic and social development and respect for the environment while involving civil society in the framing and evaluation of programmes and projects and pointing out in this respect the importance of ‘small-scale’ projects.***

*Justification:*

*The intention of the Commission is to withdraw gradually from ‘small-scale’ projects but these play a very important role in the development of the Euro-Mediterranean partnership and must be duly taken into account.*



(Amendment 7)

Recital 5

Over the period 1995-98, Regulation (EC) No 1488/96 has been implemented satisfactorily **but** it is now necessary to streamline decision-making procedures in order to permit more efficient implementation of Community assistance.

Over the period 1995-98, Regulation (EC) No 1488/96 has been implemented **less than** satisfactorily, **and so** it is now necessary to streamline decision-making procedures in order to permit more efficient implementation of Community assistance.

*Justification:*

*Commitment appropriations of considerable size were features of the first four years of the MEDA Programme, whereas the outflow of funds continues to run at an unsatisfactorily low level, as the level of payments shows.*

(Amendment 8)

Recital 8a (new)

***Whereas financial aid for national programmes for Turkey under MEDA should be transferred to Heading 7 once a pre-accession instrument has been agreed with that country;***

*Justification:*

*This position conforms to the position taken by Parliament in the parallel cases of Cyprus and Malta.*

(Amendment 9)

Recital 10

Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests establishes a common legal framework for all the fields of the Communities' own resources and expenditure. Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities applies to all areas of the Communities' activity without prejudice to the provisions of the

Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests establishes a common legal framework for all the fields of the Communities' own resources and expenditure. Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities applies to all areas of the Communities' activity without prejudice to the provisions of the

Community rules specific to the different policy areas.

Community rules specific to the different policy areas. ***There is a need to ensure that the European Investment Bank wholly fulfils its obligations under Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 (OJ L 136, 31.5.1999).***

*Justification:*

*The European Investment Bank (EIB) makes a substantial contribution to the Community's efforts through venture capital operations and interest-rate subsidies. There is a need to ensure the same high level of protection from fraud and corruption as with expenditure administered directly by the Commission. This means enabling the European Anti-Fraud Office OLAF to exercise the same rights of scrutiny over the EIB as it can over the Commission itself.*

(Amendment 10)

Recital 11

(11) ***Since*** the measures necessary for the implementation of this Regulation are ***management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, they should be adopted by use of the management procedure provided for in Article 4 of that Decision.***

(11) ***Whereas the Commission shall implement the budget on its own responsibility, in accordance with Article 274 of the Treaty; whereas the measures necessary for the implementation of this Regulation are primarily financial and therefore the sole responsibility of the Commission, whereas the advisory committee procedure provided for in Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, is the most appropriate procedure for the adoption of such measures.***

*Justification:*

*Only an advisory committee procedure leaves the Commission the necessary freedom granted to it by the Treaty to exercise its responsibility for implementation of the budget.*

(Amendment 11)

Recital 11a (new)

***(11a) The transparency of the Commission's procedures and activities***

*has been guaranteed by the programme of administrative reform.  
Interinstitutional dialogue and exchange of information must be respected as an essential requirement of all the new procedures.*

(Amendment 12)  
Recital 12a (new)

*Whereas, in its resolutions of 8 October 1998 on cooperation with Mediterranean countries on matters of migration<sup>1</sup> and 30 March 2000 on Mediterranean policy<sup>2</sup>, Parliament expressed the desire that Regulation (EC) No 1488/96 would be modified to take account of Parliament's position and its guidelines.*

*Justification:*

*These two resolutions contain a number of proposals which are related to the measures set out in the Regulation.*

(Amendment 13)  
ARTICLE 1(1)

Article 1(3) (Regulation (EC) No 1488/96)

(1) In Article 1, paragraph 3 is *deleted*.

(1) In Article 1, paragraph 3 is *replaced by the following:*

*'3. The reference amount for implementation of this programme in the period from 2000 to 2006 shall be at least equal in real terms to the amount allocated in the preceding period.*

*Within the annual budget, 85% shall be earmarked for cooperation between the Community and partner countries; 15% of the annual budget shall be earmarked for regional cooperation between the Community and at least two Mediterranean countries.*

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<sup>1</sup> OJ C 328, 26.10.1998, p. 184

<sup>2</sup> Minutes of that sitting

***The budgetary authority shall approve the annual appropriations in line with the financial perspective.'***

*Justification:*

*Although it makes little sense to specify an exact amount in the Regulation, the financial reference amount for the period from 2000 to 2006 ought to be mentioned so as to emphasise the political importance of the programme. The new amount must be sufficient to enable the same activities to be pursued as in the preceding period, in other words, it must be greater than or at any rate equal to the previous amount, bearing in mind that the preceding period ran for just five years, whereas the period from 2000 to 2006 will cover seven years.*

*Although regional cooperation needs to be intensified under the programme, funding should be more readily obtainable by partner countries, and difficulties regarding its availability reduced where bilateral programmes are concerned. Given that one of the aims is to establish a free trade area, the necessary machinery will need to be set up and consolidated.*

(Amendment 14)  
Article 1(8)(c)

(c) Paragraph 6 is ***deleted***.

(c) Paragraph 6 is ***replaced by the following:***

***'By 30 June 2001 the Commission shall submit proposals to amend the Regulation, transferring extensive management powers to the Commission delegations as part of the decentralisation process, which must go hand in hand with an appreciable increase in staff. '***

*Justification:*

*The aim of this amendment is for the Commission to take steps to significantly improve its management capacity. It should include experience of the reconstruction programmes in the Balkans in this process. Extensive management powers have been transferred to the Commission delegation in Bosnia.*

(Amendment 15)  
ARTICLE 1(1a) (new)

Article 2(1) (new) (Regulation (EC) No 1488/96)

***(1a) The purpose of this Regulation, using the measures set out in paragraph 2, shall be to help implement initiatives of common***

***interest related to the three aspects of Euro-Mediterranean cooperation, namely consolidation of political stability and democracy, the establishment of a Euro-Mediterranean free trade area, and the pursuit of economic and social cooperation, making the necessary preparations as regards human resources and adjustments to the production system and taking into account the human and cultural dimension.***

*Justification:*

*Practical matters such as training of personnel need to be taken into account so as to enable Euro-Mediterranean regions to achieve a proper understanding.*

(Amendment 16)

ARTICLE 1(1b) (new)

Article 2(2) (Regulation (EC) No 1488/96)

***(1b) Article 2(2) is amended as follows:***

***‘2. These support measures shall be implemented taking account of the objective of achieving long-term sustainable development, stability and prosperity, in particular in the fields of economic transition, sustainable economic and social development, protection of the environment and regional and cross-border cooperation. The objectives and details of the relevant procedures shall be as set out in Annex II.’***

*Justification:*

*This amendment refers to the objective of sustainable development, which must be integrated into MEDA II, and to the essential incorporation of the economic, social and environmental dimensions. This second point accords with the Barcelona Declaration, which recognises ‘the importance of reconciling economic development with environmental protection, of integrating environmental concerns into the relevant aspects of economic policy...’.*

(Amendment 17)

ARTICLE 1(1a) (new)

Article 4(1) (Regulation (EC) 1488/96)

***1a. Article 4(1) is amended as follows:***

***‘1. The Commission shall ensure the effective coordination of the assistance efforts undertaken by the Community and the Member States, in order to increase the coherence and complementarity of their cooperation programmes. Such coordination shall be undertaken in agreement with the Member States, with particular regard to indicative programmes and projects and on the basis of a reciprocal and regular exchange of information. In addition, the Commission shall promote coordination and cooperation with international financial institutions, the United Nations cooperation programmes and other donors.’***

*Justification:*

*Cooperation between the Union and the Member States must be strengthened during the phase when the programme is being defined as well as during the implementation phase.*

(Amendment 18)

ARTICLE 1(1c) (new)

Article 4(2) (Regulation (EC) No 1488/96)

