RESOLUTION

of the European Parliament containing the comments which form an integral part of the decision concerning discharge in respect of the implementation of the general budget of the European Union for the financial year 2000 (Commission)

THE EUROPEAN PARLIAMENT,

— Having regard to Article 276 of the EC Treaty,

— Having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each Community institution is required to take all appropriate steps to act on the comments appearing in the decisions giving discharge,

— Having regard to the annual report of the Court of Auditors concerning the financial year 2000, accompanied by the replies of the institutions audited (C5-0617/2001) [1], and the special reports of the Court of Auditors,

— Having regard to the Council recommendation of 5 March 2002 (C5-0124/2002),

— Having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A5-0103/2002),

A. Whereas the discharge decision is based on the way in which the Commission has implemented the budget during a given financial year, including the extent to which the Commission has genuinely acted on Parliament's budgetary priorities and political guidelines regarding budget implementation, as well as on earlier recommendations adopted under the discharge procedure and earlier external audits by the Court of Auditors, including its special reports, internal audits by the Financial Controller, assessments and checks by the operational directorates-general, allegations of bad management by Commission staff and Anti-Fraud Office reports on serious irregularities;

B. Whereas an appraisal also depends on the extent to which the policy of zero tolerance of fraud and irregularities has genuinely been implemented by the Commission, whose Members are accountable to the European Parliament, and whose directors-general, according to the reform programme, are responsible for carrying out appropriate internal checks within their departments;

C. Whereas the budget had a surplus of EUR 11,6 billion;

D. Whereas, in view of all the results of its audit, the Court of Auditors is of the opinion that the transactions underlying the financial statements, taken as a whole, are legal and regular in respect of revenue, commitments and administrative expenditure but declines to provide the assurance in respect of the other payments, as was the case for the financial year 1999 and earlier years;

E. Whereas the Court of Auditors still cannot give a positive Statement of Assurance (DAS) for the whole budget; whereas declining to do so reflects the inability of the Court and Parliament to ascertain that the transactions carried out by the Commission, and above all by the Member States, are regular;

F. Whereas it must be appreciated that Commission departments replied promptly by the deadline (21 December 2001) to the questions forwarded on 5 December 2001 by the members of the Committee on Budgetary Control in connection with the discharge procedure;

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[1] OJ C 359, 15.12.2001.

G. Whereas the outstanding feature of the financial year 2000 was the exceptionally high budget surplus (EUR 11,6 billion, or 14 % of the budget), which reveals a major failure of budget forecasts (revenues exceeded projections) but also reveals the failure of the 1999 structural actions reform to provide timely and efficient mechanisms for the smooth operation of the Structural Funds;

H. Whereas management of the budget for the financial year 2000 falls in its entirety under the responsibility of the new Commission appointed in 1999;

I. Whereas the financial year 2000 marks the start of a new programming period extending to 2006, both for the Structural Funds and for pre-accession aids, and the introduction of new rules (Council Regulation (EC) No 1260/1999 [1]) plus Sapard and Ispa rules);

J. Whereas the financial year 2000 was marked by the proposals for Commission reforms, in accordance with the recommendations in the White Paper, in particular as regards the Financial Regulation, external actions (communication of 16 May 2000) and improvement of financial management and control within departments (global strategy of 1 March 2000 on administrative reform, COM(2000) 200);

K. Whereas although the management of 85 % of the Community budget is shared with Member States, it is the Commission — under Articles 274 and 275 of the EC Treaty — which is solely responsible for controlling and supervising the utilisation of the budget and therefore ensuring that the Member States take full responsibility for any mismanagement which takes place at their level; whereas the Commission must therefore give itself the means to ascertain failures by Member States to fulfil their obligations and not hesitate to penalise them and inform the discharge authority what their precise responsibilities are;

L. Whereas 2000 was marked by a significant increase in the volume of fraud and irregularities identified by Member States and OLAF (EUR 2 billion), EUR 1,4 billion involving traditional own resources, EUR 885 million expenditure, including EUR 580 million involving agricultural spending, and EUR 156 million external actions, and the fact that these figures have risen, which reveals an alarming situation, might partially be the result of greater efforts to combat fraud and improved controls [2];

M. Whereas three Member States, namely Belgium, Ireland and Luxembourg, have not yet ratified the 1995 Convention on the Protection of Financial Interest;

N. Whereas in its resolution of 28 February 2002 [3] Parliament criticised the follow-up to the1999 discharge, in particular the lack of adequate audit follow-up by the Commission; whereas Parliament made the following recommendations with regard to the follow-up to the 1999 discharge, in particular;

— revision of the Framework Agreement on access to confidential documents,

— more 'user friendly' reporting on budget implementation,

— regular presentation of evaluation results,

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[1] OJ L ;161, 26.6.1999, p. 1.

[2] Protection of the Communities' financial interests — Commission, see annual report for 2000 (COM(2001) 255, point 12).

[3] P5_TA(2002)0084.

— classification of individual directorates-general according to their performance,

— following the practice of international organisations such as the World Bank and publishing a list of persons convicted of fraud against the European Union on the Commission website,

— the urgent need for a reform of the disciplinary procedure;

O. Whereas the Commission, in its follow-up report to the abovementioned 1999 discharge follow-up resolution, stated that it would 'be happy to present results of evaluations carried out' (COM (2001) 696) the Parliament now urges the Commission to submit each quarter the completed evaluations to its Committee on Budgetary Control and to announce which evaluation reports it expects to be concluded in the course of the next quarter;

P. Whereas, in considering budget implementation in 2000, the fundamental question is to establish, firstly, the Community management features which should be the basis for effectiveness but are deficient, and, secondly, the components within the system which are conducive to fraud and irregularity;

Q. Whereas this discharge seeks not to concentrate excessively on details in individual sectors, even if details can illustrate systematic problems, but to look in a more global and horizontal way at practices which in the past created problems and to identify solutions;

R. Whereas it is important to consider difficulties created by bad legislation and to note solutions proposed by the Court, it is also necessary to make distinctions between bad regulations on the one hand and poor administration for which the Commission alone is responsible; whereas it is also necessary to identify as clearly as possible the cases of fraud or error, caused by national or regional authorities and to support the Commission in enforcing improved management practices where Community resources are involved;

S. Whereas the intra-EU multinational nature of several EU irregularities and fraud involving food products for the falsification, export refunds and payments under Integrated Administration and Control System (IACS) calls for an enhanced role for the EU institutions in preventing fraud and irregularities and this role cannot be decentralised to Member States or any other sub-European authority,

