

RESOLUTION

containing the comments which form part of the Decision giving discharge to the Commission in respect of the implementation of the general budget of the European Communities for the 1993 financial year

THE EUROPEAN PARLIAMENT,

- having regard to Article 206 of the Treaty establishing the European Community,
- having regard to Article 89 of the Financial Regulation of 13 March 1990 ⁽¹⁾ under which each Community institution is required to take all appropriate steps to take action on the comments appearing in the Decisions giving discharge,
- whereas, under the same article, the institutions are also required to report, at Parliament's request, on the measures taken in the light of these comments and, in particular, on the instructions given to those of their departments which are responsible for the implementation of the budget,
- having regard to the Council recommendation of 20 March 1995 (C4-0099/95),
- having regard to the report of the Committee on Budgetary Control (A4-0059/95),

General Issues

1. Insists that the presentation of the Court of Auditors' annual report in plenary should provide the media and public opinion in the Member States with a balanced picture of the implementation of the budget in any given year, an aim to which Parliament attaches the greatest importance;
2. Calls upon the Commission and the Court of Auditors to provide by 15 November each year information concerning the implementation of:
 - (a) budget headings the remarks against which were amended by Parliament during the previous year's budgetary procedure;
 - (b) new headings created by Parliament, with particular reference to the 'Joint declaration by the European Parliament, the Council and the Commission of 30 June 1982 on various measures to improve the budgetary procedure' ⁽²⁾ (Title IV, paragraph 3 (c)), which stipulates that, in the absence of a basic regulation for the implementation of significant new Community actions, the

Council and Parliament undertake to use their best endeavours to adopt a draft regulation (to be presented by the Commission by the end of January) not later than the end of May;

3. Instructs its specialized committees to monitor closely the implementation of each year's budget, attaching particular importance to:
 - headings whose remarks were amended by Parliament,
 - new headings created by Parliament;
4. Reiterates its demand in its resolution of 29 October 1992 on the 1993 draft budget — Section III — Commission ⁽³⁾ that the Commission implement budget items, in particular in those areas where Parliament has amended the Council's draft budget, without delay and reiterates that, if this is not the case, Parliament reserves the right to take every step within its power to enforce the implementation of specific budget items;
5. Draws attention in this connection to the Commission's answers on the 29 budget items on which the rapporteur put questions to the Commission on the use of appropriations; notes that the Commission has not acted on all the observations adopted by the budgetary authority, as for instance in the following headings:
 - B2-517: not implemented, allegedly because there is no legal basis, although specific measures are admissible on the basis of the 1982 joint declaration,
 - B3-4011: ETUC not accounted for, only ECU 0,5 million instead of ECU 2,5 million for Social Euro-Info-Centres,
 - B3-4310: only ECU 1,2 million instead of ECU 2 million for SMEs,
 - B5-3051: no details of expenditure for 1993,
 - B5-411: not implemented because of insufficient money and because it was too early for action,
 - B6-8106: no details on the use of appropriations;

⁽¹⁾ OJ No L 70, 16. 3. 1990, p. 1.
⁽²⁾ OJ No C 194, 28. 7. 1982.

⁽³⁾ OJ No C 305, 23. 11. 1992, p. 135.

