

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0324/2000

10 November 2000

REPORT

on the amended proposal for a Council Regulation concerning the European Agency for Reconstruction
(COM(2000) 628 – C5-0526/2000 – 2000/0112(CNS))

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

Rapporteur: Jan Joost Lagendijk

Draftsman for opinion (*):

Carlos Westendorp y Cabeza, Committee on Industry, External Trade, Research and Energy

(* "Enhanced Hughes procedure")

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)

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(* Enhanced Hughes procedure)

PROCEDURAL PAGE

By letter of 17 October 2000 the Council consulted Parliament, pursuant to Article 308 of the EC Treaty, on the amended proposal for a Council regulation on the European Agency for Reconstruction (COM(2000) 628 – 2000/0112(CNS)).

At the sitting of 23 October 2000, the President of Parliament announced that she had referred this proposal to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible and the Committees on Budget, Committee on the Budgetary Control and the Committee on Industry, External Trade, Research and Energy for their opinions (C5-0526/2000).

At the sitting of 27 October 2000, she announced that the last-mentioned committee would be involved in drawing up the report, under the enhanced Hughes procedure.

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy had appointed Jan Joost Lagendijk rapporteur at its meeting of 24 May 2000.

The committee considered the Commission proposal and draft report at its meetings of 19 September and 6 and 7 November 2000.

At the latter it adopted the draft legislative resolution unanimously.

The following were present for the vote: Baroness Nicholson of Winterbourne, acting chairman; Jan Joost Lagendijk, rapporteur; Danielle Auroi (for D. Cohn-Bendit), Alexandros Baltas, Bastiaan Belder, Andre Brie, Michael Gahler, Vitaliano Gemelli (for Gerardo Galeote Quecedo), Alfred Gomolka, Willi Görlach (for Klaus Hänsch), Bertel Haarder, Magdalene Hoff, Hanja Maij-Weggen (for Arie Oostlander), Pedro Marset Campos, Linda McAvan, Emilio Menéndez del Valle, Philippe Morillon, Pasqualina Napoletano, Doris Pack (for Hans-Gert Poettering), Jacques F. Poos, Jannis Sakellariou, Jürgen Schröder, Elisabeth Schroedter, Ioannis Souladakis, Francesco Enrico Speroni, Hannes Swoboda, Freddy Thielemans, Gary Titley, Johan Van Hecke, Paavo Väyrynen, Jan Marinus Wiersma.

The opinions of the Committee on Budgets, Committee on Budgetary Control and the Committee on Industry, External Trade, Research and Energy are attached. The report was tabled on 10 November 2000.

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

LEGISLATIVE PROPOSAL

Amended proposal for a Council regulation concerning the European Agency for Reconstruction (COM(2000) 628 final C5-0526/2000 – 2000/0112(CNS))

The amended proposal is amended as follows:

Amended text proposed by the Commission¹

Amendments by Parliament

(Amendment 1)
Recital (5)

(5) The European Council which met in Feira on 19 and 20 June 2000 emphasised that the Agency as an authority implementing the future CARDS programme should be allowed to use its full potential in order to achieve the goals set out by the European Council in Cologne.

(5) The European Council which met in Feira on 19 and 20 June 2000 emphasised that the Agency as an authority implementing the future CARDS programme should be allowed to use its full potential in order to achieve the goals set out by the European Council in Cologne, ***and it also stated that a democratic and cooperative Federal Republic of Yugoslavia living in peace with its neighbours would be a welcome member of the European family of democratic nations.***

Justification:

This amendment completes the elements stated in the Presidency Conclusions of the Council meeting of 9 October concerning the FRY

Not yet published in OJ C

(Amendment 2)
Recital (5a) new

(5a) The Council decided on the 9th of October 2000 to make the Federal Republic of Yugoslavia benefit from the Cards programme and to extend the activity of the Agency for Reconstruction to the Federal Republic of Yugoslavia (FRY)

Justification:

It seeks to update the reasoning of the previous recitals and to state the main decisions made and commitments undertaken by the General Affairs Council of 9 October 2000.

(Amendment 3)
Recital 6

(6) The Treaty ***does not*** provide, for the adoption of this Regulation, powers ***other than those*** under Article 308,

(6) The Treaty ***provides***, for the adoption of this Regulation, powers under Article 308 ***and for its implementation, powers under article 274,***

Justification:

The management of an action which is paid for by EU funds should be implemented by the Commission.

(Amendement 4)
Recital 6 (a) new

(6a) The European Parliament has reiterated its position that, in future, a new legal base should be created, taking into account the responsibilities of the institutions and the co-decision procedure which is the only appropriate procedure given the political and budgetary importance of such programmes.

Justification:

This amendment re-states the position of the European Parliament as expressed in its resolutions on the IGC.

(Amendment 5)

Article 1.1

1. The Commission may delegate to an agency implementation of the assistance provided for in Article 1 of Regulation [CARDS], initially in Kosovo and also in other parts of the Federal Republic of Yugoslavia, when conditions permit.

The European Agency for Reconstruction, hereinafter referred to as the 'Agency', shall be set up to that end with the aim of implementing the assistance referred to in the first subparagraph.

The Commission may delegate to an agency implementation of the assistance provided for in Article 1 of Regulation [CARDS], initially in Kosovo and also in other parts of the Federal Republic of Yugoslavia, ***Serbia and Montenegro***, when conditions permit.

The European Agency for Reconstruction, ***the authority designated, in this respect, as the implementing instrument for the CARDS Programme***, hereinafter referred to as the 'Agency', shall be set up to that end with the aim of implementing the assistance referred to in the first subparagraph ***under the responsibility of the Commission which will be responsible for the Agency's management before the European Parliament, the Court of Auditors and OLAF.***

Justification:

This amendment completes the elements stated in the Presidency Conclusions of the Council meeting of 19 October 2000 and concerning the FRY. It is also necessary to indicate the political conditions for the Agency's activities.

(Amendment 6)

Art. 1.2

2. Any decision to extend the Agency's activities to parts of the FRY other than Kosovo, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of Regulation [CARDS], shall be taken by the Council acting by a qualified majority on a proposal from the Commission. In the light of that decision, the Agency may establish other operational centres.

Delete

Justification:

As the extension of the competence of the Agency is already admitted in amendment 5, there is no need for point 2 (the Council's political decision was also already taken).

(Amendment 7)

Article 2.1 preamble

1. To achieve the objective laid down in Article 1, the Agency shall carry out the following duties, ***within the bounds of its powers and in accordance with the decisions taken by*** the Commission:

1. To achieve the objective laid down in Article 1, the Agency shall carry out the following duties, ***under the authority of*** the Commission:

Justification:

The adoption of a more streamlined procedure under which the Commission can assume greater and more direct responsibility is necessary.

(Amendment 8)
Article 2.1(b)

(b) preparing draft programmes for the reconstruction of ***Kosovo*** and the return of refugees in accordance with guidelines provided by the Commission;

(b) preparing draft programmes for the reconstruction of ***the Federal Republic of Yugoslavia*** and the return of refugees in accordance with guidelines provided by the Commission;

Justification:

It follows from the previous amendments on extending the activities of the Agency to the FRY.

(Ex Amendment 3 FdR 423206)

(Amendment 9)
Article 2.1(c)

(c) implementing the assistance referred to in Article 1, ***whenever possible*** in cooperation with the local population and where necessary by drawing on the services of operators selected by tender. The Commission may accordingly make the Agency responsible for all operations required to implement the programmes, including:

(c) implementing the assistance referred to in Article 1, in cooperation with the local population, ***NGO's***, and where necessary by drawing on the services of operators selected by tender. The Commission may accordingly make the Agency responsible for all operations required to implement the programmes, including:

Justification:

The assistance provided by the EU will only have a positive impact in the long term if all cooperation involves the local population. The local NGO's have to be more involved in the implementation of the EU assistance than they have been until now.

(Amendment 10)
Art. 2.2

Without prejudice ***to any operations***

Without prejudice ***of the executive***

cofinanced in the framework of the responsibilities *entrusted* to the Agency under Article 1, the Agency may implement reconstruction programmes and programmes for the return of refugees which the Member States and other donors entrust to it, inter alia under the arrangements for cooperation established by the Commission with the World Bank, international financial institutions and the European Investment Bank (EIB).

responsibilities *delegated* to the Agency under Article 1, the Agency may implement and *coordonate* reconstruction, *restoration of civil society and of the rule of law* programmes, *as well as assistance* for the return of refugees which the Member States and other donors entrust to it, inter alia under the arrangements for cooperation established by the Commission with the World Bank, international financial institutions and the European Investment Bank (EIB). ***The Commission is responsible for providing regular information to the budgetary authority on the Donors' contributions to the reconstruction programme.***

Justification:

The action of the Agency shall also be developed in favour of restoring civil society and the rule of law. Experience of recent months has shown that the procedures imposed upon the European Agency for Reconstruction are complicated and create delays in the decision making process with the risk to jeopardize the efforts of efficiency and visibility. A more streamlined procedure under which the Commission can assume greater and more direct responsibility should be looked for.

(Amendment 11)

Article 3 first paragraph

The Agency shall have legal personality. It shall enjoy in each of the Member States the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and be a party to legal proceedings. The Agency shall be non-profit-making.