***(1c) Article 4(2) is amended as follows:***

***‘2. The measures referred to in this Regulation may be adopted by the Community either independently or in the form of co-financing with the Mediterranean partners themselves or with public or private bodies of the Member States and the Bank, on the one hand, or multilateral bodies or third countries, on the other. Efforts should be made to ensure that the initiatives, particularly those at the regional level, are co-financed through the involvement of as wide a range of collaborators as possible.’***

*Justification:*

*In view of the relatively modest financial resources allocated to MEDA, it is necessary to promote and give preferential treatment to initiatives which envisage co-financing from various sources.*

(Amendment 19)  
ARTICLE 1(2)(c) (new)

Article 5(2)(3) (Regulation (EC) No 1488/96)

***(c) Paragraph 3 is replaced by the following:***

***‘3. Programmes may be amended in the light of experience acquired, or progress achieved by the Mediterranean partners as regards structural reforms, industrial development, macro-economic stabilisation, and social advancement, or the outcome of economic cooperation under the new association agreements.’***

*Justification:*

*Industrial development must be one of the factors to take into account whenever it is proposed to amend the programmes.*

(Amendment 20)  
ARTICLE 1(3)(a) (new)  
Article 6(1) (Regulation (EC) No 1488/96)

***1. Community financing shall take the form of non-refundable aid or risk capital. Concerning cooperation measures in the field of the environment, it may take the form of interest rate subsidies granted by the Bank from its own resources to all the Mediterranean partners without exception.***

*Justification:*

*The environment is one of the six priority areas set by the second Euro-Mediterranean Conference in Malta for cooperation to promote the implementation of the second pillar of the Euro-Mediterranean Partnership. Interest rate subsidies for projects in the environmental area can act as significant incentives for the Mediterranean partners to take the necessary measures.*

(Amendment 21)  
ARTICLE 1(4)(a)  
Article 7(1) (Regulation (EC) 1488/96)

(a) The first subparagraph of paragraph 1 is replaced by the following:  
‘Measures under this Regulation may cover expenditure on imports of goods and services and local expenditure needed to carry out the projects and programmes. ***Direct budgetary support in favour of the beneficiary partner may also be covered to support economic reform.*** Taxes, duties and charges shall be excluded from Community financing.’

(a) The first subparagraph of paragraph 1 is replaced by the following:  
‘Measures under this Regulation may cover expenditure on imports of goods and services and local expenditure needed to carry out the projects and programmes. ***In cooperation with the partner countries, the Commission shall ensure that supplies imported into the partner country in implementation of a project funded by the Community are not subject to customs duties.*** Taxes, duties and charges shall be excluded from Community financing.’

*Justification:*

*There is no justification for customs duties being levied in connection with the programme. The Commission must negotiate an appropriate solution with the partner countries.*

(Amendment 22)  
ARTICLE 1(4b) (new)

Article 8(4) (Regulation (EC) No 1488/96)

***(4a) Article 8(4) is replaced by the following:***

***‘4. The Commission, in liaison with the Member States, shall provide within the European Union and the MEDA partner countries on request full documentation and all necessary information on the MEDA programme and the participation requirements applying thereto.’***

*Justification:*

*There is no reason why information which should be easily obtainable by all interested parties should be restricted.*

(Amendment 23)  
ARTICLE 1(4c) (new)  
Article 8(7) (Regulation (EC) No 1488/96)



***(4c) Article 8(7) is replaced by the following:***

***‘The results of the invitations to tender including information on the number of received tenders, the date of the award of the contract, the name and the address of the successful tenders and the contract price shall be published in the Official Journal of the European Communities.’***

*Justification:*

*The aim of this amendment is to increase the transparency of the procedures for publishing the results of public tenders.*

(Amendment 24)

ARTICLE 1(5)

Article 9(1), (2), (3) and (4) (Regulation (EC) 1488/96)

a) Paragraphs 2, 3 and 4 are replaced by the following:

a) Paragraphs ***1***, 2, 3 and 4 are replaced by the following:

***‘1. The guidelines for the indicative programmes referred to in Article 5(2) shall be adopted by the Council, acting by a qualified majority on a proposal from the Commission, following dialogue with the Mediterranean partners concerned and after informing the European Parliament. Together with its proposals, the Commission shall forward for information its overall financial programme planning, indicating in particular the total amount of the national and regional indicative programmes, as well as the allocation by beneficiary country and by priority sector of the overall amount adopted within those programmes.’***

‘2. The indicative programmes, the financing plans and any amendment to them shall be adopted by the Commission in accordance with the procedure referred to in Article 11(2).

2. The indicative programmes, the financing plans and any amendment to them shall be adopted by the Commission in accordance with the procedure referred to in Article 11(2).

3. Financing decisions, other than those relating to interest-rate subsidies on Bank loans and risk capital, that are not covered by the national or regional financing plans, shall be adopted individually in accordance with the procedure laid down in Article 11(2), subject to paragraph 4 of this Article.

4. Financing decisions referred to in paragraph 3 not exceeding **2 000 000** euro shall be adopted by the Commission if they form part of an overall allocation. An overall allocation shall be adopted in accordance with the procedure referred to in Article 11(2). The Committee established by Article 11(1) shall be informed ***systematically and promptly and in any event before its next meeting***, of financing decisions not exceeding **2 000 000** euro.’

3. Financing decisions, other than those relating to interest-rate subsidies on Bank loans and risk capital, that are not covered by the national or regional financing plans, shall be adopted individually in accordance with the procedure laid down in Article 11(2), subject to paragraph 4 of this Article.

4. Financing decisions referred to in paragraph 3 not exceeding **5 000 000** euro shall be adopted by the Commission if they form part of an overall allocation. An overall allocation shall be adopted in accordance with the procedure referred to in Article 11(2). The Committee established by Article 11(1) shall be ***informed in advance whenever the Commission intends taking*** financing decisions not exceeding **5 000 000** euro. ***At the request of a Member State, the Committee may take a decision on individual projects.***’

*Justification:*

*In order to improve parliamentary scrutiny of the programme, Parliament must receive advance information about the guidelines for the indicative programmes.*

*The Commission must manage the programme, since it is responsible for budgetary control. Accordingly, it should take decisions involving amounts not exceeding EUR 5 000 000. This measure makes it necessary for it to be made easier for the Member States to influence decisions in the event that one of the decisions affects specific political issues. It therefore seems appropriate for Member States to be properly informed before the Commission takes its decision and they are entitled to seek a debate within the Committee set up in accordance with Article 11(2).*

(Amendment 25)

ARTICLE 1(5)(a), THIRD SUBPARAGRAPH  
Article 9(3) (Regulation (EC) No 1488/96)

3. Financing decisions, other than those relating to interest-rate subsidies on Bank loans and risk capital, ***that are not covered by the national or regional financing plans***, shall be adopted individually in accordance with the procedure laid down in Article 11(2), subject to paragraph 4 of this Article.

3. Financing decisions, other than those relating to interest-rate subsidies on Bank loans and risk capital shall be adopted individually in accordance with the procedure laid down in Article 11(2), subject to paragraph 4 of this Article.

*Justification:*

*This amendment is aimed at maintaining the right for funding proposals to receive individual examination (individual projects) by the MED administrative committee (Article 11 Committee).*

(Amendment 26)  
ARTICLE 1(5) (a)

Article 9(4) (Regulation (EC) No 1488/96)

4. Financing decisions referred to in paragraph 3 not exceeding **2 000 000** euro shall be adopted by the Commission if they form part of an overall allocation. An overall allocation shall be adopted in accordance with the procedure referred to in Article 11(2). The Committee established by Article 11(1) shall be informed ***systematically and promptly and in any event before its next meeting, of*** financing decisions not exceeding **2 000 000** euro."

