



## Decision of the European Ombudsman on complaint 1986/2002/OV against the European Commission

Decision

**Case** 1986/2002/OV - **Opened on** 09/12/2002 - **Recommendation on** 31/03/2004 - **Decision on** 14/10/2004

### *Summary of decision on complaint 1986/2002/OV against the European Commission*

A Dutch Institute, which acted as one of the Forums in the framework of the European Network of Urban Forums for Sustainable Development, a programme managed by European Commission's DG Education and Culture, turned to the Commission in order to request the reimbursement of the secretarial costs it had undertaken for several years on behalf of the said Network. Although the Institute was given oral assurances by the Commission's services that the costs would be reimbursed, the Commission finally rejected the claim for reimbursement.

In November 2002, the Institute lodged a complaint with the European Ombudsman claiming the payment of the costs it had incurred in providing the secretariat of the Network. The complainant pointed out that it had written several times to the Commission requesting it to materialise into a formal contract the de facto secretarial assistance which it was providing.

In its opinion on the complaint, the Commission indicated that it always settles contractual matters in writing. It also indicated that the complainant was informed orally that its proposal could not be taken into account, and that frequent oral contacts had taken place.

In November 2003, noting that the Commission had not explicitly rejected the complainant's written requests of July and October 1997 to conclude a contract, the Ombudsman came to the conclusion that the Commission's rejection of the claim for reimbursement seemed unfair and was based on unclear information. The Ombudsman therefore proposed a friendly solution to the Commission asking it to reconsider the claim.

The Commission replied that it regretted the absence of a written reply, but that the complainant's knowledge of the Commission's normal procedures would not have allowed it to interpret that the Commission had entered into commitments. As the Ombudsman did not find any new arguments in the Commission's answer, he made a draft recommendation to the Commission in March 2004, requesting it again to reconsider the claim. The Commission rejected the draft recommendation without providing new arguments.

In his decision of 14 October 2004, the Ombudsman pointed out that, although the Commission had indicated that it always settles contractual matters in writing, it had



confirmed the absence of a written reply to the complainant's letters of 1997. He concluded that the Commission had failed to inform the complainant within a reasonable time-limit and in an adequate and unambiguous way of its decision. The Ombudsman also considered that the Commission's argument concerning the complainant's presumed knowledge of its normal procedures was neither legal nor convincing. He therefore made a critical remark against the Commission stating that, in these circumstances, the rejection of the complainant's claim for reimbursement was unfair.

The Commission reacted to the critical remark in a letter of 17 November 2004. The Commission regretted that the complainants' expectations were not addressed in writing within a reasonable time-limit and in an adequate and unambiguous way, and also pointed out that the principles of good administration for the Commission services to respect have since been outlined more clearly in the Code of Good Administrative Behaviour adopted by the Commission on 17 October 2000.

Strasbourg, 14 October 2004

Dear Mr D.,

On 9 November 2002, you made a complaint to the European Ombudsman on behalf of the International Institute for the Urban Environment concerning the refusal of the European Commission to pay costs incurred by the Institute in providing secretarial assistance to the European Network of Urban Forums for Sustainable Development (UFSD).

On 9 December 2002, I forwarded the complaint to the President of the Commission. The Commission sent its opinion on 4 April 2003. On 2 June 2003, I asked the Commission to send a revised opinion, which the Commission did on 4 July 2003. I forwarded both the opinion and revised opinion to you with an invitation to make observations, which you sent on 29 August 2003.

On 28 November 2003, I wrote to the Commission proposing a friendly solution to your complaint. The Commission sent its opinion on 23 December 2003 and I forwarded it to you with an invitation to make observations, which you sent on 26 February 2004.

On 31 March 2004, I made a draft recommendation to the Commission. The Commission sent its detailed opinion on 22 June 2004 and I forwarded it to you with an invitation to make observations, which you sent on 30 August 2004.

I am writing now to let you know the results of the inquiries that have been made.

#### THE COMPLAINT

According to the complainant, the relevant facts were as follows:

The complainant is the Director of the "International Institute for the Urban Environment" ("IIUE", hereafter "the Institute") based in Delft in the Netherlands, and complains about the Commission's refusal to reimburse certain secretarial costs incurred by the Institute.