The Agency shall have legal personality. It shall enjoy in each of the Member States the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and be a party to legal proceedings. The Agency shall be non-profit-making, ***with the proviso that all services performed on behalf of Member States or other donors shall be paid for in full by them.***

Justification:

The Agency shall not have any cost by these services.

(Amendment 12)

Article 3 2nd paragraph

The operational centre of the Agency, which shall have a considerable degree of management autonomy, ***shall be established*** initially in Pristina ***in order to embark on the reconstruction work in Kosovo, drawing on the Agency's general services located at its seat in Thessaloniki.***

The operational centre of the Agency, which shall have a considerable degree of management autonomy ***is*** initially ***decentralised*** in Pristina ***without prejudice of creating other operational centres in the Federal Republic of Yugoslavia.***

Justification:

The possibility of creating other operational centres than the actual one to manage the EU assistance to FRY has to be considered..

(Amendment 13)
Article 4.5

5. The EIB shall appoint a non-voting observer.

5. The EIB ***and ECHO*** shall appoint a non-voting observer.

Justification:

ECHO plays an important role on the ground and, like the EIB, could make a positive contribution if it were permanently represented on the Governing Board.

(Amendment 14)
Art. 4.7

The Commission and Member States representative on the Governing Board shall each have one vote.
Governing Board decisions shall be adopted by a ***two-thirds*** majority.

The Commission and Member States representative on the Governing Board shall each have one vote.
Governing Board decisions shall be adopted by a ***simple*** majority.

Justification:

It is necessary to simplify the decisional procedure in order to facilitate the implementation of the EU assistance.

(Amendment 15)
Art. 4.8

The Governing Board shall determine by

Delete

unanimous decision the rules governing the Languages used by the Agency.

Justification:

The enormous difficulties found by the Governing Board, until now, to decide on this point justify suppressing such a competence, which will be implemented by the Commission.

(Amendment 16)
Art. 4.9.

The Governing Board shall be convened by the Chairman whenever necessary, and at least three times per year. It shall also be convened at the request of the Agency's Director or at least a simple majority of its members.

The Governing Board shall be convened by the Chairman every ***three months***. It shall also be convened at the request of the Agency's Director or at least ***two-thirds*** majority of its members.

Justification:

The need to reduce excessive bureaucracy in the management of EU assistance and the adjustment proposed for the tasks of the Governing Board, justify to reduce the number of times and the possibility upon which it can be convened.

(Amendment 17)
Art. 4.10 (a).

(a) The Governing Board shall examine the assistance strategy framework, presented by the Commission, on which the annual programme for reconstruction is to be based.

(a) The Governing Board shall examine, ***at the latest by the 30th of September each year***, the assistance strategy framework, presented by the Commission, on which the annual programme for reconstruction is to be based.

Justification:

In order to avoid undesirable delays, it is necessary to fix clear time limits (deadlines).

(Amendment 18)
Art.4. 10 (b)

(b) Using as a basis this strategy framework and the Commission guidelines relating to it,

(b) Using as a basis this strategy framework and the Commission guidelines

the Director shall present to the Governing Board a draft annual programme for reconstruction. The draft programme shall set out for the operational year in question the aims being pursued, the fields of action and the budget provided for. **Once** the Governing Board **has delivered** an opinion on the draft annual programme for reconstruction. **The** the Director shall forward the latter to the Commission.

relating to it, the Director shall present to the Governing Board a draft annual programme for reconstruction. The draft programme shall set out for the operational year in question the aims being pursued, the fields of action and the budget provided for. **The** Governing Board **delivers** an opinion on the draft annual programme for reconstruction, **at the latest by the 30th of November**. The Director shall forward the latter to the Commission, **which will adopt the programme before the end of the year**.

Justification:

In order to avoid undesirable delays, it is necessary to maintain the time limits initially envisaged by the Commission.

(Amendment 19)

Art. 4.10 (c) first paragraph

(c) On a proposal from the Director, the Board shall **decide on**:

(c) On a proposal from the Director, the Board shall **examine**:

Justification:

It is necessary to reduce excess of bureaucracy and the risk of overlapping between the Governing Board and the usual management committee. The findings of the EP delegation to Kosovo confirmed that the existing double structure (Governing Board and management committee) should be suppressed in order to avoid the existing blockages and overlapping. The Governing Board shall therefore work in straight cooperation with the Commission which will maintain the main decisional power as regards the implementation of the EU assistance.

(Amendment 20)

Art. 4.10 (c) IV new

The preliminary draft budget of the Agency prepared by the Director

Justification:

The list of the areas where the Governing Board has the power of examining the documents or the decisions to be taken, shall also include this one, which is explicitly recognized in this regulation (article 7).

(Amendment 21)
Article 4.10. (c) V new

methods of evaluating and properly implementing the projects included in the draft programmes;

Justification:

It is important to the Agency to implement efficiently and speedily external aid adapted to the characteristics of the region in question.

(Amendment 22)
Art. 4.10 (c) VI new

The results of the annual implementation of the Agency's programme

Justification:

The list of the areas where the Governing Board has the power of examining the documents or the decisions to be taken, shall also include this one, which is explicitly recognized in this regulation.

(Amendment 23)
Article 4.10 (c) VII new

finalisation, any adjustments to, and implementation of projects;

Justification:

This amendment restores the provision of Regulation 2454/1999, and which this draft regulation is intended to replace. Given that the Agency has already proved in practice to have functioned with speed and efficiency, it would appear appropriate to maintain the same provisions.

(Amendment 24)

Art. 4.11. a new

The minutes of the meetings of the Governing Board shall be published and sent to the European Parliament.

Justification:

Transparency in the activity of the Governing Board has also to be ensured, in line with the principles laid down for the activity of the Commission.

(Amendment 25)

Article 4.11 a new

The Director shall be answerable to the Governing Board.

Justification:

Management decisions should be left to the Director who is answerable to the Governing Board.

(Amendment 26)

Article 5 .1 preamble

1. The director of the Agency shall be appointed by the Governing Board on a proposal from the Commission for a term of office of thirty months. The term of office may be terminated by the same procedure.

1. The director of the Agency shall be appointed by the Governing Board on a proposal from the Commission, ***after consulting the European Parliament***, for a term of office of thirty months. The term of office may be terminated by the same

procedure.

Justification:

The amendment echoes the practice of and principles stated by the European Parliament in all previous events of confirmation hearings that the Head of a Community body should only be appointed after consulting the EP or after a confirmation hearing.

(Amendment 27)
Art. 5.1 (f -a) new

Implementation of the annual work programme referred to in article 4.10 (b)

Justification:

The list of the tasks of the Director should also include the implementation of the work programme, as initially proposed by the Commission.

(Amendment 28)
Article 6.3

3. The Agency's revenue shall comprise, without prejudice to other types of income, a subsidy from the general budget **of the European Union**, payments made as remuneration for services performed and funding from other sources.

3. The Agency's revenue shall comprise, without prejudice to other types of income, a subsidy from the general budget, **decided by the budgetary authority during the annual procedure and entered under a specific budget line. It also comprises** payments made as remuneration for services performed and funding from other sources.

Justification:

Delegation of executive powers stresses the role of the budgetary authority. Since the budget 2000, the administrative and technical assistance to the programmes are entered in specific B...A lines with a ceiling decided annually.

(Amendment 29)
Art. 7.1

The Director of the Agency shall establish each year a draft budget for the Agency covering administrative expenditure and the proposed operational programme for the following financial year, and shall submit it to the Governing Board.

The Director of the Agency shall establish each year, ***before the end of October***, a ***preliminary*** draft budget for the Agency covering administrative expenditure and the proposed operational programme for the following financial year, and shall submit it to the Governing Board.

Justification:

The need to improve efficiency in the implementation of the EU assistance demands establishing time limits (deadlines).

(Amendment 30)
Art. 7. 2 first part

On this basis, the Governing Board shall adopt a draft budget for the Agency ***by 15 February*** of each year at the latest, and shall submit it to the Commission.

On this basis, the Governing Board shall adopt a draft budget for the Agency ***before the end of November*** of each year at the latest, and shall submit it to the Commission.

Justification:

The need to reduce excess of bureaucracy, the risk of overlapping and the interest in a coherent approach of all EU external assistance to third countries, justified to concentrate in the Commission the competence to decide on the budget of the Agency (see amendment 32 and 33). For this reason, it is necessary to anticipate the deadline proposed by the Commission and to adjust it to the one proposed on the draft annual programme.

(Amendment 31)
Art. 7.3. third sub paragraph (new)

The Commission, after receiving the Draft Budget and the proposals on the annual work programme from the Governing Board, shall adopt the Agency budget together with the work programme at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. The budget shall also specify the

***number, grade and category of staff
employed by the Agency during the
financial year in question***

Justification:

The Commission after assessing the Draft Budget proposed by the Board shall adopt it with the work programme (see justification on Amendment 31).

(Amendment 32)

Art. 7.4

The Governing Board, after receiving the opinion of the Commission, shall adopt the budget of the Agency at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. The budget shall also specify the number, grade and category of staff employed by the Agency during the financial year in question.

Delete

Justification:

This deletion is the consequence of the previous two amendments (Amendment 31 and 32).