I. **Effectiveness**

1. Notes that Commission effectiveness must be gauged on the basis of three criteria in relation not only to compliance with the objectives laid down by the political authority, but also to the speed and simplicity of the administrative and budgetary measures taken to realise those objectives, and to the best possible use of the budget resources deployed;

2. Takes the view that the following bases for that effectiveness must be examined as a matter of priority: the administrative machinery of the Commission; the various regulatory procedures and the system of checks; the respect by the Commission of the political priorities and budget guidelines as defined by the European Parliament;

The administrative machinery of the Commission

3. Believes that Commission departments must be structured to ensure management with the utmost integrity and effectiveness; notes the administrative reform under way, some basic aspects of which were launched in the financial year 2000, and encourages the Commission to continue its efforts to ensure that results become visible as quickly as possible with regard, in particular, to reform of the external service according to the political guidelines adopted by the European Parliament and to the reform of financial management and control within departments;

4. Notes a delay, however, in implementing some of the White Paper actions, as emerges from the implementation scoreboard forwarded by the Commission (Annex 5 to the replies to the questionnaire), because of ongoing interinstitutional procedures, concerning both the Financial Regulation and the Staff Regulations of Officials; notes concerning Action 96 (recovery of unduly paid funds) that the Commission, in its December 2000 Communication has established a new organisational structure for treatment of recoveries; notes also that the internal procedures concerning enforced recovery are in preparation and wishes to be informed about the effectiveness of this new control system, in an area which is a matter of priority for the Budgetary Control Committee;

5. Asks that the competent committees of the European Parliament be regularly informed about implementation of certain reform actions and management decisions, in particular:

— a precise review, and a genuine forward schedule, of operations to discontinue or extend the life of Technical Assistance Offices (TAO) and equivalent bodies and set up new ones in particular as regards the Community equal opportunities programme under heading B3-4012, the management of which was much criticised by the Court (annual report — paragraph 3.95),

— in connection with the executive agencies entrusted with certain tasks in the management of Community programmes (COM(2000) 788), specific tasks identified by the various directorates-general as being outsourceable,

— the regulatory instruments laying down the Community programmes where the method of management is the use of a network of national agencies; asks to be consulted on these regulatory instruments,

— the Commission's management policy for the EU financial assistance to the different world regions including deconcentration towards the delegations and decentralisation in favour of external agencies, as well as their impact on improving EU external aid,

— the establishment of a European College of Administration and of a European Recruitment Office,

— the multiannual programme to convert temporary posts into permanent posts, and the sectors concerned,

— strengthening of the external element in the disciplinary procedure,

— a reform of the invalidity pension arrangement especially with regard to the weighting system;

6. Asks the Commission, in view of the recent proliferation of decentralised bodies, to propose a review mechanism for Agencies, based on the cost-benefit ratio and the added value compared to other alternatives;

7. Stresses that any measure involving amendment of the Staff Regulations of Officials and the Conditions of Employment of Other Servants, such as the new career system, underperformance, flexible retirement, and the rules governing whistleblowing must comply with the principles of independence, neutrality and continuity of the European civil service and modern standards of administration, especially providing service and openness towards the citizens;

8. Expects that the human resources allocated to the various aspects of the reform will be sufficient to ensure that it is introduced quickly and effectively, e.g. staff allocated for reform of the external service and staff affected by that reform; likewise, as regards reform of financial management and control within Commission's departments and delegations, wishes to know what recruitment problems, if any, the Commission faces;

9. Takes the view that a motivated workforce is essential to the success of the policies implemented by the Commission and asks the Commission to ensure maximal consultation with all levels of staff; welcomes the fact that agreement has been reached between the Commission and trade unions representing a large majority of staff to the proposed amendment of the staff regulations which it considers to be an essential part of the Commission reform process and invites all parties concerned to cooperate constructively in the reform process;

10. Calls on the Commission to make sure the process of reform does not have any adverse impact, e.g. as regards a reduction in the on-the-spot checks carried out by the Commission (see paragraph 3.72 of the Court of Auditors' annual report);

11. Asks the Commission to assess the cost-benefit of introducing the reform, including the cost of professional training (in particular in the field of financial management), the cost of recruitment and of termination-of-service arrangements (regarding Article 50 of the Staff Regulations of Officials) and to inform it of the results;

12. Considers that the 'management declarations' by each director-general, introduced under the new internal-management system (and effective as of May 2002), will provide a welcome new tool in assessing the performance of Commission Directorates-General and will make it easier to identify areas where further improvements need to be made; underlines that the management declarations do not in any way diminish the individual or collective responsibility of Members of the Commission;

13. Expects the Commission to inform the European Parliament in the event of any other reforms under way;

The procedures

14. Notes, as the Court of Auditors' annual report stresses, that procedures are not commensurate with the objectives pursued; in particular:

(a) deplores a weakness of linkage between the Commission and the Member States: the lack of uniformity of own-resources-related information forwarded to the Commission by the Member States in connection with, for instance, fraud, irregularities established and checks introduced to prevent them (see paragraph 1.61 of the Court of Auditors' annual report), the failure by some Member States to forward data in connection with the clearance of accounts (see EAGGF, Guarantee Section, paragraph 2.59 of the annual report) and the same failing concerning the Structural Funds, and the lack of statistics at the Commission on premiums within the sheepmeat and goatmeat CMOs (see 2.117 of the Court of Auditors' annual report);

(b) notes the Commission's acknowledgement of this state of affairs (in its reply to paragraph 2.117); does not accept, however, that a shortcoming detected in one sector may be used as an excuse with regard to others, and therefore calls on the Commission to make the necessary representations to the Member States in time for the next discharge to ensure that they meet their obligations on time and that, in all Member States, the information forwarded matches standard definitions (in particular where fraud or irregularities are involved);

(c) deplores certain Member States' resistance to applying certain strategies, as was the case concerning the measures taken by the Commission to detect and eradicate BSE, and as exposed by the Court of Auditors (Special Report No 14/2001 [1]), and the lack of emergency rules allowing such situations to be put right promptly, (proceedings before the Court of Justice not being appropriate for managing emergencies);

[1] OJ C 324, 20.11.2001.