4. Financing decisions referred to in paragraph 3 not exceeding **5 000 000** euro shall be adopted by the Commission if they form part of an overall allocation. An overall allocation shall be adopted in accordance with the procedure referred to in Article 11(2). The Committee established by Article 11(2) shall be informed ***in advance when the Commission intends to take*** financing decisions not exceeding **5 000 000** euro. ***At the request of a Member State, the Committee may rule on individual projects.***

*Justification:*

*The Commission has to administer the programme, since it is responsible for overseeing the budget. It should therefore be empowered to take decisions involving amounts up to EUR 5 000 000.*

(Amendment 27)  
ARTICLE 1(6)

Article 10(2) (Regulation (EC) No 1488/96)

"2. In financing decisions taken under this Regulation and the assessments mentioned in Article 15, the Commission shall abide by the principles of sound financial management and, in particular, those of economy and cost-effectiveness referred to in the Financial Regulation."

'2. In financing decisions taken under this Regulation and the assessments mentioned in Article 15, the Commission shall abide by the principles of ***guaranteed information and*** sound financial management and, in particular, those of economy and cost-effectiveness referred to in the Financial Regulation.'

*Justification:*

*As well as ensuring transparency, information must be made readily accessible so as to improve financial management. (Translator's note: In the English texts, there is no reference to transparency either in Article 10(2) of Regulation (EC) No 1488/96 itself or in Article 10(2) as reproduced in the amending proposal.)*

Article 11, paragraphs 1, 2 and 3 (Regulation 1488/96)

(7) In Article 11, paragraphs 1, 2 and 3 are replaced by the following:

'1. The Commission shall be assisted by the MEDA Committee (hereinafter referred to as "the Committee").

2. Where reference is made to this Article, the ***management*** procedure laid down in Article 4 of Decision 1999/468/EC shall apply, ***in compliance with Article 7(3) thereof.***

3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.

3a. A representative of the Bank shall take part in the proceedings within the Committee without a right to vote.'

(7) In Article 11, paragraphs 1, 2 and 3 are replaced by the following:

'1. The Commission shall be assisted by the MEDA Committee (hereinafter referred to as "the Committee").

2. Where reference is made to this Article, the ***advisory*** procedure laid down in Article 3 of Decision 1999/468/EC shall apply.

***2a. The European Parliament shall be informed by the Commission of committee proceedings on a regular basis. To that end, it shall receive agendas for committee meetings, draft measures submitted to the committees for the implementation of instruments adopted by the procedure provided for by Article 251 of the Treaty, and the results of voting and summary records of meetings and lists of the authorities and organisations to which the persons designated by the Member States to represent them belong. The European Parliament shall also be kept informed whenever the Commission transmits to the Council measures or proposals for measures to be taken.***

3. The period provided for in Article 3(2) of Decision

1999/468/EC shall be  
three months.

3a. A representative of the Bank  
shall take part in the  
proceedings within the  
Committee without a right to  
vote.

**3b. Individual financing decisions  
shall under no  
circumstances be submitted  
by the Commission to the  
Committee.'**

*Justification:*

*Only an advisory committee procedure leaves the Commission the necessary freedom granted to it by the Treaty to exercise its responsibility for implementation of the budget.*

(Amendment 29)

ARTICLE 1(8b) (new)

Article 15(3a) (new) (Regulation (EC) No 1488/96)

***(8b) In Article 15, paragraph 3a is inserted,  
as follows:***

***'3a When projects violate internationally  
recognised environmental standards, the  
Commission and the EIB may suspend and  
lower their payments.'***

*Justification:*

*This undertaking is included in the Structural Funds Regulation, where a reference is made to a form of 'environmental conditionality' which may lead to a revision of payments where a project put forward by a Mediterranean partner does not comply with international standards.*

(Amendment 30)

ARTICLE 1(8a) (new)

Article 16 (Regulation (EC) 1488/96)

***(8a) Article 16 is amended as follows:***

***16. Where an essential element for the  
continuation of aid is lacking, the  
Council, acting by a qualified majority on***

***a proposal from the Commission and after consulting the European Parliament, may take a decision to suspend aid to a partner country.***

*Justification:*

*Given the need to improve parliamentary scrutiny of the programme, Parliament should give its opinion on the introduction of the programme, and also when a reaction is being given to a crisis situation in the Union.*

(Amendment 31)  
ANNEX, POINT –1 (new)  
Annex II, Part I(a) (Regulation (EC) 1488/96)

***Part I is replaced by the following:***

***‘I.(a) Support for economic transition and the establishment of a Euro-Mediterranean free-trade area shall include in particular:***

- job creation and private sector development, including improvement of the business environment and support for SMEs,***
- the opening-up of markets and promotion of investment, industrial cooperation and trade between the European Community and the Mediterranean partners, as well as among the Mediterranean partners themselves,***
- upgrading of economic infrastructure, possibly to include the financial and taxation systems,***
- creation of financial instruments to facilitate industrial cooperation between firms from the European Union and from the Mediterranean partners.’***

*Justification:*

*Measures seeking the opening-up of markets must be strengthened as part of the preparations for the establishment of a free-trade area*

One of the deficiencies of the current MEDA regulation is the fact that the current financial instrument is incapable of providing direct support to the economic and productive fabric of the partner countries or facilitating in any practical manner integration with the European Union's industrial systems, and thus between European and Mediterranean firms, which is one of the cornerstones of the economic partnership. What happened in the first phase of the MEDA programme (1995-1999) made it clear that industrial cooperation was a very marginal element, through the lack of programmes providing direct support to joint initiatives between European firms and firms from the partner countries. Industrial modernisation programmes financed or programmed to date in the various countries aim to increase the competitiveness of local firms, mainly by means of technical assistance services. However, it should be noted that without a flexible network of industrial cooperation initiatives with European firms it will not be possible for the competitiveness of Mediterranean firms to grow.

(Amendment 32)  
ANNEX II, Point Ia), fifth indent (new)  
(Regulation (EC) No 1488/96)

*A fifth indent is inserted as follows:*

***'In order to carry out the industrial cooperation initiatives set out in Annex II, the European Union shall set up a programme granting financing to projects which involve at least one European firm and at least one firm from the Mediterranean partners. The European Commission, in consultation with the Mediterranean partners, shall establish the operational arrangements for implementing this programme, including eligibility and selection criteria, eligible costs, co-financing (up to 80% of eligible costs) and accounting and valuation principles.***

***Priority will be given to industrial cooperation projects designed to improve the competitiveness and innovative capacity of SMEs, to create jobs, to improve working conditions and to develop sustainable and environmental technologies. The European Commission shall publish, together with the proposers, special invitations to submit proposals directly aimed at undertakings, who will be selected within a short time on***



***the basis of pre-established criteria and the budget resources available.***

***The financing of the proposals which are selected shall take the form of a subsidy contract.'***

*Justification:*

*Since the ECIP programme is currently blocked, a programme needs to be introduced which will enable the objectives set out in Annex II to be achieved – namely, the financing of industrial cooperation initiatives. The programme, which should draw from experience already gained, must be simple, effective and rapidly executed so as to become an instrument which genuinely benefits SMEs, and not consultancy firms or financial intermediaries.*

(Amendment 33)  
ANNEX, POINT I  
Annex II, Part I(b) (Regulation (EC) 1488/96)

1. Part I(b) is replaced by the following:

‘(b) Operations in support of reform programmes of the partners, implemented on the basis of the following principles:

- the support programmes shall be designed to restore or, as the case may be, consolidate the major financial balances and to create an economic environment favourable to accelerated growth, ***while at the same time improving*** the well-being of the population; the support programmes ***may also target assistance*** to reforms in key sectors with a view to the creation of a free-trade area with the Community;

- the support programmes shall be adapted to the particular situation of each country and take account of economic and social conditions;

- the support programmes shall lay down measures intended, in particular, ***to alleviate the negative effects which the process of*** economic transition and the accomplishment of a Euro-Mediterranean free-trade area may have on social conditions and employment, especially for underprivileged sections of the population;

- disbursement of the support will be implemented in tranches in the form of direct budgetary support according to the compliance with the objectives and/or sectoral targets agreed within the support programme.