(Amendment 33)

Article 7.4. a new

For reasons of budgetary transparency, funds received from sources other than the Community budget shall be entered separately in the Agency's revenue. On the expenditure side, administrative and staff costs shall be clearly distinguished from the operational costs of the programme.

Justification:

This amendment likewise stresses budgetary transparency.

(Amendment 34)
Article 10

The Agency's staff shall be subject to the rules and regulations applicable to officials and other servants of the European Communities. The Governing Board, in agreement with the Commission, shall adopt the necessary implementing rules.

The Agency's staff shall be subject to the rules and regulations applicable to officials and other servants of the European Communities. The Governing Board, in agreement with the Commission, shall adopt the necessary implementing rules.

The Agency's staff shall consist of a strictly limited number of officials assigned or seconded by the Commission or Member States to carry out management duties. The remaining staff shall consist of other employees recruited by the Agency for a period strictly limited to its requirements.

The Agency's staff shall consist of a strictly limited number of officials assigned or seconded by the Commission or Member States to carry out management duties. The remaining staff shall consist of other employees recruited by the Agency for a period strictly limited to its requirements.

The Agency's establishment plan shall be published separately as part of the establishment plan of the Commission.

Justification:

Separate publication of the establishment plan will be in the interests of transparency.

(Amendment 35)
Article 11

The Governing Board shall decide on the Agency's accession to the Interinstitutional Agreement on internal investigations by the European Anti-Fraud Office (OLAF). It shall adopt the provisions necessary for the conduct of internal investigations by OLAF.

The Agency shall be subject to inspection by OLAF with a view to protecting the interests of the Community. Without prejudice to European Parliament and Council Regulation (EC) No 1074/99, of 25 May 1999, concerning the investigations conducted by OLAF, the Governing Board shall lay down the conditions and procedures for such inspections within the Agency.

Financing decisions and any implementing instrument or contract arising therefrom shall expressly provide that the Court of Auditors and OLAF may, if necessary, carry out on-the-spot checks on recipients of Agency funds and on the intermediaries distributing them.

Financing decisions and any implementing instrument or contract arising therefrom shall expressly provide that the Court of Auditors and OLAF may, if necessary, carry out on-the-spot checks on recipients of Agency funds and on the intermediaries distributing them.

Justification:

An institution under the direct responsibility of the Commission must be subject to this agreement.

(Amendment 36)
Art. 13.

Once the Commission considers that the Agency has fulfilled the mandate described in Article 1, it shall submit to the Council a proposal for the winding up of the Agency. In any event, at least six months before this Regulation expires, the Commission shall submit a proposal to the Council on the status of the Agency.

Once the Commission considers that the Agency has fulfilled the mandate described in Article 1, it shall submit to the Council, ***after consulting the European Parliament,*** a proposal for the winding up of the Agency. In any event, at least six months before this Regulation expires, the Commission shall submit a proposal to the Council on the status of the Agency.

Justification:

The European Parliament should be consulted before the Commission presents any proposal for the winding up of the Agency.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the amended proposal for a Council regulation concerning the European Agency for Reconstruction (COM(2000) 628 - C5-0526/2000 – 2000/0112(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the amended Commission proposal to the Council (COM(2000) 628¹),
 - having been consulted by the Council pursuant to Article 308 of the EC Treaty (C5-0526/2000),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the opinions of the Committee on Budgets, Committee on Budgetary Control and the Committee on Industry, External Trade, Research and Energy) (A5-0324/2000),
1. Approves the amended Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 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.

EXPLANATORY STATEMENT

BACKGROUND

1. On the 10th of May 2000, the Commission adopted the proposal for a Regulation on the new European Union's assistance programme to the countries of the western Balkans (CARDS) (COM (2000) 281-2000/111).
2. Such proposal views to extend and redirect the European Union's financial support to the region, in order to address some of the problems that have hampered assistance in the past. It also views to adjust it to the European Union's new political objectives for the region, in the framework of the Stabilisation and Association Process.
3. At the same time the Commission also adopted a proposal for a Regulation modifying the existing legal framework of the Agency for Reconstruction, in order to simplify the existing decisional procedures, and to adjust its competence to the new EU policy in favour of this region (COM (2000) 281- 2000/112).
4. The Commission revised, on the 4th of October, these two proposals, so that they reflect the ongoing internal reform and take into account the Council's and Parliament's approach on the EU assistance to the western Balkans and its management (COM(2000) 628 final).
5. The Council consulted the European Parliament on these two proposals only 5 months after the adoption of the Commission's initial proposals (October II plenary session) This made the job of the European Parliament considerably more difficult, as it is necessary to adopt the EP opinion at the latest at the November plenary session.
6. The Rapporteur presented on the 19 of September, a draft report (PE 285.655) on the two initial Commission's proposals. This report had to be readjusted, as the Conference of Presidents decided to change the initial allocation that had been decided at the beginning of June and to consider the ITRE committee competent to deal with the CARDS programme (the Foreign Affairs committee giving an opinion under the "reinforced Hughes procedure"- PE294.798). The Conference of the presidents of the political groups confirmed that the Foreign Affairs committee is the competent committee to deal with the proposal for a Regulation on the Agency for Reconstruction (PE285.655/REV).
7. The revised proposals for Regulations presented by the Commission on the CARDS programme and on the Agency for Reconstruction included some of the amendments tabled by the Rapporteur in the above referred to document of 19 September 2000.

THE AMENDMENTS ADOPTED

8. In both proposals for a Regulation, the goal of the amendments adopted is :
 - to reflect, at the legislative level, the remarks and observations made by several EP delegations that visited in the last year the 5 countries concerned by the Stabilisation and Association Process for the Western Balkans, as well as the results of the hearing of June 24 on the management of EU assistance to the Western Balkans. Special attention is, therefore, given to the need to improve and simplify the Commission's proposals in the part related to the decision- making process.
 - to take into consideration the results of the recent elections in Federal Republic of Yugoslavia (FRY) and the Council's agreement to extend to this country the CARDS programme, as well as the competence of the Agency for Reconstruction;
 - to take a clear position on the multi-annual financial framework estimated for the European Union's' assistance to this region; the amount proposed accepts the Commission's initial proposal, presented in the framework of the Revision of the Financial Perspective (COM(2000) 268 final and COM(2000) 262 final).
9. As for the CARDS programme, the Rapporteur and Draftsperson recalls that the ongoing negotiations in the framework of the Budget 2001, will have to contribute to the identification of the financial allocation, at least for the year 2001.
10. Taken into account the terms of the Inter-institutional Agreement on budgetary discipline (point 34, paragraph 2 and 3), it is essential to ensure that all the possibilities of negotiating with the Council (General Affairs Council) on the two proposals for a Regulation are duly exploited by the European Parliament, in order to insist on its acceptance of the EP's opinion and to clarify the multi-annual financial framework for the CARDS programme (conciliation meeting under the Joint Declaration of May 1975).
11. The Committee on Industry, External Trade, Research and Energy is formally requested to ask in the legislative resolution for a conciliation meeting with the Council, under the procedure laid down by the Joint Declaration of May 1975.

24 octobre 2000

OPINION OF THE COMMITTEE ON BUDGETS

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

on the amended proposal for a Council regulation concerning the European Agency for Reconstruction
(COM(2000) 628 – C5-0526/2000 – 2000/0112 (CNS))

Draftsman: Göran Färm

PROCEDURE

The Committee on Budgets appointed Göran Färm draftsman at its meeting of 19 July 2000.

It considered the draft opinion at its meetings of 13-14 September 2000 and 23 October 2000.

At the last meeting it adopted the amendments below unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, vice-chairman; Göran Färm, draftsman; Joan Colom i Naval, Salvador Garriga Polledo, Jutta D. Haug, Wilfried Kuckelkorn, Heide Rühle, Esko Olavi Seppänen (for Chantal Cauquil), Kyösti Tapio Virrankoski, Ralf Walter.

SHORT JUSTIFICATION

Reconstruction programmes in the Balkans are currently provided either by the Obnova regulation or by the Phare regulation. In its Communication of December 1999² on future assistance to the Western Balkans, the Commission had announced its intention to propose a specific legal framework for this region. The purpose of this proposal aims to providing a single legal basis for the five countries concerned and for the European Reconstruction Agency in charge of implementing the Reconstruction programmes. At the same time, the Commission proposes to repeal the Obnova regulation while the Phare Programme has been reorientated to the new priorities of enlargement.

The rapporteur welcomes the proposal consisting in regrouping the assistance to the Western Balkans under one programme implemented by a specific instrument, according to EP's former requests.

Budgetary context

The amount foreseen by the Commission for this programme - 5.5 billion for the period 2000-2006 - goes beyond the current ceiling of the Financial perspective. Therefore, the Commission has also presented a proposal for a revision of the Financial perspective which accompanied the PDB for 2001.

In its 1st reading, Council has ignored this proposal and made the funding of heading 4 compatible with the current ceiling through significant reductions of the main programmes including MEDA (€ -150 Mio) and CARDS (€ -200 Mio) compared to the PDB.

The programme foresees an amount of € 2,3 billion for Serbia to be allocated once the political circumstances have become acceptable. In the meantime, only € 40 million are to be allocated for projects of democratisation.