6. Asks the Commission, for the sake of transparency, to provide the budgetary authority with full and adequate explanations as regards proposed transfers of appropriations, in the absence of which those transfers will be rejected;
7. Asks the Court in future to confine itself to publishing its observations and each institution's replies thereto without repeating the innovation in its 1993 report of publishing a reply to Parliament's reply; regrets moreover that the Court truncated the replies of Parliament's financial controller and insists that in future the Court publish the replies of financial controllers in their entirety;
8. Deplores the role played by Council in a number of sectors (e.g. milk quotas, wine), whereby Decisions were taken on the basis of political criteria and in disregard of the needs of the markets and of the interests of European taxpayers;
9. Asks the Court of Auditors in future to include in its annual reports an analysis of overrule decisions in each institution;
10. Reiterates in the interest of good interinstitutional cooperation its demand that the Council adopt its recommendation on the discharge in time for Parliament to take it into consideration;
11. Reiterates its demand that the presentation of the Council's recommendation to the Committee on Budgetary Control be made by a political representative of the Council presidency, who will be able to assume political responsibility for its content;
12. Deplores the fact that the establishment of the large internal market has not been accompanied by greater harmonization of checks designed to safeguard the financial interests of the Community against fraud; invites, in this respect, the Commission to propose relevant measures with a view to:
- harmonizing and coordinating the customs departments' post-clearance verifications,
 - facilitating these checks by allowing these departments access, where necessary, to the computerized databases of other Member States,
 - assigning supervision of these checks and responsibility for them to the Commission;
13. Calls on the Commission to report to the European Parliament on the extent and nature of frauds committed under the Community transit procedure;
14. Calls upon it to take all necessary measures to computerize the management of this system;
15. Asks the Commission, in accordance with Article 8 of Council Decision 94/728/EC, Euratom, of 31 October 1994 on the system of the Community's own resources⁽¹⁾, to submit proposals aimed at improving and harmonizing the GNP bases and providing for the relevant checks;
- Agriculture spending*
16. Deplores the continuing underutilization of appropriations intended for cofinancing of national controls and anti-fraud measures in the area of EAGGF expenditure; calls upon the Member States to inform the Commission by 1 July 1995 on the use made of these funds since 1990;
17. Asks the Commission to inform it about the measures it has taken so far to implement the conclusions of the Court of Auditors' special report No 8/93 on tobacco⁽²⁾;
18. Deplores the fact that, in spite of Community payments of ECU 59,6 million at the end of 1992 for the establishment of the vineyard register, this would not be operative in all wine-producing Member States until 1997; calls upon the Commission, in the context of the proposed reform of the wine sector currently under consideration, to make the establishment of a satisfactory vineyard register a precondition for payments to Member States as from 1 January 1998;
19. Asks the Commission to take the necessary measures to strengthen the body of specific officials responsible for ensuring uniform implementation of the wine rules throughout the Community, preferably by way of redeployment; in the event of additional recruitments for this body appointments should be made on the basis of medium-term (three to five years) rather than short-term arrangements;
20. Regrets the lack of cooperation and the obstructionism shown by the national authorities in France, Italy and Greece towards the body of specific Community officials; asks the Council to ensure that the three Member States concerned include in their reports on the implementation of Article 209a of the EC Treaty adequate and appropriate explanations on the matter;
21. Asks the Court of Auditors to follow closely the establishment and functioning of the new common organization of the market in wine and to publish its findings in its annual report;

⁽¹⁾ OJ No L 293, 12. 11. 1994, p. 9.

⁽²⁾ OJ No C 65, 2. 3. 1994.

22. Asks the Commission to complete the process of harmonizing the conditions applicable to Community intervention, referred to in paragraph 5.6 of the Court's observations in special report No 3/94 on beef and the Commission's replies, and to inform Parliament by 1 November 1995 of the progress achieved;
23. Calls on the Commission to act on the Court's recommendations concerning stock management and control organization in the beef sector in all Member States, with particular reference to improving the reliability of stock controls;
24. Asks the Court of Auditors to audit the reform of the beef and veal sector, which came into effect in January 1993 after a period sufficient to allow it to draw valid conclusions, in particular as regards the impact of the reform on structural surpluses, and to publish its findings;
25. Urges the Commission to use its full powers under the Treaties to ensure that the Danish authorities heed their control obligations with respect to agricultural spending and to inform Parliament by 30 September 1995 on the action taken and the result achieved;
- Structural funds*
26. Takes the view that, despite the 1993 reform, the problems experienced in implementing the structural policies could be solved if the rules in force were amended or supplemented; calls therefore on the Commission to propose measures aimed at:
- ensuring that the Community support frameworks (CSF) and operational programmes include an annex specifying the types of measure and the expenditure eligible for Community support,
 - providing for the establishment and regular updating of a typology of costs for the European Social Fund;
 - assigning to the Monitoring Committees precisely defined powers to select specific measures within an operational programme or a single programming document (DOCUP),
 - establishing the binding nature of the deadlines laid down in Article 21 of Regulation (EEC) No 4253/88⁽¹⁾, as amended by Regulation (EEC) No 2082/93⁽²⁾, for the payment of advances and the balance, and making this requirement subject to a penalty,
 - establishing a requirement for advances to be deposited with the Treasury of the Central Bank at rates linked to predetermined parameters,
 - ensuring that the interest generated by advances is used for the objectives of the programme receiving funding,
 - make payment of the balance of the annual tranche subject to prior delivery of the report provided for in Article 25 (4) of Regulation (EEC) No 4253/88, as amended by Regulation (EEC) No 2082/93, which should contain a minimum of essential information (material progress of the operation, broken down by sectors and tranches, list of specific projects financed, supporting documents, impact assessment);
27. Is opposed to the practice of conferring the task of implementing Community programmes on external consultancies; calls on the Commission to submit to Parliament a communication detailing, with regard to the 1993 financial year, which external consultancy has been given the task of implementing each programme and what implementing budget was paid to each consultancy;
28. Calls on the Commission to set up a coordinating body, which will centralize information and have decision-making powers or the power to deliver binding opinions *vis-à-vis* the other services involved, thus substantially improving the functioning of the Commission's services;
29. Notes that the new rules governing the Funds have made for better evaluation methods, but asks that, on the basis of the prior assessment carried out at the time of the drafting of the CSFs, the Commission on a future occasion carry out an assessment of the (long-term) structural impact of the Funds;
30. Recalls the importance of devising a strategy to optimize the effective use of appropriations earmarked for technical assistance, which should be properly incorporated into the programming stage in line with EU legislation and EU policy;
31. Notes the announcement by the Commission that it will launch an investigation into assets which have been privatized after having benefited from Structural Fund finances; calls on the Commission to ensure that a report is submitted to Parliament on the outcome of the inquiry;