The following eligibility criteria must be satisfied:

- the country concerned must undertake a reform programme approved by the

1. Part I(b) is replaced by the following:

‘(b) Operations in support of reform programmes of the partners, implemented on the basis of the following principles:

- the support programmes shall be designed to restore or, as the case may be, consolidate the major financial balances and to create an economic environment favourable to accelerated growth, ***thereby seeking to improve*** the well-being of the population; the support programmes ***shall also contribute*** to reforms in ***the*** key sectors with a view to the creation of a free-trade area with the Community;

- the support programmes shall be adapted to the particular situation of each country and take account of economic and social conditions;

- the support programmes shall lay down measures intended, in particular, ***to accompany, as regards social conditions and employment,*** economic transition and the accomplishment of a Euro-Mediterranean free-trade area ***and to alleviate the negative effects which this process*** may have on social conditions and employment, especially for the most underprivileged ***social groups and*** sections of the population;

- disbursement of the support will be implemented in tranches in the form of direct budgetary support according to the compliance with the objectives and/or sectoral targets agreed within the support programme.

Bretton Woods institutions or implement programmes recognised as analogous, in coordination with those institutions, but not necessarily financially supported by them, in accordance with the scope and effectiveness of the reforms;

- account must be taken of the economic situation of the country, at the macro-economic level (indebtedness, cost of debt-servicing, the balance of payments, the budget situation, the monetary situation, the level of per capita income and the unemployment level) and at the level of sectoral reforms with a view to creating a free-trade area with the European Community.'

The following eligibility criteria must be satisfied:

- the country concerned must undertake a reform programme approved by the Bretton Woods institutions or implement programmes recognised as analogous, in coordination with those institutions, but not necessarily financially supported by them, in accordance with the scope and effectiveness of the reforms;

- account must be taken of the economic situation of the country, at the macro-economic level (indebtedness, cost of debt-servicing, the balance of payments, the budget situation, the monetary situation, the level of per capita income and the unemployment level) and at the level of sectoral reforms with a view to creating a free-trade area with the European Community.'

*Justification:*

*These are clarifications concerning the plans to accompany economic transition in the partner countries.*

*Once preparations are under way for a free trade area, it will be necessary at the same time to cushion the adverse effects of economic transition.*

(Amendment 34)

ANNEX, POINT 1(b), fourth indent

Annex II, Part I(b), fourth indent (Regulation (EC) No 1488/96)

– disbursement of the support will be implemented in tranches in the form of direct budgetary support according to the compliance with the objectives and/or sectoral targets agreed within the support programme.

– disbursement of the support will be implemented in tranches in the form of direct budgetary support according to the compliance with the objectives and/or sectoral targets agreed within the support programme. ***Rapid disbursement is one of the main features of the support programmes.***

*Justification:*

*Once preparations are under way for a free trade area, it will be necessary at the same time to cushion the adverse effects of economic transition.*

(Amendment 35)  
ANNEX, POINT 1a (new)  
Annex II, Part II, indents 1 to 10 (Regulation (EC) 1488/96)

*In Part II, indents 1 to 13 are replaced by the following:*

*‘II. Support for achieving a better socio-economic balance shall include in particular:*

- the participation of citizens and civil society in the implementation of economic and social development measures,*
- contributions to the improvement of social services, especially in the areas of health, family planning, water supplies, sanitation and housing, through support for the devising of a strategy and for pilot projects,*
- the fight against poverty,*
- harmonious and integrated rural and urban development and the improvement of urban living conditions,*
- reinforced cooperation concerning fisheries and the sustainable exploitation of marine resources,*
- reinforced environmental cooperation,*
- adaptation of economic infrastructures, particularly in the sectors of transport, energy, rural development, information technology and telecommunications,*
- integrated development of human resources to complement Member States’ programmes, notably with regard to continuing vocational training in the context of industrial and agricultural cooperation, and improvement of the*

*potential for scientific and technological research,*

*- strengthening democracy and respect for, and defence of, human rights, in particular through the cooperation of organisations, foundations and bodies recognised in the European Union and in the Mediterranean countries,*

*- cultural cooperation and youth exchanges,*

*- placement of students undergoing training, to improve their subsequent job prospects in their countries of origin, and of young trainees to be attached to European firms under temporary contracts,*

*- promotion of and education and job creation for women. The gender aspect will accordingly be taken into account in all the initiatives covered by this Regulation.*

*Responsibility for managing and implementing small-scale projects may be devolved to the Community's external delegations in partner countries.'*

*Justification:*

*The strengthening of democracy and respect for human rights must be achieved through the cooperation of organisations and foundations recognised in the Union and the Mediterranean countries.*

*All of the above measures are intended to cushion the adverse effects of economic transition, since they seek to foster exchange and to protect more underprivileged groups. To enable microprojects to be implemented more rapidly and effectively, some responsibilities should be transferred to the Community's external delegations.*

(Amendment 36)

ANNEX, POINT 1a (new)

Annex II(II), sixth indent (Regulation (EC) No 1488/96)

*In the annex, the sixth indent of Part II is amended as follows:*

***- the protection and improvement of the environment, particular consideration being given to the precautionary and the preventive action principles in support for economic development, by means of reinforced cooperation concerning the environment, particularly within the framework of the Short and Medium Term Priority Environmental Action Plan (SMAP).***

*Justification:*

*Reinforced environmental cooperation is only a means, while the main goal remains the protection and improvement of the environment. This goal must be expressed explicitly. On the model of the Structural Funds regulation, this amendment calls for implementation of the precautionary and preventive action principles. It also refers to the Short and Medium Term Priority Environmental Action Plan (SMAP), adopted in November 1997, which should form the framework for reinforced environmental cooperation.*

(Amendment 37)  
ANNEX, POINT 2

Annex II, Part II, eleventh indent (Regulation (EC) 1488/96)

2. The eleventh indent of Part II is replaced by the following:

‘ - cooperation and technical assistance in order to strengthen cooperation in the area of migration and the combat against illegal migration, including repatriation of illegal residents ***and trafficking in human beings***, reinforcement of judicial cooperation in civil matters as well as cooperation to prevent and to combat crime, including illegal drug-trafficking.’

2. The eleventh indent of Part II is replaced by the following:

‘ - cooperation and technical assistance in order to strengthen cooperation in the area of migration and the combat against illegal migration, including repatriation of illegal residents,  
  
- reinforcement of judicial cooperation in civil matters as well as cooperation to prevent and to combat crime, including illegal drug-trafficking ***and trafficking in human beings***.’

*Justification:*

*Clarification is required. Moreover, it is inappropriate to combine in one and the same indent the problems connected with migration and cooperation in the fight against crime.*

(Amendment 38)  
ANNEX, POINT 2a (new)  
Annex II, Part III (a) (Regulation (EC) 1488/96)

***In Part III, paragraph (a) is replaced by the following:***

***‘(a) establishing and developing structures for regional trade cooperation between Mediterranean partners and between the Mediterranean partners and the Union and its Member States;’***

*Justification:*

*The aim here is to strengthen both cooperation between the Mediterranean partners themselves and between the Mediterranean partners and the Member States.*

(Amendment 39)  
ANNEX, POINT 2b (new)  
Annex II, Part III (aa) (Regulation (EC) 1488/96)

***In Part III, paragraph (aa) is replaced by the following:***

***‘(aa) implementation of cooperation in international organisations, especially in the World Trade Organisation and the International Labour Organisation;’***

*Justification:*

*The aim here is to specify the measures to be taken as part of the programme and of the establishment of cooperation between the Union and the Mediterranean partners in the WTO and the ILO, for example by organising joint preparatory meetings.*

(Amendment 40)  
Annex, Article 2b (new)

***Section (d) in Part III of Annex II is worded as follows:***

***‘(d) exchanges between civil society in the Union and the Mediterranean partners, particularly by stepping up measures carried out in the context of decentralised cooperation which***

***- has as its objective to identify the non-governmental beneficiaries of Community aid,***

***- will concentrate particularly on the networking of universities and researchers, local communities, associations, trade unions and non-governmental organisations, the media, private business and cultural institutions in the widest sense, and the other bodies listed at IV.***

***The programmes must concentrate on promoting the participation and the emergence of civil society within the partner countries, in particular by encouraging information between networks and durable links between network partners.'***