Since 1995, the Institute has undertaken secretarial activities on behalf of the European



Network of Urban Forums for Sustainable Development, which is managed by the DG Education and Culture (formerly DG X) of the European Commission. The complainant, acting as the "Delft" Forum, was one of the three founding members of this Network and had arranged for these services on the basis of assurances from the European Commission that they would be reimbursed. In 1997, when payment of the costs was not forthcoming, the complainant contacted the responsible Commission official, who gave assurances that the payment would be made. The official stated that the annual contribution of EUR 42 000 requested by the complainant was both realistic and possible.

Despite these assurances, no payment was received. When the complainant repeated his concerns both in letters and at annual meetings of the Network, the Commission asked the complainant to continue with the work and promised that the payment issue would be quickly resolved.

Due to a lack of response from DG X of the Commission, the complainant contacted in December 1998 a Member of the European Parliament, who intervened on his behalf by asking questions to the Commission. The complainant disagreed with the answers given by Commissioner OREJA. The complainant received no further reaction due to elections of the European Parliament and the internal reorganisation of the Commission.

The complainant continued his efforts in 2000, but in a meeting with DG Education and Culture on 21 November 2000, it became clear to him that the Commission would not reimburse the costs the Institute had incurred. In a letter of 30 November 2000, the Commission informed the complainant that it would not accept the reimbursement of the secretarial work and that the matter was closed.

The responsibility for the Network was then transferred to DG Environment and the complainant expected that the matter would finally be solved. In the summer of 2002, it appeared that these expectations would not be realised.

On 8 November 2002, the complainant therefore lodged the present complaint with the Ombudsman, claiming the payment by the Commission of the costs that the Institute had incurred in providing the secretariat for the European Network of Urban Forums for Sustainable Development, totalling EUR 171 789.

#### **THE INQUIRY The Commission's opinion**

The Urban Forums for Sustainable Development Network ("UFSD") was created in 1991 under the supervision of former DG X, linking eight (later 19) cities, including Delft. It is part of a strategy for disseminating information about the EU, including also the "Info-Points Europe" and Information Centres for Rural Areas ("Carrefours"). When the Commission's services were reorganised in January 2000, the responsibility for the information networks set up by DG X passed to DG Education and Culture. Following further adjustments on 1 January 2001, this responsibility then passed to DG Press and Communication.

The Commission observed that, after having re-examined the entire set of documents provided by the complainant, its position did not differ from the reply given by Commissioner OREJA to written question E-0230/99. In the Final Report from DG Press, it is



mentioned that *"in the absence of clear instructions from the Commission, one of the Forums, DELFT, started to assume a supervisory role. This was noticed by the Commission, but was never formally recognised and certainly never incorporated into the project as a whole. DELFT has complained that they were never paid for this supervisory role, but since the Commission never asked them to do this, they cannot expect to be paid"* .

The complainant was a very active member of the "UFSD" Network. However, the Commission had no (legal) basis to pay the complainant for secretarial work. The agreement signed by the complainant stipulated the annual fixed subsidy, the tasks and conditions to be fulfilled, and estimated the manpower needed. As regards the complainant's claim that the work was carried out on the basis of assurances from the Commission, the Commission observed that it does not seem possible that the complainant could be unaware of the fact that the Commission always settles contractual matters in writing under the signature of a responsible official.

In the answer given by Commissioner OREJA, it is stated that the complainant had submitted a financial proposal to the administrative department of DG X for the management of the Network. This proposal could not be taken into consideration, because the activities must be undertaken by the Commission itself. The complainant was informed orally of this and not in writing, as frequent oral contacts took place with all networks.

From the reconstitution of the history of the Commission's financial support to the complainant, it appears that from 1996 to 2001, the complainant received an annual fixed subsidy of EUR 10 000, which was the only commitment made by the Commission. There are no established rights enabling the complainant to justify his demand for EUR 171 689, which was submitted for the first time on 4 July 1997. This demand would in any case be exorbitant for co-ordination tasks for an experimental and small-scale network.

