


# Procedure file

Basic information	
ACI - Interinstitutional agreement procedure	1998/2167(ACI)
Interinstitutional agreement: legal bases and implementation of the budget, following the C-106/96 judgment	
Subject 8.70.03.01 Basic texts on discharge	
Procedure completed	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets	PPE <a href="#">CHRISTODOULOU Efthymios</a>	23/07/1998
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">General Affairs</a>	<a href="#">2120</a>	05/10/1998
	Budget	<a href="#">2114</a>	17/07/1998

Key events			
17/07/1998	Debate in Council	<a href="#">2114</a>	
23/07/1998	Committee referral announced in Parliament		
01/09/1998	Vote in committee		Summary
01/09/1998	Committee report tabled for plenary	<a href="#">A4-0296/1998</a>	
15/09/1998	Debate in Parliament		Summary
16/09/1998	Decision by Parliament	T4-0491/1998	Summary
16/09/1998	End of procedure in Parliament		
05/10/1998	Act adopted by Council after consultation of Parliament		
12/11/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1998/2167(ACI)
Procedure type	ACI - Interinstitutional agreement procedure
Procedure subtype	Mobilisation of funds

Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/10374

### Documentation gateway

Document attached to the procedure		SEC(1998)0012	14/07/1998	EC	
Document attached to the procedure		<a href="#">03832/1/1998</a>	31/07/1998	CSL	
Committee report tabled for plenary, single reading		<a href="#">A4-0296/1998</a> <a href="#">OJ C 313 12.10.1998, p. 0008</a>	01/09/1998	EP	
Text adopted by Parliament, single reading		T4-0491/1998 <a href="#">OJ C 313 12.10.1998, p. 0053-0095</a>	16/09/1998	EP	Summary

### Final act

[Third pillar act 1998/1112](#)  
[OJ C 344 12.11.1998, p. 0001-0004](#)

## Interinstitutional agreement: legal bases and implementation of the budget, following the C-106/96 judgment

The report by Efthymios CHRISTODOULOU (EPP, Gr), proposing that Parliament's plenary endorse the text of the interinstitutional agreement on legal bases and implementation of the budget, was adopted unopposed by the Committee. The agreement was concluded at the budgetary conciliation meeting on July 17th following tough negotiations between the Parliament delegation and the Council designed to find a solution to the problem of implementing funds from the 1998 budget without a legal basis, while observing the Court of Justice's ruling of May 12th. The aim was to guarantee funding for activities of various NGOs working in the social field, development cooperation, human rights and democracy. The Commission was asked to use its implementing powers to ensure funding for measures to combat violence against children and illegal and harmful internet content, to support and monitor electoral processes and to promote human rights and democracy. It must provide details of the funding for the budget lines which have no legal basis before the House decides whether to adopt the agreement. The agreement also sets out a lasting overall framework, as Parliament has been demanding for some time, enabling new measures to be introduced through the EU budget procedure: provision is made for appropriate procedures for launching and financing pilot projects and preparatory actions.

## Interinstitutional agreement: legal bases and implementation of the budget, following the C-106/96 judgment

The rapporteur, Mr Efthymios CHRISTODOULOU (EPP, GR), proposed that the European Parliament approve the text of the interinstitutional agreement on legal bases and the implementation of the budget resulting from the consultation on 17 July. It was of the utmost importance to find a solution to the problem of implementing the appropriations from the 1998 budget which did not have any legal bases, following the Court of Justice judgment of 12 May. The actions of various NGOs active in the social sector, development cooperation, human rights and democracy had actually been blocked. The agreement reached provided for appropriate procedures for launching and financing pilot and preparatory actions. The Commission had found solutions in order to finance measures combating violence against children, actions on illicit and harmful subject matter on the Internet, support and monitoring of elections and actions to promote human rights and democracy. The President-in-Office of the Council, Mr Wolfgang RUTTENSTORFER, pointed out that Parliament and Council had undertaken to speed up the legislative procedures with regard to implementing appropriations entered in the 1998 budget for which a legal basis had been proposed but not yet adopted. The interinstitutional agreement would fully apply from the 1999 budgetary procedure. During the debate, Parliament expressed its regret at the blockage of one hundred budget lines, amounting to approximately EUR 900 million, which had ended up blocking the work of NGOs and appropriations for the fight against poverty. Commissioner Erkki LIIKANEN welcomed the agreement in July that had increased trust between the institutions. He also welcomed the fact that the British Government had withdrawn all the legal actions against the Community budget. From this point on, when sums appeared in the budget, they could be implemented. The July agreement had opened up the budget lines for the fight against violence towards women and children, human rights and democracy, the Internet, the youth voluntary service and NGOs working in third countries. As regards the fight against poverty, the Commission would present a communication to reorient these lines. Of the EUR 17 million blocked due to a lack of legal basis, only a few million would not be implemented. As regards the reserve of EUR 400 000, the Commission proposed that Parliament accept a transfer.

## Interinstitutional agreement: legal bases and implementation of the budget, following the C-106/96 judgment

Adopting the report by Mr Efthymios CHRISTODOULOU (PPE, GR), the European Parliament approved the interinstitutional agreement on

legal bases and the implementation of the budget. The agreement states first of all that under the Treaty, the implementation of appropriations entered in the budget for any Community action requires the prior adoption of a "basic act". A basic act is an act of secondary legislation (regulation, directive, decision) which provides a legal basis for the Community action and for the implementation of the corresponding expenditure entered in the budget. Recommendations and opinions do not constitute basic acts, nor do resolutions or declarations. However, the following may be implemented without a basic act, as long as the actions which they are intended to finance fall within the competence of the Community: 1) - appropriations for pilot schemes of an experimental nature aimed at testing the feasibility of an action and its usefulness (the commitment appropriations may only be entered for two financial years and must not exceed EUR 32 million); - appropriations relating to preparatory actions intended to prepare proposals with a view to the adoption of future Community actions (the commitment appropriations may only be entered for three financial years and must not exceed EUR 30 million per financial year). When the preliminary draft budget (PDB) is presented, the Commission will submit a report on the actions referred to in the two points above, covering the objective of the action, an assessment of the results and the follow-up envisaged (NB: the Commission declares in a unilateral declaration annexed to the agreement that it reserves the right to propose that the ceiling of EUR 30 million may be exceeded in exceptional circumstances). 2) appropriations concerning actions of a specific, or even indefinite, nature carried out by the Commission by virtue of tasks resulting from its prerogatives at institutional level, other than its right of legislative initiative as referred to in point (1), and specific powers directly conferred upon it by the Treaty. A list is contained in the Annex to the agreement and may be supplemented when the PDB is presented. 3) appropriations intended for the operation of each institution. This interinstitutional agreement will be applicable from the date of its signing by the three institutions for the continuation of the budget procedure for 1999 (and for subsequent financial years).?