*Justification:*

*The exchange of information is a means and not an end in itself. The emergence and participation of civil society are essential if the Barcelona objectives are to be achieved.*

(Amendment 41)

ANNEX, POINT 2c (new)

Annex II, Part III(d) (Regulation (EC) 1488/96)

***In Part III, paragraph (d) is replaced by the following:***

***‘(d) exchanges between civil society in the Union and the Mediterranean partners; in this context, decentralised cooperation will:***

***- have as its objective to identify the non-governmental beneficiaries of Community aid,***

***- will concentrate particularly on the networking of universities and researchers, local communities, associations and political and scientific foundations, trade unions and private business and non-government organisations, the media and cultural***



***institutions in the widest sense, and the other bodies listed at IV.***

***The programmes must concentrate on encouraging information between networks and durable links between network partners.'***

*Justification:*

*It is necessary to include associations and scientific and political foundations in the decentralised cooperation framework.*

## DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership  
(COM(1999) 494 – C5-0023/2000 – 1999/0214(CNS))**

### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(1999) 494),
  - having been consulted by the Council pursuant to Article 308 of the EC Treaty (C5-0023/2000),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Budgetary Control (A5-0204/2000),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC 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 if the Council intends to amend the Commission proposal substantially;
  6. Instructs its President to forward its position to the Council and Commission.

**OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS,  
COMMON SECURITY AND DEFENCE POLICY**

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

on the proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership

(COM(1999) 494 – C5-0023/2000 – 1999/0214(CNS))

Draftsman: Sami Naïr

**PROCEDURE**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Sami Naïr draftsman at its meeting of 25 January 2000.

It considered the draft opinion at its meetings of 8 and 21 May and 6 June 2000.

At the last meeting it adopted the amendments below unanimously.

The following were present for the vote: Baroness Nicholson of Winterbourne (acting chairman), William Francis Newton Dunn (vice-chairman), Sami Naïr (draftsman), Alexandros Baltas, Bastiaan Belder, Maria Carrilho (for Rosa M. Díez González), Michael Cashman (for Magdalene Hoff), Joseph Daul (for The Lord Bethell), Giorgos Dimitrakopoulos (for John Walls Cushnahan), Pere Esteve, Per Gahrton, Marietta Giannakou-Koutsikou, Alfred Gomolka, Klaus Hänsch, Armin Laschet (for Philippe Morillon), Franco Marini, Pedro Marset Campos, Emilio Menéndez del Valle, Pasqualina Napoletano, Raimon Obiols i Germa, Arie M. Oostlander, Reino Kalervo Paasilinna (for Gary Titley), Jacques F. Poos, Luís Queiró, Jannis Sakellariou, José Ignacio Salafranca Sánchez-Neyra, Jacques Santer, Jürgen Schröder, Mariotto Segni (for Cristiana Muscardini), Ioannis Souladakís, Francesco Enrico Speroni, Hannes Swoboda, Freddy Thielemans and Matti Wuori.

## SHORT JUSTIFICATION

### Commission proposal

Proposed amendments to the MEDA regulation were drawn up by the Commission following the general evaluation of implementation of this regulation.

The logic behind simplification of the regulation focuses on three themes:

- ***Rationalising the decision-making process and shortening procedures.*** The Commission puts the time gained by this reform to the decision-making process at 3 months.
- ***Enhancing capacities for programming and implementation.***
- ***Strengthening the Mediterranean directorate in the RELEX DG by creating 25 posts.***

### Remarks

It is open to question whether this document is up to the challenges posed by the Mediterranean environment and the shortcomings of the MEDA programme. At a time when the Commission believes that MEDA should place greater emphasis on economic transition and structural adjustment with a view to establishing the Euro-Mediterranean free-trade area, it is appropriate to stress once again the global approach defined at Barcelona. The period from 2000 to 2006 will be all the more decisive for Euro-Mediterranean policy in that it coincides with the implementation stage of the association agreements.

This text does not define its position on the substance of the matter since it refuses to raise key questions with a bearing on the progress of the Euro-Mediterranean partnership such as:

- the development of a productive basis through the establishment of a free-trade area open not only to manufactured products but also to agricultural produce;
- the implementation of accompanying measures to assist the establishment of policies on training, upgrading of infrastructure, regional planning and local development.

These accompanying measures would require the mobilisation of financial resources on a scale appropriate to what is at stake. However, in its new draft the Commission makes no proposal concerning an indicative funding allocation. Furthermore, no new reference is made to decentralised cooperation.

In addition, the immigration question is approached essentially from the negative angle of combating illegal immigration and repatriation in the same paragraph as drug trafficking and international crime.

### Conclusions

Underpinning this draft regulation there needs to be a clearly spelt out philosophy seeking to:

- prevent these countries from sinking into a state of underdevelopment on account of unfair partnership agreements geared only to free trade;
- promote the growth of a productive basis in the industrial and agricultural fields based on the development of private enterprise and support for SMEs and SMIs;
- support accompanying measures (upgrading of companies, training, infrastructure, local development and regional planning) based on implementation of public policies drawing on decentralised bodies and on all actors in civil society;

- allow the movement of individuals within a framework that seeks to restrict permanent immigration that is detrimental to the countries of origin.

Lastly, Parliament can only regret once again that it has been consulted only on the revision of the MEDA regulation. It takes this opportunity to repeat its request for codecision in order to ensure its full involvement in these kinds of decision which are of such importance for the life of the Union.

## AMENDMENTS

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

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

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Amendments by Parliament

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(Amendment 1)

Recital 1a (new)

***Whereas there is an unacceptable mismatch in the EU's political and economic agenda between the absolute priority for enlargement of the EU to include the countries of Northern, Central and Eastern Europe and the importance attached to the Barcelona process which had scarcely made significant progress in recent years.***

*Justification:*

*A clear commitment needs to be made in favour of the Mediterranean by balancing aid with that granted to the Eastern European countries.*

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<sup>1</sup> OJ C 89, 28.01.2000, p. 4

(Amendment 2)

Recital 2

Add:

***Whereas the budgetary resources so far provided neither match the stated ambitions nor translate into a capacity for effective implementation.***

*Justification:*

*Idem.*

(Amendment 3)

Recital 3a (new)

***Regional cooperation and south-south cooperation must be strengthened through the allocation thereto of greater resources and increased political and technical support, beginning with certain areas which are already consolidated, such as the Maghreb.***

Or. fr

*Justification:*

*The current state of cooperation is inadequate and it deserves more attention from the Commission.*

(Amendment 4)

Recital 5a (new)

***It is imperative that the new MEDA regulation should guarantee balanced and sustainable political, economic and social development and respect for the environment while involving civil society in the framing and evaluation of programmes and projects, and pointing out in this respect the importance of 'small-scale' projects. Appropriate programmes and the conditions for the implementation thereof must be defined.***

Or. en/fr

*Justification:*

*The intention of the Commission is to withdraw gradually from small-scale projects but these play a very important role in the development of the Euro-Mediterranean partnership, with regard in particular to NGOs and civil society, and must be duly taken into account.*

(Amendment 5)

Recital 6a (new)

***Since the MEDA programme is the means of financing the Europe-Mediterranean partnership as a whole, it is time for it to be used to finance all areas covered by the Barcelona Declaration, in particular the third area – culture and social affairs - which has hitherto been greatly neglected.***

Or. de

*Justification:*

*Although several areas for cooperation have been identified, the emphasis has so far been placed mainly on economic restructuring and structural adjustment. On the other hand, cooperation in cultural and social matters has been rather neglected and even the partner countries are calling for more to be done in this area.*

(Amendment 6)

Article 1(1)

***(1) In Article 1, paragraph 3 is deleted.***

***Deleted***

*Justification:*

*This amendment seeks to reinstate the reference to the funding allocation. The sum allocated to MEDA II should be at least equal to that for MEDA I, bearing in mind the fact that the allocation for MEDA II will cover seven years of assistance to 12 and after 13 Mediterranean third countries. The partnership will have no meaning without a necessary reference to specific*