⁽¹⁾ OJ No L 374, 31. 12. 1988, p. 1.

⁽²⁾ OJ No L 193, 31. 7. 1993, p. 20.

32. Notes that the information available to the Commission regarding irregularities should be improved by the provisions of Article 23 of the coordination regulation and of Regulation (EEC) No 1681/94⁽¹⁾ on irregularities, but notes, on the other hand, the shortcomings of the on-the-spot checks carried out by the Commission and the national monitoring services; calls on the Commission consequently:
- to improve its on-the-spot checks by an increase in their number, better coordination of the various monitoring services, delegation to the national monitoring bodies and prior risk analysis to enable checks to be more effectively targeted,
 - to take action in the context of the partnership arrangements to reinforce national monitoring systems and to propose an amendment to the rules providing for the application of Article 24 of Regulation (EEC) No 4253/88, as amended by Regulation (EEC) No 2082/93, in the event of the national system being inadequate,
 - to ensure that more initiatives are taken by UCLAF, with more attention being paid, for example, to the extension of European exchange programmes for national inspectors, the development of European training projects for such inspectors and the fixing, in cooperation with national services, of Community inspection priorities;
33. Calls on the Court of Auditors to submit to it a special report on fraud and irregularities in the sphere of the Structural Funds;
34. Calls on the Commission to present, by 30 September 1995, a report on the irregularities in the new German *Länder* containing the following information:
- the percentage of irregularities in relation to the number of cases investigated (number and sums involved),
 - the sums subject to the Article 24 procedure,
 - the sums to be recovered and those already recovered,
 - irregularities detected by the Commission and the Court of Auditors, on the one hand, and those notified by the national authorities in application of the Regulation on irregularities (EC) No 1681/94;
- Research and internal policies*
35. Calls on the Court of Auditors to widen the scope of the remarks in its annual report to cover not only the research sector but also all internal policies;
36. Regrets in particular that it is not possible for the Court of Auditors to monitor expenditure under social budget items on a regular basis; therefore calls on the Court of Auditors to make the necessary staff available so that these budget items can also be subject to the Court's financial scrutiny;
37. Has learnt with disappointment of the failure to achieve the objective of creating 100 000 apprenticeships for young people which the Commission had set itself under the Petra programme (1992 to 1994);
38. Calls on the Commission to step up measures aimed at coordinating national and Community research policies, in order to create the synergy needed to improve the competitiveness of the Community economy, particularly in the following sectors:
- special appropriations for coordination using a uniform strategy to identify the specific initiatives to be adopted on the basis of a cost/desirability analysis,
 - concerted actions, which have a far higher multiplier effect than direct and shared-cost actions,
 - cost, so far limited to a minimal percentage of annual Community investment;
39. Calls on the Commission to present the results of coordination of research policies of the Member States in the report pursuant to Article 130p of the EC Treaty;
40. Calls on the Commission to take action on the observations of the Court of Auditors' annual report, in paragraphs 11.13, 11.14, 11.15 and 11.16, on the harmonization of contract application procedures, the follow-up of dormant commitments and the auditing of costs;
41. Formally calls on the administration of the Joint Research Centre to stop forthwith the practice of automatically generating supplementary commitment proposals where payments are higher than original commitments, as this is in flagrant breach of Article 36 of the Financial Regulation;

⁽¹⁾ OJ No L 178, 12. 7. 1994, p. 43.