(d) notes that some of the errors detected by the Court (see paragraphs 2.36 to 2.41 of the Court of Auditors' annual report 2000) proved to be systemic. The principle type of systemic error observed concerns unwarranted deductions from aid payments (paragraph 2.36). Notes that the Court mentions examples of unwarranted deductions from aid payments in Sweden, Greece and Spain; notes that the Commission is currently investigating the administrative fees introduced in Denmark on applications for export refunds; asks the Commission to be fully informed on developments in this case;

(e) regrets that in the area of external aid the Tacis programme for transborder cooperation failed, after four years of implementation to fulfil one of the main objectives, namely improvement of living conditions in the border areas (e.g. Court of Auditors Special Report No 11/2001 [1]); asks the Commission to reinforce the cooperation between the different programmes (Tacis, Interreg, Phare) and to give priority to projects for a better living environment; asks to be informed about the concrete results, by July 2002, of the programme, which the Commission expected for the year 2001;

(f) notes that the Commission has improved the administrative procedures of Echo, in order to be able to better handle emergencies (e.g. Special Report No 2/2001 [2] — humanitarian aid for victims of Kosovo); asks for an assessment report to be made on the management of recent humanitarian crises (payment timing, decision-making capacity, cooperation with NGOs and evaluation of the aid);

(g) considers that in the framework of the CSFP, as is highlighted in the Special Report No 13/2001 of the Court of Auditors [3], the present arrangement is unsatisfactory; asks the Council and the Commission to produce immediately, as indicated by the Commission (see reply to the questionnaire 5.1), an agreed definition of administrative and operational expenditure for EU Special Representatives (EUSR); asks that clear rules on remuneration and salary related-costs be clearly established for staff working in the EUSR offices and that clear arrangements be made on adequate reporting, auditing and evaluation;

(h) recommends that the Council and the Commission present to the European Parliament, a proposal for the criteria for the definition of operational and administrative expenditure in CFSP, and a proposal for an interinstitutional agreement clarifying the role of the Commission in determining the financial and operational framework of budgetary implementation and presenting the auditing and evaluation systems setup in this area;

15. Asks the Commission to carry out special audits of the representations in the Member States in the light of the allegations of malpractice in the Stockholm representation; asks to be fully and adequately informed of the result of the disciplinary cases in relation to the Stockholm representation;

16. Calls on the Commission to improve budget forecasts and reduce the divergences between estimates and out-turn and improve communication between Commission and Member states, especially in the framework of the budget network for information exchange;

17. Takes the view that the Commission must equip itself with tools to improve budget forecasts and make greater use of the budget network, in order to prevent a recurrence of excessive budget surpluses;

18. Is convinced that the management method of the present-day Union, and the enlarged Union of tomorrow, must continue to rely on the principle of decentralisation; this demands comparable and equally efficient management capacity on the part of the various national administrations, as required by the new rules on the Structural Funds (Regulation (EC) No 1260/1999) launched in 2000, which also involve a clarification of the respective roles of the Commission, the Member States and the various partners referred to in article 8 of the regulation; notes, however, when a

(1) OJ C 329, 23.11.2001.
(2) OJ C 168, 12.6.2001.
(3) OJ C 338, 30.11.2001.

budgetary action involves several Member States in several operations of the CAP, more intervention by the Commission may be required; insists that the success of the decentralised management of Sapard and Ispa in the candidate countries and of the activity of their national administration will depend on the EU commitment to support these countries in improving their administrative capacity; encourages the Commission to continue its training efforts in the formation (via twinning with applicant countries) and information (such as round tables with the responsible bodies in the Member States);

Contractual management procedures and Community subsidies

19. Asks the Court of Auditors to assess to what extent contractual management procedures for Community appropriations (invitation to tender, awarding of contracts) comply with transparency principles, in terms of objectives, selection board make-up, candidate selection, compliance with procedures and reasons for decisions, and in particular has concerns about invitation-to-tender procedures in the research sector; notes, that the Court of Auditors, in its annual report, has come to positive conclusions concerning the procurement procedures used by the institutions to purchase services, supplies and work and stresses the need for increased use of long term environmental and social benefit criteria in selection procedures; in particular, asks the Court of Auditors to assess the transparency of present Commission arrangements regarding external aid, such as the establishment of a set of shortlists where the same companies are supposed to be always the most efficient solution to apply Community grants of up to EUR 200 000 in every corner of the world;

20. Calls on the Commission to always use the most appropriate procedure, having regard both to the difficulties for applicants, particularly with research projects and costs; underlines however, that research is a high risk sector and requires very intensive controls;

21. Asks the Commission to explain, in connection with the selection procedure for the Media and Media Plus proposals, what type of TAO carries out preparatory work on which the Commission makes a final selection of the beneficiaries of programmes and decides on the support to be granted (see Council Decision 2000/821/EC [1]); asks the Commission to indicate what the geographical breakdown of programme beneficiaries was for 2000;

22. Takes the view, as regards the current procedures for granting Community subsidies to specific organisations, namely in the context of A-3 0 2 lines, that a system of both earmarking and calling for proposals is unsatisfactory and calls on the Commission to suggest to the budgetary authority a more transparent system, which also might help to avoid the state of permanent insecurity which hangs over some organisations, without creating dependence on Community funds for their survival; notes that activity based budgeting may help end the present system; calls on the Commission to ensure new organisations that wish to bid for money are not excluded from doing so; asks the Commission to cooperate with OLAF and the Court of Auditors in auditing associations or centres funded almost exclusively from the Union budget;

23. Notes that in year 2000, EUR 800 000 earmarked under budget line A-3 0 4 0 towards the operating cost and the work programme for European Migrants Forum; notes that an investigation has begun by OLAF after allegations of fraud and mismanagement in this organisation and that OLAF sent the case to the Belgian judicial authorities in June 2001; expects to be fully informed of the conclusions of the Belgian authorities; asks the Commission to ensure that this body and others funded under A-3 Community subsidies are effective in meeting their objectives;

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[1] OJ L 336, 30.12.2000, p. 82.

The complexity of procedures and legislation

24. Agrees with the Court of Auditors that, more often than not, Community rules are too complex, causing difficulties for beneficiaries, and asks the Commission to develop a systematic assessment of the efficiency of the various regulatory instruments in achieving the policy objectives as defined in the Treaty or otherwise approved by the European institutions;

25. Notes that the Commission, in the new regulation on Structural Funds (EC) No 1260/1999, has declared its intention to simplify the rules; hopes that this will be verified in 2001, but deplores the under-implementation of the Structural Funds in 2000 due to delays in programming (itself accounting for much of the budget surplus); points out that the same difficulties occurred in the first year of the previous programming period (1994); also wonders whether the present system is the best system for planning the future of structural measures after 2006; calls on the Commission and the Member States to rationalise and simplify the procedures for implementing structural measures in order to prevent the same difficulties from recurring when new programmes are established;

26. Considers that the lack of adoption of Community Initiative Programmes in 2000 is due to the late approval of Council regulations, to delay in publishing the user manual and late publication by the Commission, the long period taken by other institutions to give their opinion, and also to late reaction from the Member States;

27. Notes with dissatisfaction that due to these delays, transfers, carry-forwards and rebudgetisation were the norm rather than the exception; reiterates its critical view of transfer 40/2000 resulting in a reduction of EUR 164 million and of the rebudgetisation resulting in another EUR 30 million reduction in appropriations for innovative measures;