*financial commitments in the text of the regulation. Moreover, a larger sum should be channelled from this financial allocation into regional cooperation.*

(Amendment 7)  
Article 1(3)(a)

**(3) Article 6 is amended as follows: Deleted**

**(a) In paragraph 1, the third sentence is replaced by the following:**

***‘Depending on market conditions, the subsidy shall be between 1% and 3%.’***

*Justification:*

*This amendment seeks to maintain the rate of subsidy for environmental programmes and projects at 3%. Cutting this rate will discourage Mediterranean partners from implementing these kinds of project where the short-term economic benefits are often limited.*

(Amendment 8)  
Article 1(4)(a)(new)

***Article 8(4) is amended as follows:***

***4. The Commission shall provide, in liaison with Member States, on request, to all interested firms, organisations, institutions and members of civil society throughout the Community and in the partner countries, documentation on the general aspects of the MEDA programmes and the requirements for participation in the programmes.***

*Justification:*

*This amendment seeks to widen the dissemination of information to actors in civil society interested by the MEDA programmes in the Community and in the partner countries.*

(Amendment 9)  
Article 1(8)(b)

Add at the end of subparagraph (b):



***They shall forward these evaluation reports to the Euro-Mediterranean Parliamentary Forum.***

*Justification:*

*As parliamentary scrutiny of such evaluation must be provided for at all events, this task should be entrusted directly to the Euro-Mediterranean Parliamentary Forum.*

(Amendment 10)  
Annex II, 2

2. The eleventh indent of Part II is replaced by the following:

- '- cooperation and technical assistance in order to strengthen cooperation in the area of migration and the combat against illegal migration, including repatriation of illegal residents ***and trafficking in human beings, reinforcement of judicial cooperation in civil matters as well as cooperation to prevent and to combat crime, including illegal drug trafficking;***'

2. The eleventh indent of Part II is ***divided and*** replaced by the following ***indents***:

- '- cooperation and technical assistance in order to strengthen cooperation in the area of migration and the combat against illegal migration, including repatriation of illegal residents,
- ***cooperation and technical assistance in applying a rationalisation of visa policies in accordance with the spirit of the Barcelona Declaration and the Euro-Mediterranean Association's objectives,***
- ***reinforcement of judicial cooperation in civil matters and action to combat crime, in particular drugs trafficking and trafficking in human beings;***'

Or. es

*Justification:*

*See Amendment 9 by the rapporteur.*

(Amendment 11)  
Annex, Article 2a (new)

Insert a new indent:

***'- the establishment of co-development policies encompassing:  
\* the framing of aid policies for projects/micro-projects by migrants in their country of origin,  
\* devising instruments for channelling the savings of immigrants into productive investment in their country of origin,  
\* placement of students in training as part of arrangements to enhance their employability in their country of origin,  
\* placement of young trainees in companies in Europe on the basis of temporary contracts.'***

*Justification:*

*Immigrants legally settled on EU territory should be recognised as vectors of co-development for their countries of origin.*

(Amendment 12)  
Annex, Article 2b (new)

***Section (d) in Part III of Annex II is worded as follows:  
'(d) exchanges between civil society in the Union and the Mediterranean partners, particularly by stepping up measures carried out in the context of decentralised cooperation which  
- has as its objective to identify the non-governmental beneficiaries of Community aid,  
- will concentrate particularly on the networking of universities and researchers, local communities, associations, trade unions and non-governmental organisations, the media,***

***private business and cultural institutions in the widest sense, and the other bodies listed at IV.***

***The programmes must concentrate on promoting the participation and the emergence of civil society within the partner countries, in particular by encouraging information between networks and durable links between network partners.'***

Or. fr

*Justification:*

*The exchange of information is a means and not an end in itself. The emergence and participation of civil society are essential if the Barcelona objectives are to be achieved.*

20 June 2000

## **OPINION OF THE COMMITTEE ON BUDGETS**

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

on the proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership

(COM(1999) 494 – C5-0023/2000 – 1999/0214(CNS))

Draftsman: Kathalijne Maria Buitenweg

## **PROCEDURE**

The Committee on Budgets appointed Kathalijne Maria Buitenweg draftsman at its meeting of 19 April 2000.

It considered the draft opinion at its meeting of 6 June 2000.

At this meeting it adopted the amendments below unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, vice-chairman; Bárbara Dührkop Dührkop, vice-chairman; Giuseppe Pisicchio, vice-chairman; Kathalijne Maria Buitenweg, draftsman; Ioannis Averoff, Joan Colom i Naval, Gianfranco Dell'Alba (for Wolfgang Ilgenfritz), Den Dover, Göran Färm, Markus Ferber, Colette Flesch (for Anne Elisabet Jensen), Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, Juan Andrés Naranjo Escobar, Giovanni Saverio Pittella, Encarnación Redondo Jiménez (for Armin Laschet), Alejo Vidal-Quadras Roca, Kyösti Tapio Virrankoski, Ralf Walter and Brigitte Wenzel-Perillo.

## SHORT JUSTIFICATION

### **Background**

The proposal amends Regulation 1488 /96 which was the legal basis for the MEDA I programme, 1995-99. By amending the original Regulation, the Commission proposes to introduce a MEDA II programme for the period 2000 – 2006. The Commission proposal is a result of the review of the Regulation foreseen in Article 15 (6) which was completed in 1999. On the basis of the review, the Commission wants to make what it considers to be some improvements especially in the way the Regulation is implemented. The original Regulation does not however expire and it would remain an adequate legal basis even if it were to continue in force without amendment. The treaty base is Article 308 (simple consultation of EP, unanimity in Council).

The MEDA programme was given a financial reference amount for the five-year period 1995-1999 of €3.424 million (Article 1, Paragraph 3). The fixing of this amount was a highly sensitive political decision at the time because it was linked to the controversial question of how much the EC should contribute to Central and Eastern European countries (CEEC). This issue was in fact supposed to have been resolved by the European Council meeting in Cannes when the respective allocations of the two regions (CEE and Mediterranean) were fixed according to a ratio of 5 to 3.5, with the Mediterranean countries to receive on average 70% of the allocation to the CEEC.

The MEDA programme is the last of the big existing programmes in heading 4 of the financial perspective to come up for renewal for the period 2000 – 2006. The Commission already included it in its financial programming for the same period, indicating that it could expect to be allocated around 25% of the total annual amount for heading 4 (May 1999 programming document).

Since then of course new needs have arisen which have to be covered by heading 4 (Kosovo and the Western Balkans) and as part of its efforts to find the necessary funding the Commission has embarked on a new exercise in financial programming, the results of which were presented in the communication which accompanied the funding proposals on the Western Balkans. For an overview of the programming foreseen by the Commission for MEDA, see the table in Annex.

### ***The main issue – the future financial allocation***

Most discussion will concentrate on this issue. However, it is important to recall Parliament's traditional views, as well as the rules laid down in the IIA. The first question is whether an amount should be included in the legislation. In paragraph 34 the IIA states that '*Legislative instruments concerning multiannual programmes not subject to the codecision procedure will not contain an "amount deemed necessary".*' In its proposal for MEDA II the Commission does not include an amount. This approach is in accordance with the IIA. COBU should recommend the responsible committee (ITRE – industry and trade committee) to accept this approach.

Parliament's traditional position is that for programmes not falling under co-decision the annual budget fixes the allocations for different programmes, even if these are multi-annual. Figures mentioned in legislation, or figures named by the Commission in a programming document, or figures suggested by the European Council – all of these are not binding on the budgetary authority. The allocation to be given to a programme depends, *inter alia*, on the budgetary authority's assessment of its implementation record and prospects.

A legislative opinion is not the place to have an in-depth discussion of the relative merits of the MEDA programme when it comes to financial programming for the period 2000-2006. But the rapporteur would like to remind the COBU and the committee responsible that there are major problems with the implementation of MEDA. Of the € 3.475 million allocated to the programme for 1995 – 1999, most (€3.427 million) had been committed by end 1999, but the situation

regarding payments is very poor. By end 1999 only €900 million in payments had been made and €2.573 million remained to be implemented. At the present rate of implementation it will take the Commission 8½ years to clear up this backlog – an example cited by Commissioner PATTEN himself when presenting his plans for reforming external relations in Strasbourg in May.