The Commission concluded that, having re-examined the file in depth, it had no reason to change its position for the following reasons:

- the specific task of providing the secretariat for the networks was not part of the contract and the contract has not been modified;
- this was in reality a task of the Commission which could not be and was not delegated. The same applies to the rural information centres ("Carrefours") and "Info-Points Europe" networks;
- there was no occasion for the complainant to misunderstand the position that the Commission had taken orally;
- the amount foreseen by the contract was in any case a fixed, inclusive payment.

#### **The complainant's observations**

The complainant sent three annexes, each containing detailed comments on the Commission's position. The complainant's observations can be summarised as follows:



The Commission's opinion confirms that the Institute shared the secretariat with the Commission. Also, the complainant contests the Commission's argument that the task was not (at least partially) delegated. The complainant cannot understand how the Commission can claim that the Institute undertook the secretarial work on a voluntary basis when a proposal for reimbursement was discussed with Commission officials at bilateral meetings and during annual meetings of the Forum Network. The complainant sent regular correspondence to this effect to the officials involved. The complainant does not claim that the secretarial work should be reimbursed under the existing contract. Therefore the complainant entered into negotiations with the Commission to agree a separate contract for secretarial work, and submitted a proposal detailing activities and their related costs.

Upon receiving encouragement and specific requests from the Commission to continue the work until a contract would be finalised, the complainant agreed to do so. The complainant therefore cannot understand why the Commission did not state from the beginning that this work could not be reimbursed.

The complainant therefore strongly disagrees with the Commission's conclusion that "the interested party has had no occasion to misunderstand the Commission's oral and written positions". On the contrary, the Commission has had no occasion to misunderstand the complainant's position.

The fact that the Commission did not take action over a period of years, either by concluding a contract with the complainant or by informing the complainant that such a contract was impossible, means unfortunately that the Commission is guilty of maladministration. The complainant therefore saw no reason to withdraw the claim for reimbursement for the expenses incurred.

#### THE OMBUDSMAN'S EFFORTS TO ACHIEVE A FRIENDLY SOLUTION

After careful consideration of the opinion and observations, the Ombudsman considered that there could be an instance of maladministration by the Commission. In accordance with Article 3(5) of the Statute (1), he therefore wrote to the President of the Commission on 28 November 2003 to propose a friendly solution on the basis of the following analysis of the issues in dispute between the complainant and the Commission:

1.1 The complainant claims that the Commission should reimburse the costs the Institute incurred in providing secretarial assistance to the European Network of Urban Forums for Sustainable Development ("UFSD"), totalling EUR 171 689. Upon receiving encouragement and specific requests from the Commission to continue the work until a contract would be finalised, the complainant agreed to do so. The complainant cannot understand why the Commission did not state at the outset that this work could not be compensated.

1.2 The Commission observed that the secretarial and co-ordination task was not a part of the standard contract, which only provides for payment of an annual flat-rate subsidy. This was in reality a task of the Commission which could not be delegated. The initial contract has not been amended in any way which would allow payment for additional services. Also, the complainant has not had the occasion to misunderstand the Commission's oral and written positions.



1.3 The Ombudsman considers that the scope of the review that he can carry out in contractual cases is necessarily limited. The Ombudsman does not seek to determine whether there has been a breach of contract by either party, if the matter is in dispute. This question could be dealt with effectively only by a court of competent jurisdiction, which would have the possibility to hear the arguments of the parties concerning the relevant national law and to evaluate conflicting evidence on any disputed issues of fact. The Ombudsman therefore takes the view that in cases concerning contractual disputes it is justified to limit his inquiry to examining whether the Community institution or body has provided him with a coherent and reasonable account of the legal basis for its actions and why it believes that its view of the contractual position is justified.

1.4 On the basis of a careful analysis of the documents in the file, the Ombudsman makes the following findings: Firstly, the complainant and the Commission agree that the secretarial costs are not covered by the original contract signed by the parties.

1.5 In a document entitled "Urban Forums for Sustainable Development - General Secretariat" (Besançon 1997), the complainant describes its role in the following terms: *"Since the beginning of the Forum network, the International Institute for the Urban Environment (the Delft Forum) has been involved in the day-to-day management of the network, acting as the unofficial link between the European Commission and the now twenty centres. As the network grows bigger and the role of secretariat becomes more important but also more demanding, both the European Commission and the Delft Forum want to conclude a more formal agreement for this secretariat work (...)"* .