The recent events occurred in Serbia after the elections, make clear that the EU contribution to the reconstruction of this country will become necessary at short term. For these reasons, the Parliament has increased the amount of € 40 million in its 1st reading and created a new budget line with a *p.m.* in view of supplementary funding to be allocated to the reconstruction of Serbia once the financing is agreed by the budgetary authority.

At the trilogue meeting of 18 October, Council announced that a global envelope of € 10 billion could be envisaged for the two programmes MEDA and CARDS.

The rapporteur takes the opportunity of this legislative opinion to recall that:

- the envelope of € 5.5 billion foreseen in the financial statement becomes a realistic amount in the new political context;
- this amount is not compatible with the current ceilings of the financial perspective;
- the European Parliament should take the opportunity of the legislative decision to negotiate the envelope with Council, taking into account the evaluation report which will be already drawn up by the World Bank.

² COM(1999) 661 final.

Concerning Kosovo, the rapporteur insists on the necessity to maintain the amount foreseen for Kosovo based on 50 % of the global cost of Reconstruction. The ad hoc delegation to Kosovo (31 May - 2 June) confirmed that this amount (1.2 billion over the period) is realistic (point 15 of the conclusions), in accordance with the EU's commitment at international level.

CARDS: Proposal of Financial statement

(€ millions)

	2000	2001	2002	2003	2004	2005	2006	Total
Albania, Croatia, Bosnia-Herzegovina (incl. macro-fin. assistance), FYROM, Montenegro	203	255	230	210	210	200	200	1508
Serbia (unconditional)		40	40	40	40	40	40	240
(conditional)	-		280	380	380	390	390	1820
Kosovo	310	350	240	110	30	30	30	1100
Regional cooperation	28	80	90	90	90	90	90	558
Macro-fin. assistance	pm*	75	pm*	pm*	pm*	pm*	pm*	75
Total	541	800	880	830	750	750	750	5300

(*) Except humanitarian assistance

The cost for the Agency is 311.6 million which is a relatively high percentage of the operational appropriations. If one adds the ancillary expenditure (19 million), it raises to 330 Mio. This amount represents 6 % of the total amount dedicated to Reconstruction (5.5 billion). The rapporteur considers that this amount is justified for two reasons: the urgency of the needs and the efficiency already demonstrated by the new decentralised instrument (about 100 % of the available amount for Reconstruction have been committed by mid September).

Moreover, the EAR is about to serve as a model for the future executive agencies which would replace the TAOs.

Comitology

In its opinion on the first regulation establishing the European Agency for Reconstruction³, the Parliament opposed the Council's willingness to maintain its control over the new structure through a management committee.

In doing so, the Parliament looked at guaranteeing the executive powers granted to the Commission by the Treaty, in particular by article 274, and considered that the new Agency should act on behalf of the Commission and under its political and institutional responsibility with no double structure.

Moreover, the context of Kosovo placed under civil transitory administration represented by UNMIK is difficult enough to avoid to jeopardize the implementation with a complicated decision making process. However, the Council did not take this request into account and adopted the initial regulation.

Concrete difficulties and risks of delay in the decision making process were clearly raised by actors on the ground before the ad hoc delegation to Kosovo. It was pointed out that the benefit gained with decentralisation could be lost because of bureaucracy and recent efforts made to strengthen visibility and efficiency of the EU action would remain vain.

³ Pack report - A5-0013/1999

Point G of the recommendations⁴ states the following: *"the efficiency of the work done by the European Agency for Reconstruction may be jeopardised by the decision making process resulting from the current revised Regulation adopted by the Council despite the proposals made by the EP which had underlined such risks"* and point 14 points out that: *"the European Agency for Reconstruction should be given the ability to act as far as possible in a decentralised manner, without bureaucratic delays"*.

In conclusions, the Committee on Budgets:

- welcomes the amended proposals which revise the role of the committee responsible for assisting the Commission with the view of EU assistance in the Balkans, as requested by the Parliament, thus endorsing the responsibility of sound and efficient management in its role of budgetary authority;
- takes note of the proposal of € 5.5 billion for the financing of this programme over the period 2000-2006;
- asks the Commission to present a new financial statement after the evaluation of needs in Serbia;
- confirms the approach of the Commission that this amount is not compatible with the current Financial perspective and invites the Council to include the negotiations on this programme evaluation;
- asks the responsible committee to incorporate the following amendment in the text of the legislative resolution:

"considers that the multiannual envelope foreseen for this programme in the financial statement is not compatible with the current ceiling of the Financial Perspective without revision of the FP as proposed by the Commission according to articles 19, 20 and 21 of the Interinstitutional Agreement of 6 May 1999"

Justification:

According to article 67, paragraph 2, this paragraph should be incorporated into the legislative resolution considering that the procedure for the revision of the Financial Perspectives (COM(2000) 262) is not concluded".

⁴ PE 285.629

- considers that an operational centre of the Agency should be opened in Serbia when reconstruction process starts in this country. As a consequence, he sticks on the idea of concentrating the means on operational places.

AMENDMENTS

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

(Amendment 1) Recital 5

(5) The Treaty **does not** provide, for the adoption of this Regulation, powers **other than those** under Article 308,

(5) The Treaty **provides**, for the adoption of this Regulation, powers under Article 308 **and for its implementation, powers under article 274**,

Justification:

(The committee on budgets stresses that the management of an action which is paid for by Community funds should therefore be implemented by the Commission..)

(Amendment 2) Article 1

(1) The Commission **may delegate to an agency** implementation of the assistance provided for in Article 1 of Regulation [CARDS], initially in Kosovo and also in other parts of the Federal Republic of Yugoslavia (FRY) when conditions permit.

The European Agency for Reconstruction, hereinafter referred to as the 'Agency', shall be set up to that end with the aim of implementing the assistance referred to in the first subparagraph.

(2) Any decision to extend the Agency's activities to parts of the FRY other than Kosovo, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of

(1) The Commission **delegates its executive powers for** implementation of the assistance provided for in Article 1 of Regulation [CARDS] **to a decentralised agency**, initially in Kosovo and also in other parts of the Federal Republic of Yugoslavia (FRY) when conditions permit.

The European Agency for Reconstruction, hereinafter referred to as the 'Agency', shall be set up to that end with the aim of implementing the assistance referred to in the first subparagraph **under the responsibility of the Commission which will be responsible for the Agency's management before the European Parliament, the Court of Auditors and OLAF.**

(2) Any decision to extend the Agency's activities to parts of the FRY other than Kosovo, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of

Regulation [CARDS], shall be taken by the Council acting by a qualified majority on a proposal from the Commission. In the light of that decision, the Agency may establish other operational centres.

Regulation [CARDS], shall be taken by the Council acting by a qualified majority on a proposal from the Commission **and after consulting the European Parliament**. In the light of that decision, the Agency may establish other operational centres, **notably in Serbia**.

Justification:

The decision to extend the Agency's activities to other parts of the FRY are bound to political conditions which should be examined by EP. The future reconstruction of Serbia implies to foresee a centre for the EAR in this country.

(Amendment 3)

Article 2(1) and (2) (preambles)

1. To achieve the objective laid down in Article 1, the Agency shall carry out the following duties, **within the bounds of its powers and in accordance with the decisions taken by the Commission**:

2. Without prejudice **to any operations cofinanced in the framework** of the responsibilities **entrusted** to the Agency under Article 1, the Agency may implement reconstruction programmes and programmes for the return of refugees which the Member States and other donors entrust to it, inter alia under the arrangements for cooperation established by the Commission with the World Bank, international financial institutions and the European Investment Bank (EIB).

1. To achieve the objective laid down in Article 1, the Agency shall carry out the following duties **of the Commission**:

2. Without prejudice of the **executive responsibilities delegated** to the Agency under Article 1, the Agency may implement **and coordinate** reconstruction programmes and programmes for the return of refugees which the Member States and other donors entrust to it, inter alia under the arrangements for cooperation established by the Commission with the World Bank, international financial institutions and the European Investment Bank (EIB). **The Commission is responsible for providing regular information to the budgetary authority on the Donors' contributions to the reconstruction programme.**

Justification:

Experience of recent months has shown that the procedures imposed upon the European Agency for Reconstruction are complicated and create delays in the decision making process with the risk to jeopardize the efforts of efficiency and visibility. A more streamlined procedure under which the Commission can assume greater and more direct responsibility should be looked for.

(Amendment 4)
Article 3, 2nd paragraph

The operational centre of the Agency, which shall have a considerable degree of management autonomy, ***shall be established initially*** in Pristina ***in order to embark on the reconstruction work in Kosovo, drawing on the Agency's general services located at its seat in Thessaloniki.***

The operational centre of the Agency, which shall have a considerable degree of management autonomy, ***is decentralised*** in Pristina.

Justification:

Two seats would carry out duplication, delays and useless administrative cost. The ad hoc delegation to Kosovo has pointed the necessity for the Agency to work on the ground of reconstruction.

(Amendment 5)
Article 4(1) and (2)

1. The Agency shall have a Governing Board composed of ***one representative from each Member State*** and two representatives of the Commission.

2. The ***Member State representative*** shall be appointed ***by the Member State concerned, paying*** due regard to experience and qualifications relevant to the Agency's activities.

One of the two Commission representatives shall be a Member of the Commission.