28. Is particularly concerned at the serious delays in launching the Community initiative EQUAL, and calls on the Commission and Member States to provide assistance in establishing development partnerships and transnational connections;

29. Also notes that the complexity of the rules and overlapping between measures under the various funds and under Community policies may bring about an incoherent situation, which can reduce the effectiveness of funds and programmes as is criticised by the Court in its Special Reports No 1/2001 ([1]) and No 12/2001 ([2]) and in its annual report (paragraph 3.121);

30. Comes to the same conclusion as regards the Sapard and Ispa regulations, the complexity of whose implementation was underestimated by the Commission and poses a genuine challenge for the candidate countries; also acknowledges the efforts made by the Commission for 'institution building' within the Sapard system and for better internal coordination of pre-accession aid programmes; but regrets that only half of the applicant states will be in a position to put the programmes into effect at the latest by 2002;

31. Calls on the Commission to ensure, as a matter of priority, that procedures are simplified and that clear rules and objectives are laid down which are transparent and understandable to the citizens; calls on the Commission to make simplification of legislation, rules and procedures an intrinsic part of the midterm review of the agricultural and structural policies; acknowledges however, the difficulties faced by the Commission in fulfilling this goal in the specific case of the adoption of rules of implementation for certain programmes, such as the control procedures for the Structural Funds, where the comitology procedure is applied; notes that often these committees, representing the administrative interests of the Member States, tend to contribute to the complexity of such rules;

([1]) OJ C 124, 25.4.2001.
([2]) OJ C 334, 28.11.2001.

32. Points out that it will scrutinise carefully during the next discharge exercise the extent to which the Commission has properly respected the political priorities and budgetary guidelines as defined by the European Parliament, and fulfilled the undertakings it has given in response to criticism by the Court of Auditors (see paragraph 3.122 — annual report);

The controls

33. Notes that the very complexity of the rules makes effective controls difficult;

34. Calls on the Commission to substantially increase the number of 'sunset clauses' and detailed business impact assessments included in legislation;

35. Notes that the system of checks is marked by weaknesses, such as:

(a) inadequacy or complete lack of checks by the Commission (e.g. the Court of First Instance judgment of 10 May 2001 on the 'Turkish television sets' case pointed up the serious failings of the Commission in monitoring application of the EC-Turkey Association Agreement and Additional Protocol);

(b) inadequacy or lack of checks by Member States in the area of agricultural spending (export refunds) and structural measures (application of Commission Regulation (EC) No 2064/97 [1] as regards financial control by Member States of operations co-financed by the Structural Funds);

36. Is concerned at the Court of Auditors' findings (Special Report No 10/2001 [2]) that the application of Regulation (EC) No 2064/97 posed difficulties for both the Commission and the Member States because there was insufficient coordination between the Commission DGs responsible, and the Member State bodies who are not familiar with the audit manual, which the Commission submitted too late;

37. Calls, in view of these findings, for each Member State to designate a single national ministry with responsibility for monitoring progress in achieving the 5 % control rate laid down for every individual Structural Fund programme in Commission Regulations (EC) No 2064/97 and (EC) No 438/2001 [3]; calls also for action to be taken to provide uniform coordination of controls in Member States with autonomous regional authorities; proposes that such coordination can best be achieved through the existing coordinating agencies and that those agencies can also serve as the basis both for information exchange between the regions and for coordinating and forwarding all information to the Commission;

38. Urges the Commission and Member States to improve financial control of the Structural Funds, in view of the findings of Special Report No 10/2001 of the Court of Auditors; in particular, calls for:

— an increase in the resources of the departments responsible for financial control,

— an increase in on-the-spot inspections,

— better coordination not only by the Member States but also by the Commission,

— the creation of standard procedures for dealing with irregularities and the exchange of information on them ;

39. Asks the Court of Auditors to assess the present total cost of internal and external checks on Community funds, distinguishing between costs to the Community budget and to national budgets and comparing the cost of the various types of control carried out in each expenditure area with the amounts involved in known instances of fraud and irregularities and recoveries made in each chapter;

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(1) OJ L 290, 23.10.1997, p. 1.
(2) OJ C 314, 8.11.2001, p. 26.
(3) OJ L 63, 3.3.2001, p. 21.

40. Takes the view that the Commission ought to be concerned to ensure that checks are economically effective, and takes note, to that end, of the Commission's internal reforms concerning the 'management declaration' by directors-general, by which they will be bound, and the setting up of the Commission's internal audit system; considers that the impact of these changes on control effectiveness should be assessed during forthcoming discharge exercises;

41. Calls on the Commission to try to find the perfect balance in terms of the cost of controls and the benefit of reduced level of error such controls lead to;

42. Considers that the successful management of the Agency for Reconstruction in Kosovo was due to the closeness of the operations to the beneficiaries, focus on a small number of sectors and one structure for project identification to evaluation and to a large extent to the fact that *ex ante* financial control was carried out by the Agency's internal financial services, which allowed quick implementation of measures; notes that the Commission's amended proposal for a new Financial Regulation (COM(2001) 691) provides for the decentralisation of *ex ante* financial control across all Commission departments; calls on the Council to expedite its work on the Commission's amended proposal;

43. Recommends, furthermore, that the Commission make further moves towards good institutional cooperation with the Court of Auditors and its audit bodies, but also with the Member States and their national audit bodies; wishes to be informed of progress made;

44. Takes the view that a coordination of planning controls would make it possible to prevent unnecessary duplication of effort and allow better division between internal and external checks, between system audits and project controls, in the light of the risks and funding involved;

45. Recognises that the actual method used by the Court of Auditors does not enable it to give a rate of error for each sector of Community expenses, and takes the view that the DAS should aim to give this information, as repeatedly asked by Parliament's Committee on Budgetary Control, with a distinction between fraud and error, with consideration also of differences in inherent risk between different sectors and taking into consideration corrections made by the Commission, including comparison from year to year, in order to make this instrument useful not only for the discharge authority, but also for the Commission, which should arrive at a positive DAS as soon as possible; believes, however, that on the basis of its present methodology, the Court of Auditors is unlikely to be able to give the Commission a positive DAS in the near future;

46. Questions the utility of the global Statement of Assurance for 2000 so long as the figures are not given; notes that the Court of Auditors has not published substantive and formal error rates in recent years, recalls that the competent Commissioner for the agricultural sector provided the figures for the period 1995 to 1999 at a hearing at the Committee on Budgetary Control on 7 February 2001, asks the Court of Auditors and the Commission to provide the figures for 2000;