1.6 It appears that such a formal agreement with the Commission was never signed. However, correspondence in the file shows that the complainant took steps to ensure that such a contract would be signed. The complainant wrote on 4 July 1997 to Mr G. in DG X of the Commission explicitly asking for the conclusion of such a formal agreement. In a second letter of 7 October 1997 to the same official in DG X, the complainant again asked for its co-ordinating role in the network to be formalised, *"as we are carrying out this role on an unofficial and unpaid basis which does not serve the best interests of the European Commission, the other Forums or ourselves"* .

1.7 It further appears that there were various oral exchanges with regard to this matter. In a memorandum established on 16 September 1998, the complainant observes that the oral commitment from DG X was never finalised in a technical assistance contract with the Commission. In a memorandum of 13 April 2000, the complainant again mentions that *"expectations were raised by officials from DG X that the secretariat function (...) would be covered by a specific contract. Despite numerous meetings a contract was never finalised. However, despite the absence of an official document, in the interests of all parties the IIUE agreed to manage, co-ordinate and represent the network as its de facto secretariat until a formal contract was signed"* .

1.8 The Ombudsman did not find in the file a document in which the Commission explicitly rejected the complainant's request, made in the letters of 4 July and 7 October 1997. In its



opinion of 4 April 2003, the Commission indicated that it always settles contractual matters in writing. However, in the present case a written reply to the complainant's requests of July and October 1997 appears to be missing. The Commission seems implicitly to accept this by stating, later in the same opinion, that the complainant was informed orally and not in writing, as frequent oral contacts took place with all networks.

1.9 It appears from the above that the Commission has not reacted in a way which would have made clear to the complainant from the beginning that the reimbursement of the secretarial costs was excluded. This lack of a clear response from the Commission appears to be at the basis of the complainant's belief that the secretarial costs, or at least part of these costs, could be reimbursed by the Commission.

1.10 Principles of good administration require that the Commission should provide adequate and clear information and take decisions within a reasonable time-limit on requests from the public (2). In the present case, it appears that, further to the complainant's requests of July and October 1997, the Commission has failed to inform the complainant within a reasonable time-limit of its decision. Moreover, it appears that the Commission has failed to inform the complainant in an adequate and unambiguous way of its decision.

1.11 In these circumstances, the Ombudsman's provisional conclusion is that the Commission's rejection of the complainant's claim, which appears to be based on the unclear information provided by the Commission, seems to be unfair. This constitutes an instance of maladministration.

#### **The proposal for a friendly solution**

The friendly solution proposed by the Ombudsman consisted in the Commission reconsidering the complainant's claim on the basis of the above elements. Such reconsideration could lead to a reasonable offer that might be less than the amount claimed by the complainant.

#### **The Commission's response**

The Commission's services reconsidered the case. However, the information contained in the file does not provide a basis for redress.

Although the Commission regrets the absence of a written reply to the complainant's requests of July and October 1997, it does not seem possible that he was misled. His long involvement with the Commission and his knowledge of the normal procedures would not have allowed him, acting in good faith, to interpret the situation as meaning that the Commission and its departments had entered into commitments towards him.

#### **The complainant's additional observations**

The complainant maintained his complaint and observed that his claim for redress was entirely justified. He underlined that the Institute acted in good faith. Considering the supporting documentation, the oral encouragement and assurances given by the Commission, it is unfair for the Commission to claim that the complainant could not be misled. How could the complainant conclude otherwise if he did not receive an adequate or timely response?

The complainant further observes that, through long involvement with the Commission, he



knows that there is no such thing as "normal procedures".

### **The draft recommendation**

On 31 March 2004, the Ombudsman addressed a draft recommendation to the Commission in accordance with Article 3 (6) of the Statute of the Ombudsman. This draft recommendation was based on the following considerations:

#### **1 The claim for reimbursement of the secretarial costs made by the Institute**

1.1 The complainant claims that the Commission should reimburse the costs the Institute incurred in providing secretarial assistance to the European Network of Urban Forums for Sustainable Development ("UFSD"), totalling EUR 171 689. According to the complainant, after receiving encouragement and specific requests from the Commission to continue the work until a contract would be finalised, the complainant agreed to do so. The complainant cannot understand why the Commission did not state at the outset that this work could not be compensated.