1. The Agency shall have a Governing Board composed of ***five independent representatives appointed by the Commission after consultation of the committee referred to in article 8 (1) of the Regulation [CARDS]*** and two representatives of the Commission. ***The Commission shall be directly responsible for the Agency in respect of article 274 of the Treaty. It has the power to dismiss the Governing Board, after notifying with stating reasons, the European Parliament and the Council.***

2. The ***independent representatives*** shall be appointed ***with*** due regard to ***the*** experience and qualifications relevant to the Agency's activities.

One of the two Commission representatives shall be a Member of the Commission.

Justification:

The purpose of this amendment is to ensure that the composition of the Governing Board gives it the maximum independent expertise and to concentrate the executive powers on one single structure depending on the Commission.

(Amendment 6)

Article 4(7)

7. The **Commission and Member State** representatives on the Governing Board shall each have one vote.

Governing Board decisions shall be adopted by a two-thirds majority.

7. The **independent** representatives on the Governing Board shall each have one vote.

Governing Board decisions shall be adopted by a two-thirds majority.

Justification:

The same as for Amendment 6.

(Amendment 7)

Article 6(3)

3. The Agency's revenue shall comprise, without prejudice to other types of income, a subsidy from the general budget **of the European Union, payments made as remuneration for services performed and funding from other sources.**

3. The Agency's revenue shall comprise, without prejudice to other types of income, a subsidy from the general budget, **decided by the budgetary authority during the annual procedure and entered under a specific budget line.**

Justification:

Delegation of executive powers stresses the role of the budgetary authority. Since the budget 2000, the administrative and technical assistance to the programmes are entered in specific B...A lines with a ceiling decided annually.

(Amendment 8)

Article 7(4)

4. The Governing Board, after receiving the opinion of the Commission, shall adopt the budget of the Agency together with the work programme at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. ***The budget shall also specify the number, grade and category of staff employed by the Agency during the financial year in question.***

4. The Governing Board, after receiving the opinion of the Commission, shall adopt the budget of the Agency together with the work programme at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. ***For reasons of transparency, funds received from other sources than the Community Budget shall be entered separately in the Agency's revenue. The expenditure clearly distinguishes the administrative and staff costs from the operational costs of the programme.***

Justification:

The same as for Amendment 8. This amendment likewise stresses budgetary transparency and allows to evaluate the cost of administrative support.

(Amendment 9)

Article 10, 2nd paragraph

The Agency's staff shall consist of a strictly limited number of officials assigned or seconded by the Commission or Member States to carry out management duties. The remaining staff shall consist of other employees recruited by the Agency for a period strictly limited to its requirements.

The Agency's staff shall consist of a strictly limited number of officials assigned or seconded by the Commission or Member States to carry out management duties. The remaining staff shall consist of other employees recruited by the Agency for a period strictly limited to its requirements.

The Agency's establishment plan shall be published separately as part of the establishment plan of the Commission.

Justification:

Separate publication of the establishment plan will be in the interests of transparency.

22 September 2000

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

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

on the proposal for a Council regulation on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia and amending Regulation (EEC) No 3906/89 and concerning the European Agency for Reconstruction

(COM(2000) 281 - C5-0525/2000 - COM(2000) 628 – C5-0526/2000-2000/0111(CNS) – 2000/0112(CNS))

Draftsman: Bart Staes

PROCEDURE

The Committee on Budgetary Control appointed Bart Staes draftsman at its meeting of 11 July 2000.

It considered the draft opinion at its meetings of 28 August and 19 September 2000.

At the latter/last meeting it adopted the amendments below unanimously.

The following were present for the vote: Diemut R. Theato, chairman; Herbert Bösch, vice-chairman; Bart Staes, draftsman; Rijk van Dam, Michiel van Hulten, Anne Ferreira, Christopher Heaton-Harris, Helmut Kuhne, Brigitte Langenhagen, José Javier Pomés Ruiz, Gabriele Stauner, Bert Doorn (for Raffaele Costa), John Joseph McCartin (for Thierry B. Jean-Pierre) and Jan Mulder (for Lousewies van der Laan).

SHORT JUSTIFICATION

In December 1999 the Commission adopted a Communication on future assistance to the countries of the Western Balkans⁵, announcing its intention of proposing that the Council should adopt a new legal basis for assistance to the region.

A uniform legal basis for assistance to the countries of the Western Balkans

The purpose of the first proposal for a Council regulation is to create a uniform regulatory framework for assistance to the region. At present some countries are eligible for assistance under the Obnova Regulation while others receive it under the Phare Regulation. In some cases, both Regulations are even applicable to the same country. This proposal for a Regulation provides a single legal framework for assistance to the five countries concerned, and repeals Regulation (EC) No 1628/96⁶ (OBNOVA), last amended by Regulation (EC) No 2454/1999⁷, and the provisions in the annex to Regulation (EEC) No 3906/89⁸ (Phare) applicable to these countries.

The European Agency for Reconstruction

The European Agency for Reconstruction was set up by Regulation (EC) No 2454/1999 amending Regulation (EC) No 1628/96. The European Parliament delivered its opinion on 27 October 1999 (Pack report). The Commission proposes repealing the OBNOVA Regulation. Accordingly, the provisions concerning the establishment and functioning of the European Agency for Reconstruction need to be transferred to a new regulation.

A wasted opportunity

The ultimate purpose of the regulations with which we are concerned here must be to ensure that assistance from the European Union is provided quickly, flexibly and unbureaucratically, in close cooperation with the local population and local bodies. The European Parliament has repeatedly called for the effectiveness of EU assistance to be improved in comparison with that provided by USAID (United States Agency for International Development) and the World Bank. The EU's profile also needs to be raised in the peace process⁹.

The Commission proposal to create a uniform legal framework for assistance to the countries of the Western Balkans is certainly a step in the right direction. The proposal will unquestionably make the EU's operations in the region clearer and raise its profile there.

An opportunity has nonetheless been missed here. Council Regulation (EC) No 2454/1999 of 15 November 1999 amended the original OBNOVA Regulation, establishing a European Agency for Reconstruction. Both the European Parliament and the Commission were extremely critical of the Council during the preparatory stage. Apart from the division of the Agency's work between a seat in Thessaloniki and an operational centre in Pristina, the main

⁵ COM(1999) 661 final.

⁶ OJ L 204, 14.8.1996, p. 1.

⁷ OJ L 299, 20.11.1999, p. 1.

⁸ OJ L 375, 23.12.1989, p. 11.

⁹ See, inter alia, the Schwaiger report (A4-0123/98), p. 15.

objection concerned the Agency's structure.

The Council opted for a two-pronged approach entailing, on the one hand, a management committee operating under the management procedure referred to in Article 4 of Council Decision 1999/468/EC (the commitology decision)¹⁰ and, on the other hand, the setting-up of a Governing Board comprising one representative of each Member State and two representatives of the Commission.

In its opinion of 27 October 1999¹¹ the EP opposed this approach. It opted for an advisory committee and the setting-up of an advisory committee as referred to in Article 3 of the aforementioned commitology decision. The EP called for the Agency, as a Community instrument, to be set up in such a way that the Commission could retain its executive role pursuant to Article 274 of the Treaty on European Union and the Agency's effectiveness could be maximised. In its Opinion 6/99, the Court of Auditors was likewise very critical of the structure proposed by the Council.

Experience of recent months has shown that the criticisms were justified. It is gradually coming to be appreciated that we need to simplify the existing structures and render them more transparent and less cumbersome.

The report of the ad hoc delegation to Kosovo (31 May – 3 June 2000)¹² draws attention to the existing difficulties, particularly in sections 14 and 15 of the Recommendations: '14. points out that the CARDS regulation should clarify the different roles played by the institutions in the decision-making process, avoiding a double structure and preventing any delay in implementation, on the basis of commitology principles stated by the EP aiming in particular at strengthening the role of the Commission in accordance with Article 174 of the Treaty; 15. underlines that the European Agency for Reconstruction should be given the ability to act as far as possible in a decentralised manner, without bureaucratic delays'.

¹⁰ OJ L 184, 17.7.1999, p. 23.

¹¹ Pack report (A5-0013/1999).

¹² PE 285.629, 6 June 2000, p. 18.

AMENDMENTS

The Committee on Budgetary Control calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹³

Amendments by Parliament

REGULATION ON ASSISTANCE TO ALBANIA, BOSNIA AND HERZEGOVINA, CROATIA, THE FEDERAL REPUBLIC OF YUGOSLAVIA AND THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

(Amendment 1)

Recital 12

(12) The measures necessary for the implementation of this Regulation **are management measures within the meaning of Article 2** of Council Decision No 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, **and should be adopted in accordance with the management procedure provided for in Article 4 of that Decision. In the interests of faster implementation the threshold for consultation of the management committee should be set at EUR 10 million.**

(12) The measures necessary for the implementation of this Regulation **shall be adopted in accordance with Article 3** of Council Decision No 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, **in order to maximise the scope for the Commission to act in a decentralised manner without bureaucratic delay.**

Justification:

In one of its conclusions, the ad hoc delegation from the European Parliament which visited Kosovo from 30 May to 3 June 2000 called – with regard to the application of the comitology principles – for the role of the Commission to be enhanced and for the European Agency for Reconstruction to be given the opportunity to operate in as decentralised a manner as possible with a minimum of bureaucratic delay. Rather than Article 4 of the comitology decision, therefore, it would be appropriate to apply Article 3, and in particular the advisory procedure. In adopting the Pack report on the setting-up of the European Agency for Reconstruction, the EP in plenary adopted the same approach.