47. Calls on the Court of Auditors to release a Statement of Assurance and error rate for each individual DG in order to highlight problem areas and substantially increase Commission and Member State accountability;

48. Notes that the control and audit activities in relation to the EU budget are characterised by a large number of auditors and audit services, each carrying out visits and drawing up reports almost independently but often on the basis of different standards; asks the Commission to draw up a report on the feasibility of introducing a single audit model in relation to the EU budget in which each level of control builds on the preceding one, with a view to reducing the burden on the auditee and enhancing the quality of audit activities, but without undermining the independence of the audit bodies concerned; asks the Court of Auditors to prepare an opinion on the same subject; similarly requests the Commission to see to what extent controls and in particular on-the-spot controls could be organised in a more rational manner;

49. Following Parliament's resolution of 17 May 2001 [1], and in particular point 22 regarding adulteration of olive oil, its resolution of 4 April 2001 [2], and in particular point 9(iii) regarding adulteration of milk products, and the Court of Auditors' Special Report No 7/2001 regarding export refunds [3], asks the Commission to report to the Parliament on the state of play regarding adulteration of agricultural products with a direct or indirect impact on the Community budget, addressing the regulatory framework, minimum percentage of physical analysis by sector, technical methods to detect adulteration and future actions envisaged by the Commission to deal with the situation;

Own resources

50. Takes note of the trend towards a greater reliance on GNP-based contributions to the Community budget and corresponding decline in the importance of traditional own resources; observes that this is partly due to the capping of the third resource (VAT) and the Community's international commitments to reduce customs duties; points nevertheless to the difficulties in accurate revenue forecasting based largely on GNP wealth in Member States and asks the Commission to assess how this is likely to be affected after enlargement;

51. Notes with concern the misgivings of both the Court of Auditors and the Commission that the VAT system is seriously affected by fraud although this does not necessarily lead to losses to the Community budget. Points to the fact that Member States identified EUR 534 million worth of fraud and irregularities in 2000, corresponding to 3,5 % of own resource revenue that year, though mainly explicable by the case of New Zealand butter in the United Kingdom which accounts for half of the total; notes that Greece was alone in not informing the Commission of any irregularity detected that year in the area of own resources and questions whether this is due to a 100 % clean record, late transmission of data or that irregularities simply went undetected;

52. Underlines the criticism of the Court of Auditors that recovery measures by Member States are neither efficient nor evenly applied, indicating a reluctance or a difficulty in tackling the problem; notes, in this regard, that OLAF opened 120 files on suspected fraud in own resources collection in 2000 for a total amount of EUR 608,7 million; urges the Commission to bring forward the necessary proposals to amend Commission Decision 97/245/EC7, Euratom [4] on transmission of data from Member States with a view to creating equivalent standards of reporting in all Member States;

53. Recalls that Member States have now ratified the new Own Resources Decision, raising the collection costs from 10 % to 25 %; calls on the Member States to ensure that this will lead to a crackdown on customs fraud and better detection of irregularities so far detected in the area of own resources;

II. **Regularity, combating fraud and protection of financial interests**

54. Recognises that the present system of protection of the Communities' financial interests and prevention of fraud has to be strengthened;

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[1] OJ C 34 E, 7.2.2002, p. 367.
[2] OJ L 160, 15.6.2001, p. 2.
[3] OJ C 314, 8.11.2001, p. 1.
[4] OJ L 97, 12.4.1997, p. 12.

55. Notes that it is incumbent upon the Commission to make use of the same standards and rules across all sectors of Community expenditure in combating fraud and other irregularities if it is to fulfil the spirit of Article 280 of the EC Treaty and guarantee an equivalent level of protection of the financial interests of the Community ;

56. Considers that some common policies are themselves conducive to fraud, particularly where guide prices are fixed and export refunds are used to support the export of surpluses mainly for dairy products, sugar, cereals and beef;

57. Considers that one of the main objectives of the Common Agricultural Policy as established by the Treaty is to insure 'a fair standard of living for the agricultural community' and this objective makes imperative for the Commission to monitor carefully the patterns of the distribution of the Common agricultural budget by farmers and other beneficiaries;

58. Considers that transparency rules that make it imperative for the Commission to disclose the names of final recipients of its subventions in domains like science and technology or the Cohesion Fund, should also be applied to other budgetary lines and in particular to the common agricultural policy;

Export Refunds

— notes that expenditure on export refunds rose from EUR 5 695 million in 1980 (50,3 % of the EAGGF Guarantee budget) [1] to EUR 10 159 million in 1993 (29 % of the EAGGF Guarantee budget) and then fell to EUR 5 646 million (14 % of the EAGGF Guarantee budget) in 2000 [2]; notes, however, the relativity of these figures due to the changes in the dollar rate,

— notes that the export refunds system is still important in the common agricultural policy and that it has a considerable, although not clear, impact on agricultural and food markets in the EU and third country markets,

— notes that according to the Commission the phasing-out of the export refund system is dependent on the forthcoming WTO negotiations; urges the Commission in the meantime to make a radical effort to simplify legislation and procedures for more transparency,

— notes that since 1990 the Court of Auditors has drawn up no less than eight Special Reports dealing directly or indirectly with the control of export refunds which shows that the Court regards this as a sector which needs to be watched very closely, also, that the Court of Auditors, in Special Report No 2/1990, stated that 'export refunds are a high risk area' due to 'the complexity of the governing legislation and the size of the sums which can be involved in individual transactions' (point 3.5),

— regrets that the Commission on several points has not followed the Court of Auditors' previous recommendations as regards physical checks of agricultural products attracting export refunds (annual report 2000, point 2.104),

— calls on the Commission, in the light of the findings in the Court of Auditors' Special Report No 7/2001, to examine the eventual need for reinforcement of Council Regulations (EEC) No 4045/89 [3] and (EEC) No 386/90 [4],

— recalls its position in its resolution of 13 November 2001 [5] on protection of animals during transport as regards the repeated infringement of the directives concerning animal welfare during transport and Member States' inadequate monitoring policies; insists that the Commission carries out systematic control of the implementation of EU animal welfare legislation in the Member States and requests the phasing-out of export refunds on slaughter animals as soon as possible,

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[1] Information provided by the Commission by mail of 7 February 2002.
[2] Court of Auditors' Special Report No 2/1990 and note from DG IV: 'Restitutions à l'exportation', p. 6.
[3] OJ L 388, 30.12.1989, p. 18.
[4] OJ L 42, 16.2.1990, p. 6.
[5] Texts Adopted, Item 11.