1.2 The Commission observed that the secretarial and co-ordination task was not a part of the standard contract, which only provides for payment of an annual flat-rate subsidy. This was in reality a task of the Commission which could not be delegated. The initial contract has not been amended in any way which would allow payment for additional services. Also, the complainant has not had the occasion to misunderstand the Commission's oral and written positions.

1.3 After careful consideration of the opinion and observations, the Ombudsman found that, further to the complainant's requests of July and October 1997, the Commission had failed to inform the complainant within a reasonable time-limit, and in an adequate and unambiguous way, of its decision. The Ombudsman's provisional conclusion was that the Commission's rejection of the complainant's claim, which appears to be based on the unclear information provided by the Commission, seemed to be unfair. The Ombudsman proposed a friendly solution to the Commission consisting in the Commission reconsidering the complainant's claim. The Ombudsman pointed out that such reconsideration could lead to a reasonable offer that might be less than the amount claimed by the complainant.

1.4 In its brief reply to the Ombudsman's proposal for a friendly solution, the Commission regretted the absence of a written reply to the complainant's requests. The Commission stated, however, that the complainant's knowledge of the normal procedures would not have allowed him, in good faith, to interpret the situation as meaning that the Commission had entered into commitments towards him. In observations on the Commission's reply, the complainant maintained his complaint and underlined that the Institute acted in good faith.

1.5 The Ombudsman did not find in the Commission's reply to the proposal for a friendly solution any new arguments that could lead him to revise his provisional finding of maladministration. On the contrary, the Commission has confirmed the absence of a written reply to the complainant. Moreover, the Commission's argument concerning the complainant's presumed knowledge of the Commission's normal procedures is not convincing, since the Ombudsman's provisional finding of maladministration was not premised on the existence of a contractual commitment, but on the Commission's failure expressly to inform the complainant, within a reasonable time-limit and in an adequate and





unambiguous way, of its decision not to enter into such a commitment.

## **2 Conclusion**

In view of the above, the Ombudsman maintained his provisional conclusion of maladministration and made the following draft recommendation to the Commission, in accordance with Article 3 (6) of the Statute of the Ombudsman:

### **The draft recommendation**

The Commission should reconsider the complainant's claim on the basis of the above elements. Such reconsideration could lead to a reasonable offer that might be less than the amount claimed by the complainant.

### **The Commission's detailed opinion**

The Commission services proceeded to a detailed examination of the file, in order to verify the existence of an explicit or tacit engagement towards the complainant as regards the reimbursement of the secretarial costs for the "UFSD". However, the Commission can only confirm its previous position in its replies to the Ombudsman of 4 April 2003 and 23 December 2003. The Commission cannot therefore accept the draft recommendation of the Ombudsman.

### **The complainant's additional observations**

The complainant regretted the refusal of the Commission to accept the Ombudsman's draft recommendation and to acknowledge its responsibility in the case. The complainant sent further evidence of secretarial activities carried out, as well as a new copy of the letter of 4 July 1997 in which it asked the Commission to conclude a formal agreement. The complainant is convinced that the claim for redress is entirely justified.

### **THE DECISION 1 The claim for reimbursement of the secretarial costs made by the Institute**

1.1 The complainant claims that the Commission should reimburse the costs the Institute incurred in providing secretarial assistance to the European Network of Urban Forums for Sustainable Development (UFSD), totalling EUR 171 689. According to the complainant, after receiving encouragement and specific requests from the Commission to continue the work until a contract would be finalised, the complainant agreed to do so. The complainant cannot understand why the Commission did not state at the outset that this work could not be compensated.

1.2 The Commission observed that the secretarial and co-ordination task was not a part of the standard contract, which only provides for payment of an annual flat-rate subsidy. This was in reality a task of the Commission which could not be delegated. The initial contract has not been amended in any way which would allow payment for additional services. Also, the complainant has not had the occasion to misunderstand the Commission's oral and written positions.