¹³ OJ C *.

(Amendment 2)

Article 7

1. *Financing decisions exceeding EUR 10 million shall be adopted in accordance with the procedure referred to in Article 8(2). The Committee shall be informed of all other financing decisions.* Deleted.
2. *Decisions amending decisions taken in accordance with the procedure referred to in Article 8(2) shall be adopted by the Commission without consulting the Committee where they do not comprise substantial changes to the nature of the original projects and operations and, as regards the financial element, where they do not exceed 20% of the total amount of the initial commitment, always provided the sum is not greater than EUR 8 million. The Committee shall be notified of all revised decisions.*

Justification:

As for Amendment 1.

(Amendment 3)

Article 8

- | | |
|---|--|
| <ol style="list-style-type: none">1. The Commission shall be assisted by <i>a management</i> committee composed of the representatives of the Member States and chaired by the representative of the Commission.2. Where reference is made to this paragraph, the <i>management</i> procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.3. <i>The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.</i>4. The Committee may examine any other question concerning the implementation of this Regulation which is submitted to it by the Chairman, <i>whether or not at the</i> | <ol style="list-style-type: none">1. The Commission shall be assisted by <i>an advisory</i> committee composed of the representatives of the Member States and chaired by the representative of the Commission.2. Where reference is made to this paragraph, the <i>advisory</i> procedure laid down in Article 3 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.3. The Committee may examine any other <i>general</i> question concerning the implementation of this Regulation which is submitted to it by the Chairman <i>in connection with the implementation of this Regulation.</i> |
|---|--|

request of the representative of a Member State, and in particular any question relating to the programming or general implementation of measures or to co-financing.

Justification:

As for Amendment 1.

REGULATION CONCERNING THE EUROPEAN AGENCY FOR RECONSTRUCTION.

(Amendment 1)

Article 1(2)

2. Any decision to extend the Agency's activities to parts of the FRY other than Kosovo, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of regulation [CARDS], shall be taken by the Council acting by a qualified majority on a proposal from the Commission. In the light of that decision, the Agency may establish other operational centres.

2. Any decision to extend the Agency's activities to parts of the FRY other than Kosovo, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of regulation [CARDS], shall be taken by the Council acting by a qualified majority on a proposal from the Commission ***and after consulting the European Parliament.*** In the light of that decision, the Agency may establish other operational centres.

Justification:

A decision to extend the Agency's activities to other parts of the FRY would be nothing if not political, which makes it appropriate for the Council to consult the European Parliament.

(Amendment 2)

Article 2(1), preamble

1. To achieve the objective laid down in Article 1, the Agency shall carry out the following duties, ***within the bounds of its powers and in accordance with the decisions taken by*** the Commission:

1. To achieve the objective laid down in Article 1, the Agency shall carry out the following duties, ***under the authority of*** the Commission:

Justification:

Experience of recent months has shown that the procedures imposed upon the European Agency for Reconstruction are too cumbersome. We should draw the appropriate conclusions from this and seek to secure the adoption of a more streamlined procedure under which the Commission can assume greater and more direct responsibility.

(Amendment 3)

Article 2(1)(c), preamble

(c) implementing the assistance referred to in Article 1, ***wherever possible*** in cooperation with the local population and where necessary by drawing on the services of operators selected by tender. The Commission may accordingly make the Agency responsible for all operations required to implement the programmes, including:

(c) implementing the assistance referred to in Article 1, in cooperation with the local population and where necessary by drawing on the services of operators selected by tender. The Commission may accordingly make the Agency responsible for all operations required to implement the programmes, including:

Justification:

The assistance provided by the EU will only have a positive impact in the long term if all cooperation involves the local population. The international community must at all costs avoid letting the local population feel patronised by the assistance.

(Amendment 4)

Article 2(2)

1. Without prejudice to any operations cofinanced in the framework of the responsibilities entrusted to the Agency under Article 1, the Agency ***may implement*** reconstruction programmes and programmes for the return of refugees ***which*** the Member States and other donors ***entrust to it***, inter alia under the arrangements for cooperation

1. Without prejudice to any operations cofinanced in the framework of the responsibilities entrusted to the Agency under Article 1, the Agency, ***acting under the authority of the Commission, shall concern itself with*** reconstruction programmes and programmes for the return of refugees ***and with coordination with*** the

established by the Commission with the World Bank, international financial institutions and the European Investment Bank.

Member States and *the programmes of* other donors, inter alia under the arrangements for cooperation established by the Commission with the World Bank, international financial institutions and the European Investment Bank *under the management and authority of the Commission, in which the executive powers are vested.*

Such implementation shall be subject to the following conditions:

- (a) the financing must be provided in full by the other donors;
- (b) the financing must cover any associated administrative costs;
- (c) the duration of these tasks must be compatible with the deadline for winding up the Agency set in Article 13.

Such implementation shall be subject to the following conditions:

- (a) the financing must be provided in full by the other donors;
- (b) the financing must cover any associated administrative costs;
- (c) the duration of these tasks must be compatible with the deadline for winding up the Agency set in Article 13.

Justification:

The rationale is the same as for previous amendments designed to enhance the role of the Commission.

(Amendment 5)
Article 3

The Agency shall have legal personality. It shall enjoy in each of the Member States the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and be a party to legal proceedings. The Agency shall be non-profit-making.

The Agency shall have legal personality. It shall enjoy in each of the Member States the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and be a party to legal proceedings. The Agency shall be non-profit-making, *with the proviso that all services performed on behalf of Member States or other donors shall be paid for in full by them.*

The operational centre of the Agency, which shall have a considerable degree of management autonomy, shall be established initially in Pristina in order to embark on the reconstruction work in

The operational centre of the Agency, which shall have a considerable degree of management autonomy, shall be established initially in Pristina in order to embark on the reconstruction work in Kosovo, drawing on the Agency's general

Kosovo, drawing on the Agency's general services located at its seat in Thessaloniki.

services located at its seat in Thessaloniki.

(Amendment 6)
Article 4

1. The Agency shall have a Governing Board composed of one representative from each Member State and two representatives of the Commission.

1. The Agency shall have a Governing Board composed of one representative from each Member State and two representatives of the Commission.

1a. The Governing Board shall elect an Executive Committee consisting of five members of the Governing Board. The two Commission representatives shall sit on the Executive Committee of the Governing Board.

1b. The Executive Committee shall act promptly on the authority of the Governing Board to which it shall also be accountable.

2. The Member State representative shall be appointed by the Member State concerned, paying due regard to experience and qualifications relevant to the Agency's activities.

2. The Member State representative shall be appointed by the Member State concerned, paying due regard to experience and qualifications relevant to the Agency's activities.

One of the two Commission representatives shall be a Member of the Commission.

One of the two Commission representatives shall be a Member of the Commission.

Justification:

The aim of this amendment is to increase the flexibility, speed and efficiency of the Agency.

(Amendment 7)

Article 4(5)

5. The EIB shall appoint a non-voting observer.

5. The EIB **and ECHO** shall appoint a non-voting observer.

Justification:

ECHO plays an important role on the ground and, like the EIB, could make a positive contribution if it were permanently represented on the Governing Board.

(Amendment 8)

Article 4(9)

9. The Governing Board shall be convened by the Chairman **every month**. It shall also be convened at the request of the Agency's Director or at least a simple majority of its members.

9. The Governing Board shall be convened by the Chairman **once every three months**. It shall also be convened at the request of the Agency's Director or at least a simple majority of its members.

Justification:

The Governing Board's tasks should be limited to setting only main principles. Meeting more frequently results in unnecessary meddling in the Agency's daily tasks.

(Amendment 9)

Article 4(11)

11. The Governing Board shall lay down the principles necessary for implementing the reconstruction programmes. **On a proposal from the Director, the Board** shall decide on the main issues relating to the Agency's activities, including:

- (a) the draft programmes to be submitted to the Commission;
- (b) methods of evaluating and properly implementing the projects;
- (c) proposals for programmes by other

11. The Governing Board shall lay down the principles necessary for implementing the reconstruction programmes. **The** Director, shall decide on the main issues relating to the Agency's activities, including:

- (a) the draft programmes to be submitted to the Commission;
- (b) methods of evaluating and properly implementing the projects;
- (c) proposals for programmes by other

donors for possible implementation by the Agency;

(d) setting the multiannual contractual framework with the provisional authority responsible for the administration of Kosovo, for implementation of the assistance referred to in Article 1(3) of Regulation [CARDS] and adopted in accordance with Article 8(2) of the same Regulation;

(e) finalisation, any adjustments to, and implementation of projects;

(f) whether representatives of the countries and organisations delegating implementation of their programmes to the Agency should be present as observers on the Governing Board.

donors for possible implementation by the Agency;

(d) setting the multiannual contractual framework with the provisional authority responsible for the administration of Kosovo, for implementation of the assistance referred to in Article 1(3) of Regulation [CARDS] and adopted in accordance with Article 8(2) of the same Regulation;

(e) finalisation, any adjustments to, and implementation of projects;

(f) whether representatives of the countries and organisations delegating implementation of their programmes to the Agency should be present as observers on the Governing Board.