— urges the Commission to apply to export refunds the same policy of transparency already used in other domains, such as science and technology, by making public in electronic form, the names of all the undertakings and the amounts paid under this scheme,

— in line with the above considerations as well as with paragraph 24 above, asks the Commission to undertake a global appraisal of alternative instruments to export refunds capable of achieving in a more efficient way the policy objectives set out in the Treaty while meeting the European Union's commitments under the WTO,

— welcomes the fact that the Commission, following the Court of Auditors' Special Report No 7/2001 and discussions in the Budgetary Control Committee on the report in the framework of the discharge 2000, has presented an action plan aimed at:

(1) modification of Commission Regulation (EC) No 800/1999 [1] before the end of the first semester 2002 along the following lines:

(a) when approval is withdrawn from a supervisory company, suspension of approval will apply in all Member States to the other companies within the same group, until the necessary investigations of each company have been completed;

(b) effective penalties for irregular proofs of arrival issued by supervisory companies to be provided for by Member States;

(c) provisions of the Commission's working document VI/2705 of 26 October 1999 concerning the rules on approval of surveillance agencies to be incorporated in the horizontal regulation;

(d) rules to be observed by Member States' embassies on issuing certificates on unloading;

(e) doubling of the *de minimis* limits by which payment claims involving small amounts of refunds may be exempted from the production of proof of import;

(2) inclusion of audit visits to the most important supervisory companies in the inquiry on differentiated refunds before the end of 2002;

(3) creation of a catalogue of customs forms and stamps used in a number of third countries within the next one and a half years;

(4) visits to transport companies in order to evaluate the potential use of the container movement databases for control purposes before the end of 2002;

— expresses the following comments on the action plan:

ad 1 (b) takes the view that the Commission has to provide for the penalties and assure through systematic controls that Member States apply them,

ad 1 (e) agrees that the Commission, under present circumstances only, partially responds to the Court of Auditors' recommendation that proofs of arrival should only be required in cases of doubt or for high risk destinations; is nevertheless of the opinion that the Commission should seriously explore ways of improving the actual system which clearly is not satisfactory;

ad (3) would welcome more information on this measure, including a cost/benefit analysis in the light of the need for such a catalogue to be constantly updated,

— regrets that the action plan does not address the recommendations of the Court of Auditors in the following respects:

transport documents and commercial invoices should be presented to paying agencies for all claims exceeding the *de minimis* limit,

[1] OJ L 180, 15.7.1999, p. 53.

a posteriori checks on placing on the market should be intensified,

refunds should not be paid on products which are subject to reduced rates of import duty in non-member countries where this creates the possibility of carousels;

59. Asks the Commission to ensure that the calculation of the refund rates to potato and cereal starch follows predictable and transparent criteria, as recommended by the point 40a) of Special Report No 8/2001 of the European Court of Auditors;

60. Welcomes all the steps announced by the Commission in its reply to the Budgetary Control Committee's questionnaire in order to publish data on concentration of CAP funds per farmer and or per working unit, and asks the Commission to start presenting this data as soon as possible;

61. Notes that, according to point 2.145 of the annual report of the Court of Auditors, the recent reform on the fresh fruit and vegetables sector concentrated Community funds in more developed countries and regions;

62. Notes that some rules introduce neither verification mechanisms nor penalties, which may encourage fraud or simply involve public health risks;

63. Calls, for instance, as regards the sheepmeat and goatmeat CMO, for the introduction of a mandatory electronic identification system for animals in order to enable information-gathering on premiums and verification thereof;

64. Calls, as regards the milk quotas regime, for a harmonised application of the rules for penalties for milk producers failing to comply with milk quotas, which, 17 years after they were introduced, are still not correctly applied in all Member States (see paragraph 2.193, Court of Auditors' annual report); regrets that Italy has been paying the superlevy for the breaching of the milk quotas, on behalf of its farmers, thereby distorting competition across the Union;

65. Calls, as regards application of BSE legislation by the Member States (see Court of Auditors' Special Report No 14/2001) and measures concerning the prevention of foot and mouth disease, for procedures to be established to impose financial corrections or fines and penalties concerning veterinary expenditure or market-related measures financed by the European Union where Member States fail to comply with veterinary legislation;

66. Calls on the Commission to consider whether it ought to have additional powers for special emergency situations where human and animal health are at risk;

67. Notes that some rules have produced unwanted effects and that the Commission responded late to the Court of Auditors' warnings, and cites in this connection aid for fibre flax growing, in respect of which the Court of Auditors recommended as long ago as 1992 ([1]) that the Commission avoid any further encouragement of fibre flax production, since there was already 'a production surplus for which no buyer could be found' ([2]); deplores the way the Commission and the Member States reacted to the situation and the length of time; notes that Council and Parliament have in some cases obstructed proposals by the Commission to improve CAP legislation;

68. Condemns rules which give rise to 'premium hunting' with unintended, pernicious effects on the Community budget; again presses, as it did in in its resolution of 19 January 2000 ([3]) on discharge 1997, for systematic and careful follow-up to the Court of Auditors' recommendations;

([1]) OJ C 309, 16.11.1993.
([2]) Annual report of the Court of Auditors, paragraph 2.77.
([3]) OJ L 45, 17.2.2000, p. 33.

69. Asks the Court of Auditors to assess to what extent the system of trade preferences is also a source of irregularities adversely impacting on Community resources (see judgment on the case involving television sets from Turkey), and calls on the Commission to develop alternatives to the present system as soon as possible;

70. Deplores the situation where trafficking in adulterated butter, organised by professional criminals could have led to health risks and represents a potential loss for the budget; calls for appropriate penalties to be imposed on the adulterators and European firms involved and for all information on this affair to be forwarded as soon as possible to the European Parliament; regrets that the Commission has failed to warn the consumer against possible health hazards after the case became public knowledge in July 2000; expects the Commission in the future to give public health concerns priority over all other investigations; notes that nearly two years after the scandal was made public by OLAF, no Community financial corrections of any sort have yet been passed against the responsible undertakings involved in this affair, which is in sharp contrast with what happens with any violation of much lesser gravity (such as to produce milk over the allocated milk quota);

— considers that the present situation is contrary to the principles of equitable protection of Community financial interests, and asks the Commission to ensure that criminal offences are not treated in more favourable conditions than administrative offences,

— asks the Commission to monitor this affair closely, and to report to the European Parliament all major developments;

71. Notes that detecting irregularities or fraud comes under the responsibility of the Member States (which are obliged to report them to the Commission), Commission departments, OLAF and the Court of Auditors, but that the Member States, as is pointed out in Court of Auditors' Special Report No 10/2001, by no means meet their obligation in full to report irregularities relating to the Structural Funds and that the figures established are likely to be much higher in reality;

72. Calls upon the Commission to evaluate and revise the existing arrangements for import of agricultural produce below EU prices from third countries to be processed in the EU and re-exported to third countries;