### ***Reasons for poor implementation***

One reason for a poor implementation record is often the myriad procedures and decisions which have to be gone through before the Commission can make a payment. Commissioner PATTEN identifies this in his communication on reform<sup>1</sup>. A major cause of blockages and delays is the commitology system – the committees composed of representatives of the Member State government who are supposed to ‘assist’ the Commission with implementation, but who are increasingly a source of friction and interference. This is identified also in the Commission’s proposal for the MEDA regulation, where changes to the commitology arrangements are proposed. Parliament’s traditional position is that the Commission has sole responsibility under the Treaty (Article 274) for implementing the budget. Financial decisions implementing the budget belong to the Commission alone. Nevertheless, it is an open secret that the Member States use commitology committees to interfere with the Commission’s management of programmes – often at the level of individual financing decisions.

The original Regulation was very tightly drafted and left the Commission with hardly any margin of discretion. Every financial decision has to be submitted to the MEDA Committee. Moreover, the type of commitology involved, a Regulatory Committee, is the worst sort: it involves an obligatory reference to the Council of ministers in case of disagreement, which leaves the Commission extremely weak. Passing through the commitology system costs each project several months and the Commission complains it even has to do so twice.

The Commission proposal changes the commitology to a Management Committee. Under the new commitology rules agreed in June, the Commission considers this is the most appropriate type of committee to be involved in the management of a programme. But even a Management Committee permits the Member States too much control. Therefore the rapporteur suggests to follow the traditional COBU position, which is to have an Advisory Committee; that way, the Commission’s responsibility under the Treaty to implement the budget is preserved.

The Commission also wants to streamline the commitology arrangements by limiting the type of decision it has to submit to the MED Committee to indicative documents and not to include decisions on individual projects. The MED Committee will thus only be consulted on the ‘overall allocation’ for a series of projects contained in a plan. But this is still unsatisfactory: the Commission will only be free to take financial decisions involving less than €2 million and only if they form part of an allocation already approved by the MED Committee. Larger projects will be listed in the indicative programme which the MED Committee also has to approve.

**The rapporteur would like to suggest amendments to restore the Commission’s freedom to implement the budget under its own responsibility.**

### ***Other points***

**As regards staffing, the Commission asks for a reinforcement of 25 posts for the DG Relex** by re-deployment within the Commission in order to be able to cope better with the new MEDA programme. The Commission’s proposals under Activity-Based Budgeting (ABB) may well free up posts in other sectors which could be used for MEDA: therefore this request should just be noted until Commission publishes its new staffing requirements in September. Moreover, the rapporteur notes the absence of a financial statement which conforms to the requirements of the

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<sup>1</sup> Communication to the Commission on reform of the Management of External Assistance of 16 May 2000. See also verbatim record of the proceedings in Parliament of that day’s sitting.

Financial Regulation (Article 3), particularly the requirement that any significant changes in the number of posts should be included. Having completed its internal re-programming exercise for the period 2000-2006, the Commission should now present its financial statement.

**As regards MEDA Democracy**, the EP has always attached great importance to Meda Democracy and it would be preferable for the expenditure foreseen for this component be visible in the budget, so that it can be monitored by Parliament. Unfortunately, as a consequence of its new internal programming in heading 4 and of its efforts to free resources by re-deployment the Commission discontinues a separate line for MEDA in the PDB 2001. The rapporteur hopes Parliament will decide to maintain the separate MEDA democracy line for the above stated reasons.

**As regards small-scale projects**, the European Parliament quite worried that small scale projects in favour of NGO's, human rights, gender issues, environment and civil society both in MEDA as in MEDA Democracy will be the victim of trend towards supporting mainly large-scale projects. The EP would like to remind the commission that the EP in the guidelines for 2000<sup>1</sup> asked for a simplification of procedures for small scale projects. A significant number of such projects of high value for little money will have to be included both in MEDA as in MEDA Democracy and this should be reflected in the budget.

**As regards the status of Cyprus, Malta, and Turkey**, the Commission has proposed that financial aid for Cyprus and Malta will be entered in Heading 7. Parliament has already stated, in its opinion on the Council regulation on the implementation of the pre-accession strategy for Cyprus and Malta, that these countries should continue to receive funding under MEDA<sup>2</sup>. Currently Cyprus and Malta receive funding for regional programmes. In the same logic financial aid for national programmes for Turkey under MEDA would have to be transferred to Heading 7, once a accession partnership with Turkey has been concluded. It will then also continue to receive funding for regional programmes under MEDA.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>3</sup>

Amendments by Parliament

(Amendment 1)  
Recital 11

<sup>1</sup> Resolution based on the Haug report, paragraph 34; minutes of the sitting of 30 March

<sup>2</sup> See EP opinion on the proposal for a Council regulation on the implementation of operations in the framework of the pre-accession strategy for Cyprus and Malta (COM(1999)535 - C5-0308/1999 - 1999/0199(CNS)) A5-0029/2000), Amendment 11 creating Recital 8a (new): "(8a) *Whereas Malta and Cyprus will participate in the MEDA facility as foreseen*", Minutes of the sitting of 17 February 2000 - Provisional Edition.

<sup>3</sup> OJ C 89, 28.03.2000

(11) *Since the measures necessary for the implementation of this Regulation are management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, they should be adopted by use of the management procedure provided for in Article 4 of that Decision.*

(11) *Whereas the Commission shall implement the budget on its own responsibility, in accordance with Article 274 of the Treaty; whereas the measures necessary for the implementation of this Regulation are primarily financial and therefore the sole responsibility of the Commission, whereas the advisory committee procedure provided for in Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, is the most appropriate procedure for the adoption of such measures.*

*Justification:*

*Only an advisory committee procedure leaves the Commission the necessary freedom granted to it by the Treaty to exercise its responsibility for implementation of the budget.*



(Amendment 2)

Recital 4a (new)

***Whereas it is imperative that the new MEDA regulation should guarantee balanced and sustainable political, economic and social development and respect for the environment while involving civil society in the framing and evaluation of programmes and projects and pointing out in this respect the importance of ‘small-scale’ projects.***

*Justification:*

*The intention of the Commission is to withdraw gradually from ‘small-scale’ projects but these play a very important role in the development of the Euro-Mediterranean partnership and must be duly taken into account.*

(Amendment 3)

Recital 8a (new)

***Whereas financial aid for national programmes for Turkey under MEDA should be transferred to Heading 7 once a pre-accession instrument has been agreed with that country;***

*Justification:*

*This position conforms to the position taken by Parliament in the parallel case of Cyprus and Malta.*

(Amendment 4)  
ARTICLE 1 (7)

Article 11, paragraphs 1, 2 and 3 (Regulation 1488/96)

(7) In Article 11, paragraphs 1, 2 and 3 are replaced by the following:

"1. The Commission shall be assisted by the MEDA Committee (hereinafter referred to as "the Committee").

2. Where reference is made to this Article, the **management** procedure laid down in Article 4 of Decision 1999/468/EC shall apply, **in compliance with Article 7(3) thereof**.

3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.

3a. A representative of the Bank shall take part in the proceedings within the Committee without a right to vote."

(7) In Article 11, paragraphs 1, 2 and 3 are replaced by the following:

"1. The Commission shall be assisted by the MEDA Committee (hereinafter referred to as "the Committee").

3. Where reference is made to this Article, the **advisory** procedure laid down in Article 3 of Decision 1999/468/EC shall apply.

2a. ***The European Parliament shall be informed by the Commission of committee proceedings on a regular basis. To that end, it shall receive agendas for committee meetings, draft measures submitted to the committees for the implementation of instruments adopted by the procedure provided for by Article 251 of the Treaty, and the results of voting and summary records of meetings and lists of the authorities and organisations to which the persons designated by the Member States to represent them belong. The European Parliament shall also be kept informed whenever the Commission transmits to the Council measures or proposals for measures to be taken.***

3. The period provided for in Article 3(2) of Decision

1999/468/EC shall be  
three months.