The Director shall be answerable to the Governing Board.

Justification:

The Governing Board's tasks should be limited to setting only main principles. Management decisions should be left to the Director, who is answerable to the Governing Board

(Amendment 10)
Article 7(4)

4. The Governing Board, after receiving the opinion of the Commission, shall adopt the budget of the Agency together with the work programme at the beginning of each financial year, adjusting *it* to the various contributions ***granted*** to the Agency ***and to funds from other sources***. The budget shall also specify the number, grade and category of staff employed by the Agency during the financial year in question.

4. The Governing Board, after receiving the opinion of the Commission, shall adopt the budget of the Agency together with the work programme at the beginning of each financial year, adjusting ***the budget*** to the various contributions ***allocated*** to the Agency ***by the budgetary authority***. ***For reasons of budgetary transparency, funds received from sources other than the Community budget shall be entered separately in the Agency's revenue. On the expenditure side, administrative and staff costs shall be clearly distinguished from the operational costs of the programme***. The budget shall also specify the number, grade and category of staff

employed by the Agency during the financial year in question.

Justification:

This amendment likewise stresses budgetary transparency.

(Amendment 11)

Article 10

The Agency's staff shall be subject to the rules and regulations applicable to officials and other servants of the European Communities. The Governing Board, in agreement with the Commission, shall adopt the necessary implementing rules.

The Agency's staff shall be subject to the rules and regulations applicable to officials and other servants of the European Communities. The Governing Board, in agreement with the Commission, shall adopt the necessary implementing rules.

The Agency's staff shall consist of a strictly limited number of officials assigned or seconded by the Commission or Member States to carry out management duties. The remaining staff shall consist of other employees recruited by the Agency for a period strictly limited to its requirements.

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The Agency's establishment plan shall be published separately as part of the establishment plan of the Commission.

Justification:

Separate publication of the establishment plan will be in the interests of transparency.

(Amendment 12)

Article 11

The Governing Board shall decide on the Agency's accession to the Interinstitutional Agreement on internal investigations by the European Anti-Fraud Office (OLAF). It shall adopt the provisions necessary for the conduct of internal investigations by OLAF.

The Agency shall be subject to inspection by OLAF with a view to protecting the interests of the Community. Without prejudice to European Parliament and Council Regulation (EC) No 1074/99, of 25 May 1999, concerning the investigations conducted by OLAF, the Governing Board shall lay down the conditions and procedures for such inspections within the Agency.

Financing decisions and any implementing instrument or contract arising therefrom shall expressly provide that the Court of Auditors and OLAF may, if necessary, carry out on-the-spot checks on recipients of Agency funds and on the intermediaries distributing them.

Financing decisions and any implementing instrument or contract arising therefrom shall expressly provide that the Court of Auditors and OLAF may, if necessary, carry out on-the-spot checks on recipients of Agency funds and on the intermediaries distributing them.

Justification:

An institution under the direct responsibility of the Commission must be subject to this agreement.

25 October 2000

**OPINION OF THE COMMITTEE ON INDUSTRY,
EXTERNAL TRADE, RESEARCH AND ENERGY**

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

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

on the amended proposal for a Council regulation concerning the European Agency for
Reconstruction

(COM(2000) 628 – C5-0526/2000 – 2000/0112((CNS))

Draftsman: Carlos Westendorp y Cabeza

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Carlos Westendorp y Cabeza draftsman at its meeting of 12 October 2000.

It considered the draft opinion at its meeting of 24 October 2000

At the latter meeting it adopted the amendments below by 51 votes to 1, The following were present for the vote: Carlos Westendorp y Cabeza, chairman and draftsman; Renato Brunetta Nuala Ahern and Peter Michael Mombaur., vice-chairmen; Konstantinos Alyssandrakis, Maria del Pilar Ayuso González for Michel Hansenne, Guido Bodrato, Renato Brunetta, Massimo Carraro, Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Dorette Corbey (for Claude J.-M.J. Desama), Harlem Désir, Concepció Ferrer, Christos Folias, Glyn Ford, Norbert Glante, Malcolm Harbour, Philippe A.R. Herzog, Hans Karlsson, Hans Kronberger (for Daniela Raschhofer pursuant to Rule 153(2)), Helmut Kuhne (for François Zimeray), Bernd Lange (for Elena Valenciano Martínez-Orozco), Werner Langen, Peter Liese (for Umberto Scapagnini), Rolf Linkohr, Caroline Lucas, Marjo Tuulevi Matikainen-Kallström, Eryl Margaret McNally, Angelika Niebler, Reino Kalervo Paasilinna, Yves Piétrasanta, Elly Plooij-van Gorsel, Samuli Pohjamo (for Astrid Thors), John Purvis, Godelieve Quisthoudt-Rowohl, Alexander Radwan for Konrad K. Schwaiger, Imelda Mary Read, Mechtild Rothe, Christian Foldberg Rovsing, Paul Rübig, Ilka Schröder, Esko Olavi Seppänen, Claude Turmes (for Nelly Maes), Jaime Valdivielso de Cué, W.G. van Velzen, Alejo Vidal-Quadras Roca, Dominique Vlasto, Anders Wijkman, Myrsini Zorba.

SHORT JUSTIFICATION

Council Regulation (EC) N° 1628/96 of 25 July 1996 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia (Obnova Regulation)¹⁴ provided the legal base for the EU to extend external aid to individual countries of the former Federal Republic of Yugoslavia. Community funding took the form of grants and this amount was of the order of ECU 400 million for the period from 1996 to 1999 for projects, programmes and co-operation schemes for reconstruction, return of refugees and displaced persons. Economic and regional co-operation was particularly stressed.

Following the bombardment of Serbia to stop ethnic cleansing in Kosovo and the ensuing displacement of refugees and destruction of infrastructure, the EU set up the European Agency for Reconstruction by amending Regulation (EC) 1628/96 via the adoption of Council Regulation (EC) N° 2454/1999 (Agency Regulation)¹⁵ amending Regulation (EC) N° 1628/96 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia, by the setting up of a European Agency of Reconstruction. The Agency was charged with responsibility for implementing the reconstruction programmes, initially in Kosovo. The Agency's mandate allowed it to manage not only Community aid but also other donors' assistance seeking to contribute to the reconstruction of the region.

The Commission proposal under consideration has introduced a limited number of changes to the Agency regulation (2454/1999), focusing mainly on two issues. Firstly, the procedure adopting the reconstruction programmes. The Agency proposes the appropriate reconstruction programmes to the Commission. If the latter adopts them, there will be no need to be reviewed by the management committee. Secondly, the operational mandate of the Agency is changed.

The draftsman has proposed a number of amendments together with their justification seeking to improve the proposal of the Commission in three aspects. The first has to do with the scope of the proposal, in accordance with the Council's declaration at its meeting in Luxembourg on 9 October 2000, the Agency will implement assistance in the Federal Republic of Yugoslavia (not only in Kosovo as proposed). The second aspect has to do with the functions of the Agency. And the third aspect covers the role of the institutions - mainly the European Parliament - in the budgetary field and in cases of possible modifications that may be deemed necessary in the near future.

¹⁴ OI L204, 14.8.1996 pp. 1-5

¹⁵ OI L299, 20.11.1999 pp. 1-8

AMENDMENTS

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

Text proposed by the Commission¹⁶

Amendments by Parliament

(Amendment 1)
Recital (5)

(5) The European Council which met in Feira on 19 and 20 June 2000 emphasised that the Agency as an authority implementing the future CARDS programme should be allowed to use its full potential in order to achieve the goals set out by the European Council in Cologne.

(5) The European Council which met in Feira on 19 and 20 June 2000 emphasised that the Agency as an authority implementing the future CARDS programme should be allowed to use its full potential in order to achieve the goals set out by the European Council in Cologne, ***and it also stated that a democratic and cooperative Federal Republic of Yugoslavia living in peace with its neighbours would be a welcome member of the European family of democratic nations.***

Justification:

This amendment simply completes the elements missing in the recital, which concern the FRY and are stated in the Presidency Conclusions.

(Amendment 2)
Recital (5a) (new)

(5a) The General Affairs Council meeting in Luxembourg on 9 October 2000 decided to allow the Federal Republic of Yugoslavia to benefit from the CARDS programme and that the activities of the European Agency for Reconstruction will be extended to the Federal Republic of Yugoslavia.

Justification:

It seeks to update the reasoning of the previous recitals and to state the main decisions made

and commitments undertaken by the General Affairs Council.

(Amendment 3)
Recital 6 (a) new

(6a) The European Parliament has reiterated its position that, in future, a new legal base should be created, taking into account the responsibilities of the institutions and the co-decision procedure which is the only appropriate procedure given the political and budgetary importance of such programmes.

Justification:

This amendment re-states the position of the European Parliament as expressed in its resolutions on the IGC.

(Amendment 4)
Article 1 (1)

1. The Commission may delegate to an agency implementation of the assistance provided for in Article 1 of Regulation [CARDS], initially in ***Kosovo and also in other parts of*** the Federal Republic of Yugoslavia, ***when conditions permit.***

The European Agency for Reconstruction, hereinafter referred to as the 'Agency', shall be set up to that end with the aim of implementing the assistance referred to in the first subparagraph.