73. Calls for Member States, including regional administrations, to be made more aware of action to combat irregularities, given that, in particular in the field of structural measures, negligent or irregular use of Community budget appropriations is mirrored by equally negligent use of funds provided by cofinancing from national budgets;

74. Urges the Commission to apply financial corrections in accordance with Commission Regulation (EC) No 448/2001 [1] in connection with structural measures where there are irregularities;

75. Takes note of the figures transmitted, at its request, by the Commission, concerning the amount of irregularities per Member State and the amount of recovery for the Structural Funds since the implementation of Commission Regulation (EC) No 1681/94 [2]; takes note of the significant amounts owing from some Member States (Italy, Spain, United Kingdom, Germany) and wishes to be informed about the reasons for the low recovery from those countries;

Corrections

76. Recommends again (see Parliament's resolution of 4 April 2001 on discharge 1999) concerning the clearance of accounts (EAGGF), that the procedure be improved especially through increased financial corrections for Member States where there are repeated weaknesses in the control system, including delay in the setting up of the IACS, and through extending the deadline for conformity decisions from the current 24 months to 36 months, as already proposed in its abovementioned resolution on discharge 1999; asks the Commission to come forward with the necessary proposals;

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[1] OJ L 64, 6.3.2001, p. 13.
[2] OJ L 178, 12.7.1994, p. 43.

77. Asks the Commission to make proposals before the next discharge, so that non-respect of the criteria by the paying agencies in the Member States can be properly sanctioned (such as reduction of advances or financial corrections);

78. Questions again if the current system of financial correction is sufficient to encourage Member States to combat fraud and irregularities; invites the Commission again to propose a simplification of the infringement procedure, which allows a lump sum or penalty payment to be paid by the Member State, following a judgment by the Court of Justice, if the Commission considers that the Member State concerned has failed to fulfil its obligations under the Treaty (Article 228);

79. Calls on the Commission to inform Parliament more fully on progress towards more effective recovery of unduly paid funds (action 96 of the internal reform of the Commission); repeats its regret (see its abovementioned resolution of 28 February 2002) that the Commission has not followed Parliament's recommendation and introduced a requirement to launch recovery proceedings within three months of receipt of details of irregularities from the Court of Auditors;

80. Congratulates the Commission on its guidelines on the application of the principle of proportionality to the waiving of debt recovery; is pleased that the guidelines introduce clear and transparent procedures for the writing-off of debt in accordance with Parliament's wishes;

81. Demands that, once the Commission decision has been taken, the Commission informs the European Parliament of the basis for calculating the financial correction applied on the one hand to the Netherlands, in the framework of the ESF, on the other hand to Spain, in the framework of the flax case;

82. Expects Commission decision-making procedures for financial corrections to be open and transparent; recalls Article 213 of the Treaty, which states that Members of the Commission 'shall be completely independent in the performance of their duties' and 'shall refrain from any action incompatible with their duties'; recalls the Code of Conduct for Commissioners, which states that 'ruling out all risks of a conflict of interests' helps Members 'to guarantee their independence'; notes that according to the Code of Conduct, the role of Members' private offices is 'to act where necessary as the interface between Commissioners and the departments they are responsible for, but without interfering in departmental management'; expects the Members of the Commission and their private offices to continue to observe this set of rules; reminds the Commission of its undertaking to report in detail on any specific financial correction, and on the procedures followed, at the request of Parliament;

As regards the Anti-Fraud Office

83. Notes the limits on action by OLAF, as set out in the annual report (Chapter III, point 3.2) of the OLAF Supervisory Committee since it was unable to provide precise information on the action taken by the competent national authorities on the various cases concerned, on the imposition of any administrative or criminal law penalties or on the recovery of funds; notes also the limits on its scope for action, (for example the VAT sectors stated by the Court of Auditors, point 1.90 of the annual report 'another element likely to increase the risk of fraud is the absence of a clear basis for international coordination of VAT investigations by OLAF/Commission');

84. Notes with concern the finding in the Supervisory Committee report (Chapter IV, point 3.1.1) that although a large proportion of OLAF cases involve criminal elements, the Office forwarded reports or information to the competent national judicial authorities in a tiny number of instances only;

85. Asks to be informed about the exact role of OLAF in the context of fraud-proofing of legislation;

86. Is seriously concerned at the current application of Article 7 of Regulation (EC) No 1073/1999 of the Council and of the European Parliament [1] on OLAF's investigations as regards the communication of information between Union bodies and institutions;

87. Regards it as imperative that the revision of the regulation referred to above settle the question of national authority 'recognition' of OLAF investigations and of how they should be followed up;

88. Deplores the fact that the establishment of a European Public Prosecutor (cf. COM(2000) 608), was not taken up at the Nice European Council in December 2000; welcomes very much the Green Paper submitted in December 2001 (COM(2001) 715) as requested on several occasions by the European Parliament and considers that the establishment of the European Public Prosecutor is essential for effective combating of Community budget fraud; calls for the establishment of the European Public Prosecutor to be included within the Convention so that it can be enshrined in the Treaty in good time ahead of enlargement;

89. Asks to be kept fully and adequately informed of developments as regards the 'illicit traffic in butter-based products', 'European Migrants Forum', 'ESF', 'Berlaymont', 'ACEAL' and 'IRELA'; regrets that the results of OLAF's internal investigation on possible disciplinary action in relation to IRELA has not yet been finalised;

Enlargement

90. Considers that combating fraud and the effective protection of the Community's financial interests must be top priorities in the candidate countries and invites the Commission to make special efforts to ensure that, prior to accession, all candidate countries have introduced genuine accounting, auditing and control systems in accordance with the EU standards, in the areas benefiting from EU financial assistance and in particular where there is shared management of Community appropriations; insists that the annual country progress reports include clear and detailed information on the implementation of the financial pre-accession aid, on the measures taken to monitor it and on the outcome of auditing and checks on the spot and on Chapter 28 (financial control); notes in this respect the importance of stronger EU financial and technical assistance with a view to improving the candidate countries administrative capacity;

91. Is deeply concerned to note how little progress has been made towards computerising the the Community transit system since Parliament's committee of inquiry; expects the Commission to come forward with concrete proposals for improvement in the context of the follow-up to the 2000 discharge; demands that all possible necessary measures are taken before any candidate country joins the European Union and calls its Committee on Budgetary Control to review the situation as a matter of urgency and points to the recommendation of 13 March 1997 of the European Parliament Committee of Inquiry into the Community Transit System;

Involvement of Parliament

92. Instructs its President, at this early stage, to champion its rights before the Court of Justice of the European Communities if the Council includes provisions in the new Financial Regulation which in any way at all attach provisos to the right of Parliament, under Article 276 of the EC Treaty, to have access to information and thus constrain its control powers;

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[1] OJ L 136, 31.5.1999, p. 1.