Tacis and Phare programmes

42. Asks the Commission to prioritize projects aimed at the provision and encouragement of investment in Phare and Tacis countries (the latter as from 1996), in particular projects involving the participation of the EIB and those helping local banks to take on a fuller role in the provision of loan capital to local small and medium-sized enterprises ;
43. Observes that current procedures for the monitoring, control and evaluation of Phare and Tacis expenditure have proved ineffective ; calls on the Commission to set up in-house teams, preferably by redeployment, dedicated exclusively to these activities with the stress on qualitative analysis, on-the-spot controls and troubleshooting ;
44. Calls on the Commission, in so far as this is compatible with the retention of objective management criteria, to establish a more decentralized management system for Tacis, under which much responsibility for the management and approval of Tacis contracts is delegated to the Commission's local delegations and offices in beneficiary countries ; considers that the local representation of the Commission in Tacis countries must therefore be considerably increased ; believes that these measures would make the programme more responsive to local conditions and alleviate the practical problems currently caused by low staffing levels in the Commission's central services ;
45. Believes that the success of the phare programme must be evaluated in terms of its success in preparing beneficiary countries for future membership of the European Union ; stresses the importance in this regard of the partnership principle in the Phare programming and decision-making process and the need for Community legislation in other areas to be fully compatible with this objective ;
46. Reaffirms its support for the principle of Phare regional programmes, notwithstanding the difficulties encountered in implementing such programmes in the past ; asks the Commission to institute, in consultation with beneficiary countries, a progressive increase in the appropriations allocated to such programmes ;
47. Asks the Commission to extend its representation on the ground in Phare countries, with the stress on offices providing technical support and advice and active in publicizing the activities of the Phare programme ;
48. Calls on the Commission to ensure more effective coordination with other providers of assistance active in the Phare and Tacis countries, in particular by ensuring that its project managers are kept fully informed of the strategies and activities of multinational donors such as the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development (EBRD) in their fields of responsibility ;
49. Believes that the current contracting practices of the Commission under the Phare and Tacis programmes do not ensure the effective dissemination of the results achieved by individual projects to the wider community once they are concluded ; asks the Commission to examine ways in which the multiplier effect of projects could be increased ; also asks the Commission to explore new forms of follow-up activity aimed at building on the results of technical assistance, especially through the promotion of inward investment ;
50. Asks the Commission henceforth to provide the European Parliament, through its Committee on Budgetary Control, on an annual basis with a list of all contractors and subcontractors currently employed by the Phare and Tacis programmes, specifying for each the country of origin, the country of operation, the type of project undertaken and the approximate value of the contract ;
51. Is deeply concerned at evidence that food aid operations often do not correspond to genuine humanitarian needs and that aid has been provided at the wrong time in the wrong circumstances and has been subject to misuse in the country of destination ; calls for greater efforts of post-delivery monitoring and control of food aid and the counterpart funds it generates ;

Miscellaneous

52. Requests the Commission to take account of the main criticisms of the Court of Auditors concerning the functioning of the EC Investment Partners (ECIP) facilities, namely to respect the criteria relating to the size of European enterprises and the minimum participation quota of local partners ; notes that the Commission proposes, in the light of the considerations of the Court of Auditors, to strengthen management and monitoring of the instrument ; urges the Commission to increase the flexibility of the instrument while respecting budgetary and accounting principles ;

53. Calls on the Commission to make available to the budgetary authority and the Court of Auditors any information available to it concerning the operations of the European Investment Bank involving budgetary funds, including that obtained through its representative on the Bank's board, which may be required for the purposes of the discharge procedure of the preparation of the Court's annual report ;
54. Calls upon the Commission to ensure that henceforth Parliament is consulted under the codecision procedure on the founding regulations of any new Community bodies and on the revision of existing Regulations, and also that it is consulted on the Financial Regulations of such bodies ;
55. Notes that the Heads of Administration of Community institutions have taken steps to harmonize their application of the rules governing officials' annual travel between place of employment and place of origin in a spirit of strict compliance with the rules ; asks each institution to report to Parliament in the context of the next discharge on the savings in money and working time achieved as a result of these measures ;
56. Asks the Commission to present proposals for revision of the rules :
- (a) providing for flat-rate payments for rail journeys ;
 - (b) determining the threshold entitling staff members of the annual return to their place of origin ; and
 - (c) determining the place of origin ;
- these proposals to be based on thorough analysis of the possible savings in work time and money and of the legal implications.
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