1. The Commission may delegate to an agency implementation of the assistance provided for in Article 1 of Regulation [CARDS], ***initially in the Federal Republic of Yugoslavia.***

The European Agency for Reconstruction, ***the authority designated, in this respect, as the implementing instrument for the CARDS Programme,*** hereinafter referred to as the 'Agency', shall be set up to that end with the aim of implementing the assistance referred to in the first subparagraph.

Justification:

The amended proposal was adopted by the Commission prior to the election of Mr Kostunica as President of the FRY, which marked a turning point for the relations of the FRY with the EU and thus led to the declaration by the General Affairs Council meeting in Luxembourg on 9 October. The Council decided then to extend the activities of the Agency to the FRY

(Amendment 5)

Article 1 (2)

2. Any decision to extend the Agency's activities to **parts of the FRY other than Kosovo**, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of Regulation [CARDS], shall be taken by the Council acting by a qualified majority on a proposal from the Commission. In the light of that decision, the Agency may establish other operational centres.

2. Any decision to extend the Agency's activities to **beneficiary countries of the CARDS Programme other than the FRY**, including decisions on the arrangements for determining the bodies referred to in Article 1(2) of Regulation [CARDS shall be taken by the Council acting by a qualified majority on a proposal from the Commission, **after consulting the European Parliament**. In the light of that decision, the Agency may establish other operational centres.

Justification:

If the amendment to article 1(1) is adopted then part of this paragraph is rendered inapplicable, and the institutional balance should be respected

(Amendment 6)

Article 2 (1b)

(b) preparing draft programmes for the reconstruction of **Kosovo** and the return of refugees in accordance with guidelines provided by the Commission;

(b) preparing draft programmes for the reconstruction of **the Federal Republic of Yugoslavia** and the return of refugees in accordance with guidelines provided by the Commission;

Justification:

It follows from the previous amendments on extending the activities of the Agency to the FRY.

(Amendment 7)

Article 2 (2)

2. Without prejudice to any operations cofinanced in the framework of the responsibilities entrusted to the Agency under Article 1, the Agency may implement reconstruction programmes and programmes for the return of refugees which the Member States and other donors entrust to it, inter alia under the arrangements for cooperation established

2. Without prejudice to any operations cofinanced in the framework of the responsibilities entrusted to the Agency under Article 1, the Agency may implement reconstruction programmes and programmes for the **restoration of civil society and the rule of law and for the** return of refugees which the Member States and other donors entrust to it, inter

by the Commission with the World Bank, international financial institutions and the European Investment Bank (EIB).

Such implementation shall be subject to the following conditions:

- (a) the financing must be provided in full by the other donors;
- (b) the financing must cover any associated administrative costs;
- (c) the duration of these tasks must be compatible with the deadline for winding up the Agency set in Article 13.

alia under the arrangements for cooperation established by the Commission with the World Bank, international financial institutions and the European Investment Bank (EIB).

Such implementation shall be subject to the following conditions:

- (a) the financing must be provided in full by the other donors;
- (b) the financing must cover any associated administrative costs;
- (c) the duration of these tasks must be compatible with the deadline for winding up the Agency set in Article 13.

Justification:

This amendment is inspired by the decision of the General Affairs Council meeting in Luxembourg on 9 October to extend its humanitarian aid programmes to displaced persons and to refugees from the former Yugoslavia and from the resolution of Parliament of 13 April 2000 on stabilisation and association process.

(Amendment 8)
Article 4 (8)

8. The Governing Board shall determine by unanimous decision the rules governing the languages used by the Agency.

Deleted

Justification:

This amendment seeks to avoid unnecessary discussions and make assistance effective.

(Amendment 9)
Article 4 (9)

9. The Governing Board shall be convened by the Chairman whenever necessary, and at least **three** times per year. It shall also be convened at the request of the Agency's Director or at least **a simple majority** of its members.

9. The Governing Board shall be convened by the Chairman whenever necessary, and at least **six** times per year. It shall also be convened at the request of the Agency's Director or at least **two-thirds** of its members.

Justification:

The 'two-thirds rule' seems to be democratic and less abusing. Meetings should be convened whenever there is a real need, not pure zeal by a simple majority.

(Amendment 10)
Article 4 (10) (c) (ia) (new)

(ia) methods of evaluating and properly implementing the projects included in the draft programmes;

Justification:

The extra activity of the Agency is important to any body requested to implement efficiently and speedily external aid adapted to the characteristics of the region in question. It was included in the May text (see COM(2000)281, proposal on Agency, article 4, paragraph 11(b)), but is now missing in the amended proposal.

(Amendment 11)
Article 4 (10)(c) (ib) (new)

(ib) finalisation, any adjustments to, and implementation of projects;

Justification:

This amendment restores the provision of Regulation 2454/1999, and which this draft regulation is intended to replace. Given that the Agency has already proved in practice to have functioned with speed and efficiency, it would appear appropriate to maintain the same provisions.

(Amendment 12)
Article 4 (10a) (new)

10a. The Governing Board shall lay down the principles governing the award of contracts by calls for tender.

Justification:

This responsibility was included in the May text of the Commission (see COM(2000)281, proposal on Agency, article 4, paragraph 12), but left out in the amended proposal. The power of the Agency's Board to lay down the principles governing the award of contracts is basic and necessary for its efficiency.

(Amendment 13)

Article 5 (1)

1. The director of the Agency shall be appointed by the Governing Board on a proposal from the Commission for a term of office of thirty months. The term of office may be terminated by the same procedure.

The Director shall be responsible for:

- (a) preparing the draft annual programme for reconstruction referred to in Article 4(10)(b);
- (b) preparation and organisation of the work of the Governing Board;
- (c) day-to-day administration of the Agency;
- (d) preparation of the statement of revenue and expenditure and execution of the Agency's budget;
- (e) preparation and publication of the reports specified in this Regulation;
- (f) all staff matters;
- (g) implementation of the Governing Board's decisions and guidelines laid down for the Agency's activities.

1. The director of the Agency shall be appointed by the Governing Board on a proposal from the Commission, **after consulting the European Parliament**, for a term of office of thirty months. The term of office may be terminated by the same procedure.

The Director shall be responsible for:

- (a) preparing the draft annual programme for reconstruction referred to in Article 4(10)(b);
- (b) preparation and organisation of the work of the Governing Board;
- (c) day-to-day administration of the Agency;
- (d) preparation of the statement of revenue and expenditure and execution of the Agency's budget;
- (e) preparation and publication of the reports specified in this Regulation;
- (f) all staff matters;
- (g) implementation of the Governing Board's decisions and guidelines laid down for the Agency's activities.

Justification:

The amendment echoes the practice of and principles stated by the European Parliament in all previous events of confirmation hearings that the Head of a Community body should only be appointed after consulting the EP or after a confirmation hearing.

(Amendment 14)

Article 7 (1)

1. The Director shall establish each year a draft budget for the Agency covering administrative expenditure and the proposed operational programme for the following financial year, and shall submit it to the Governing Board.

1. The Director shall establish each year a **preliminary** draft budget for the Agency covering administrative expenditure and the proposed operational programme for the following financial year, and shall submit it to the Governing Board.

Justification:

The need for clarification of the competencies of the Director of the Agency and of the Governing Board as regard the budgetary procedure of the Agency demands the clarification proposed.

(Amendment 15)

Article 7 (2)

2. On this basis, the Governing Board shall adopt a draft budget for the Agency by 15 February of each year at the latest, and shall submit it to the Commission.

2. On this basis, the Governing Board shall adopt a draft budget for the Agency **before the end of January** of each year at the latest, and shall submit it to the Commission.

Justification:

The need to reduce excess of bureaucracy, the risk of overlapping and interest in a coherent approach of all EU external assistance to third countries justify to concentrate in the Commission the competence to decide on the proposal for the appropriations to be entered in the EU PDB in favour of the Agency. For this reason it is necessary to anticipate the deadline proposed by the Commission.

(Amendment 16)

Article 7 (4)

4. The Governing Board, after receiving the opinion of the Commission, shall adopt the Agency budget together with the work programme at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. The budget shall also specify the number, grade and category of staff employed by the Agency during the financial year in question

4. The Commission, after receiving the Draft Budget and the proposals on the annual work programme from the Governing Board, shall adopt the Agency budget together with the work programme at the beginning of each financial year, adjusting it to the various contributions granted to the Agency and to funds from other sources. The budget shall also specify the number, grade and category of staff employed by the Agency during the financial year in question

Justification:

The Commission shall take the final decision as regards the budget of the Agency and its work programme.

(Amendment 17)

Article 13

Once the Commission considers that the Agency has fulfilled the mandate described in Article 1, it shall submit to the Council a proposal for the winding up of the Agency. In any event, at least six months before this Regulation expires, the Commission shall submit a proposal to the Council on the status of the Agency.

Once the Commission considers that the Agency has fulfilled the mandate described in Article 1, it shall submit to the Council a proposal for the winding up of the Agency. In any event, at least six months before this Regulation expires, the Commission, **after consulting the European Parliament,** shall submit a proposal to the Council on the

status of the Agency.

Justification:

This amendment seeks to rectify a misunderstanding. Neither the creation, nor the winding up of a Community body should be decided upon without the full involvement of the European Parliament. Otherwise the democratic deficit would increase further.