Spending sectors

Justice and Home Affairs Sector (JHA)

93. (a) Calls on the Court of Auditors to give explicit recognition to Title B5-8, 'Area of freedom, security and justice', in its list of internal policy actions and to devote the necessary attention to it;

(b) Notes that the 2000 budget implementation rate in respect of Title B5-8, 'Area of freedom, security and justice', analysed in the light of the objective factors which delayed the implementation of certain measures and the fact that there were no emergencies, is acceptable, but no more than that;

(c) Notes with satisfaction the large increase in the number of Commission-conducted audits of contracts managed by DG JHA;

(d) Notes that, in the JHA sector, amounts recoverable or reduced payments as a result of audits exceed 10 % of the total value of the contracts audited, whereas the overall average rate for Commission-conducted audits is in the region of 2 %;

(e) Calls on the Commission to step up its efforts, if necessary through contractual penalties, to combat the improper use of subsidies and/or overstatement of actual costs;

(f) Notes with satisfaction that, at the end of its report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) for the financial year 2000, the conclusion of the Court of Auditors is that the annual accounts are reliable and that the underlying transactions, taken as a whole, are legal and regular;

(g) Calls on the EMCDDA's management bodies to act on the Court's specific observations, in particular as regards:

— fixed asset accounting management and inventory-keeping,

— the keeping of personnel records: job descriptions, career records, staff assessments and information for staff;

(h) Notes with satisfaction that, at the end of its report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2000, the conclusion of the Court of Auditors is that the annual accounts are reliable and that the underlying transactions, taken as a whole, are legal and regular, bearing witness to the genuine efforts made by the Monitoring Centre in 2000 to improve its internal control system;

(i) Calls on the management bodies of the European Monitoring Centre on Racism and Xenophobia to act on the Court's specific observations, in particular as regards:

— fixed asset accounting management, inventory-keeping and controlling recovery operations,

— systematic data matching between the budget accounts and the general accounts in order to ensure better monitoring of financial management during the year;

94. Takes the view that the low implementation rate for budget heading B5-5 0 3 was predominantly due to the strict conditions in the invitation for the submission of proposals; takes the view that the condition of transnationality, as a prime requirement for entitlement to support, must generally not exceed the requirement that there is a transnational partnership, with partners from three Member States;

Agencies

95. (a) Takes the view that efficient assessment of the agencies' financial requirement in the budget procedure and scrutiny of their funding under the discharge procedure requires close cooperation between the committees involved;

(b) Welcomes in this connection the appointment of a standing rapporteur for the agencies on the committee responsible for budget matters and proposes a revision of the present guidelines for cooperation between the committees responsible for the specialist agencies;

(c) Takes the view that revision of the guidelines should concentrate on the following aspects:

— ensuring there are adequate control mechanisms in the specialist committees,

— ensuring there is transparency in the budget procedure,

— strengthening the mutual duty to inform,

— clear division of powers between the relevant committees;

Daphne programme

96. Asks the Commission to draw up an evaluation report on the Daphne programme, as laid down in Decision No 293/2000/EC of the Council and of the European Parliament [1], without delay; expects the Commission to incorporate into the report the results of the evaluations, as well as, information on Community financing in the different fields of action implemented under the programme; invites the Commission to report, in particular, on the low utilisation of payment appropriations in the financial year 2000;

Trans European transport

97. Notes that the 2000 budget implementation rate for the Trans-European transport network budget line is satisfactory; recommends a further reduction in the number of projects by concentrating on those projects where important bottlenecks in the TEN-transport network are removed and thus a European added value is immediately ascertainable;

Cooperation

98. (a) Notes that poverty reduction is the fundamental objective of Community development policy and in order to achieve that objective it must be adapted to the terms and calendar adopted at the Millennium Summit;

(b) Notes that the Commission has lifted its reservation concerning sectoral targets as introduced in the 2002 budget and that it has begun to fulfil its commitments in relation to the DAC (Development Assistance Committee) classification system;

(c) Notes, nevertheless, that the information is still imprecise; trusts that, in future budgetary procedures, the figures provided will be totally reliable and asks, in particular, for the terms and results of the application of social conditionality in relation to structural adjustment aid to be clarified;

(d) Points out that information on the results of Community participation in the HIPC strategy for debt reduction is poor; calls on the Commission to urge the African Development Bank to speed up negotiations on agreements with the beneficiary countries; asks the Commission to provide clarification by country and outcome concerning the implementation of its contribution to the HIPC strategy;

[1] OJ L 34, 9.2.2000, p. 1.

(e) Regrets that, according to the Commission's preliminary estimates for 2000, the funds set aside for infrastructure and social services are unacceptably low; recalls the results of the budgetary procedure for 2002, through which the Commission has undertaken to amend this situation in line with the objectives set;

(f) Stresses that a transparent information system which complies with DAC standards is a first step towards an approach more closely geared to results, and stresses that indicators showing development results in relation to the objectives must be a priority for the Commission; calls for Parliament to be comprehensively informed and consulted on this process;

(g) Takes the view that complementarity with Member State development policies and coordination with other donors are a key element in achieving the above objectives; calls, in this context, for the Commission to provide Parliament, in future discharge procedures, with specific information on actions carried out jointly with other donors, and on their results;

(h) Notes the delays in the implementation of projects co-financed with NGOs; asks the Commission to provide information on the simplification and harmonisation of procedures.

(i) Notes the continuing tendency for traditional cooperation in the form of projects to be replaced by a system whereby a growing proportion of funds known as rapid disbursement instruments, chiefly aid for structural adjustment, is allocated to direct support for budgets, believes that the Commission and Parliament must undertake a detailed analysis of the advantages and disadvantages of this approach and urges the Commission to submit a communication on this subject;

Access to documents

99. (a) Asserts that Parliament, as the discharge authority, must have the same acccess to Commission documents as the Court of Auditors;

(b) Reiterates that the rules in the existing Framework Agreement concerning access to confidential documents have proven unsatisfactory for Parliament as discharge authority and instructs its President to open negotiations without delay on the revision of the Framework Agreement and to ensure that the new agreement is in accordance with the principles adopted by Parliament in its resolution of 4 April 2001 on the discharge 1999;

(c) Warns the Council not to adopt new financial regulations limiting Parliament's untrammelled right of access to the information necessary for the exercise of its tasks related to discharge;

(d) Instructs its President to bring an action before the Court of Justice if the Council should adopt financial regulations limiting Parliament's budgetary control powers.