3a. A representative of the Bank  
shall take part in the  
proceedings within the  
Committee without a right to  
vote.

***3b. Individual financing decisions  
shall under no  
circumstances be submitted  
by the Commission to the  
Committee.'***

*Justification:*

*Only an advisory committee procedure leaves the Commission the necessary freedom granted to it by the Treaty to exercise its responsibility for implementation of the budget.*



24 May 2000

## **OPINION OF THE COMMITTEE ON BUDGETARY CONTROL**

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

on the proposal for a Council regulation amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership

(COM(1999) 494 – C5-0023/2000 – 1999/0214(CNS))

Draftsman: Raffaele Costa

## **PROCEDURE**

The Committee on Budgetary Control appointed Raffaele Costa draftsman at its meeting of 2 February 2000.

It considered the draft opinion at its meetings of 18/19 April and 23/24 May 2000.

At the latter meeting it adopted the amendments below unanimously.

The following were present for the vote: Herbert Bösch, acting chairman; Raffaele Costa, draftsman; Mogens Camre (for Isabelle Caullery), Paulo Casaca (for Freddy Blak), Gianfranco Dell'Alba, Bert Doorn (for Christopher Heaton-Harris), Anna Ferreira, Salvador Garriga Polledo (for Thierry B. Jean-Pierre), Helmut Kuhne, Brigitte Langenhagen, Mair Eluned Morgan, Jan Mulder (for Antonio Di Pietro), Giovanni Saverio Pittella (for Michiel van Hulten), José Javier Pomés Ruiz and Esko Olavi Seppänen (for Marianne Eriksson).

## SHORT JUSTIFICATION

Adopting a similar multilateral approach to that for all the countries of central and eastern Europe and the former Soviet Union (PHARE and TACIS programmes), in 1996 the European Union put in place a specific programme for financial and technical measures to support reform of the macroeconomic structures of non-member countries and territories in the Mediterranean (MEDA programme).

The beneficiaries of the programme currently number all the countries on the southern shore of the Mediterranean, including the occupied territories of Gaza and the West Bank, Malta, Cyprus and Turkey, but not Libya.

Whereas, in the past, financial aid for the Mediterranean countries was arranged through bilateral financial protocols, the MEDA programme follows a new multilateral approach, no longer based on allocating specific amounts to each country, but on an overall budget divided between the beneficiary countries on the basis of their respective absorption capacity.

The programme was allocated EUR 3 475 million in commitment appropriations for the period 1995 to 1999 and gave rise to an actual commitment of EUR 2 498 million during the first four years (1995-1998), but actual payments of only EUR 648 million.

In 1999 there was again no increase in payments. At EUR 243 million they were still at the excessively low level of the two previous years.

### Commitments and payments under the MEDA-programme (in EUR)

Meda B7-41	1995	1996	1997	1998	1999
Commitments	172 mio	403 mio	981 mio	942 mio	906 mio
Payments	50 mio	155 mio	211 mio	231 mio	243 mio

These figures clearly show the widening gap between the goals of the programme and what is happening in practice.

The impact of the programme has been undermined by two major factors – one economic, the other political: firstly the economic problems of the Mediterranean area, exacerbated by falling crude oil prices, have caused a slowdown in growth and, secondly, the programme, like the whole Barcelona process, has been hit by the lack of progress in negotiations to find a stable peace in the Middle East.

In addition to these factors, the cumbersome administrative procedures and implementing arrangements for the programme have made the action taken less effective.

So it has become essential to make some changes.

The Commission has now come up with the appropriate amendments. The kernel of the Commission proposal is an amendment of the rules by which the MED committee does its work. It has hitherto been involved in the scrutiny not only of national and regional guidance programmes, but also of individual projects as well. This two-part approval system lengthens and

bureaucratise the procedure unnecessarily. So the Commission proposes tightening up the decision-making procedure. The draftsman supports these proposals.

On the other hand, the Commission's proposals to strengthen its own management capacity are unsatisfactory. Point 5 of the explanatory memorandum merely talks of the need to increase the staff of the Mediterranean directorate in the Brussels directorate-general for external relations by 25 posts.

And there is no mention whatever of the need to increase the Community's presence in terms of staff on the spot in the beneficiary countries. The Commission thus fails to take up a point to which the MEDA evaluation report<sup>1</sup> expressly refers: compared with other donors, the Commission delegations are still hopelessly understaffed.

The evaluation report mentions Egypt as a case in point, where in 1998 the Commission had nine officials, plus a supporting 'Meda Team' of at most 10 staff, responsible for administering the funds, while (for instance) USAid had 76 staff and 250 local assistants.

Against this background it is not good enough merely to tinker with the problem. What's needed is a radical new approach, of the kind the Commission is already trying out in the former Yugoslavia. This would involve either

- (a) a substantial increase in the Commission delegations as part of the decentralisation process, by an extensive transfer of management powers and an appreciable increase in staff (as in Sarajevo),
- or
- (b) the creation of a management agency to run the MEDA Programme under the Commission's supervision (as with the Kosovo reconstruction agency).

For these reasons the draftsman recommends approving the Commission proposal only on the express condition that within a year it is followed up with extensive proposals for reorganising the management of the programmes. They must take due account of the need for a steady increase in the transparency of the interinstitutional exchange of information, particularly between Parliament and the Commission.

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<sup>1</sup> *Evaluation of the MEDA Regulation*, Final Report, 12 February 1999, p. 33, available in English only.

## AMENDMENTS

The Committee on Budgetary Control calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

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

Amendments by Parliament

### (Amendment 1)

#### Recital 5

Over the period 1995-98, Regulation (EC) No 1488/96 has been implemented satisfactorily **but** it is now necessary to streamline decision-making procedures in order to permit more efficient implementation of Community assistance.

Over the period 1995-98, Regulation (EC) No 1488/96 has been implemented **less than** satisfactorily, **and so** it is now necessary to streamline decision-making procedures in order to permit more efficient implementation of Community assistance.

#### *Justification:*

*Commitment appropriations of considerable size were features of the first four years of the MEDA Programme, whereas the outflow of funds continues to run at an unsatisfactorily low level, as the level of payments shows.*

### (Amendment 2)

#### Recital 10

Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests establishes a common legal framework for all the fields of the Communities' own resources and expenditure. Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities applies to all areas of the Communities' activity without prejudice to the provisions of the Community rules specific to the different policy areas.

Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests establishes a common legal framework for all the fields of the Communities' own resources and expenditure. Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities applies to all areas of the Communities' activity without prejudice to the provisions of the Community rules specific to the different policy areas. ***There is a need to ensure***

<sup>1</sup> OJ C (not yet published).



***that the European Investment Bank wholly fulfils its obligations under Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 (OJ L 136, 31.5.1999).***

*Justification:*

*The European Investment Bank (EIB) makes a substantial contribution to the Community's efforts through venture capital operations and interest-rate subsidies. There is a need to ensure the same high level of protection from fraud and corruption as with expenditure administered directly by the Commission. This means enabling the European Anti-Fraud Office OLAF to exercise the same rights of scrutiny over the EIB as it can over the Commission itself.*

(Amendment 3)  
Recital 11a (new)

***(11a) The transparency of the Commission's procedures and activities has been guaranteed by the programme of administrative reform. Interinstitutional dialogue and exchange of information must be respected as an essential requirement of all the new procedures.***

(Amendment 4)  
Article 1(8)(c)

(c) Paragraph 6 is ***deleted***.

(c) Paragraph 6 is ***replaced by the following:***

***By 30 June 2001 the Commission shall submit proposals to amend the Regulation, transferring extensive management powers to the Commission delegations as part of the decentralisation process, which must go hand in hand with an appreciable increase in staff.***

*Justification:*

*The aim of this amendment is for the Commission to take steps to significantly improve its management capacity. It should include experience of the reconstruction programmes in the Balkans in this process. Extensive management powers have been transferred to the Commission delegation in Bosnia.*