1.3 After careful consideration of the opinion and observations, the Ombudsman found that, further to the complainant's requests of July and October 1997, the Commission had failed to inform the complainant within a reasonable time-limit, and in an adequate and unambiguous way, of its decision. The Ombudsman's provisional conclusion was that the Commission's rejection of the complainant's claim, which appears to be based on the unclear information provided by the Commission, seemed to be unfair. The Ombudsman proposed a friendly solution to the Commission consisting in the Commission reconsidering the



complainant's claim. The Ombudsman pointed out that such reconsideration could lead to a reasonable offer that might be less than the amount claimed by the complainant.

1.4 In its brief reply to the Ombudsman's proposal for a friendly solution, the Commission regretted the absence of a written reply to the complainant's requests. The Commission stated, however, that the complainant's knowledge of the normal procedures would not have allowed him, in good faith, to interpret the situation as meaning that the Commission had entered into commitments towards him. In observations on the Commission's reply, the complainant maintained his complaint and underlined that the Institute acted in good faith.

1.5 The Ombudsman did not find in the Commission's reply to the proposal for a friendly solution any new arguments that could lead him to revise his provisional finding of maladministration. On the contrary, the Commission confirmed the absence of a written reply to the complainant. Moreover, the Commission's argument concerning the complainant's presumed knowledge of the Commission's normal procedures was not convincing, since the Ombudsman's provisional finding of maladministration was not premised on the existence of a contractual commitment, but on the Commission's failure expressly to inform the complainant, within a reasonable time-limit and in an adequate and unambiguous way, of its decision not to enter into such a commitment.

1.6 The Ombudsman therefore made a draft recommendation to the Commission, which was that the Commission should reconsider the complainant's claim on the basis of the above elements. The Commission rejected the draft recommendation and confirmed its previous position.

1.7 Again, as already explained in point 1.5 under the heading "the draft recommendation", the Ombudsman did not find any new arguments in the Commission's detailed opinion on the draft recommendation that could lead him to revise his provisional finding of maladministration, made in points 1.10 and 1.11 above under the heading "the Ombudsman's efforts to achieve a friendly solution". The Ombudsman therefore makes the critical remark below.

## **2 Conclusion**

2.1 On the basis of the Ombudsman's inquiries into this complaint, it is necessary to make the following critical remark:

Principles of good administration require that the Commission should provide adequate and clear information and take decisions within a reasonable time-limit on requests from the public (3). In the present case, it appears that, further to the complainant's requests of July and October 1997, the Commission failed to inform the complainant within a reasonable time-limit and in an adequate and unambiguous way of its decision. In fact, although the Commission indicated in its opinion that it always settles contractual matters in writing, it confirmed, in its reply to the proposal for a friendly solution, the absence of a written reply to the complainant's letters of 4 July and 7 October 1997. The Commission's argument concerning the complainant's presumed knowledge of the Commission's normal procedures was therefore neither legal nor convincing. In these circumstances, the Commission's rejection of the complainant's claim, which appears to be based on the unclear information



provided by the Commission, seems to be unfair. This constitutes an instance of maladministration.

2.2 Article 3 (7) of the Statute of the European Ombudsman provides that after having made a draft recommendation and after having received the detailed opinion of the institution or body concerned, the Ombudsman shall send a report to the European Parliament and to the institution or body concerned.

2.3 In his Annual Report for 1998, the Ombudsman pointed out that the possibility for him to present a special report to the European Parliament was of inestimable value for his work. He added that special reports should therefore not be presented too frequently, but only in relation to important matters where the Parliament was able to take action in order to assist the Ombudsman (4) . The Annual Report for 1998 was submitted to and approved by the European Parliament.

2.4 The Ombudsman notes that the present case concerns the duties of the European Commission in relation to a request by the complainant to conclude a contract which was not materialised. He further notes that it is not apparent which action the European Parliament could take in order to assist the Ombudsman and the complainant in the present case. Given these circumstances, the Ombudsman concludes that it is not appropriate to submit a special report to the European Parliament.

2.5 The Ombudsman will therefore send a copy of this decision to the President of the Commission and include a short summary in the annual report for 2004 that will be submitted to the European Parliament. The Ombudsman thus closes the case.

Yours sincerely,

P. Nikiforos DIAMANDOUROS

(1) "As far as possible, the Ombudsman shall seek a solution with the institution or body concerned to eliminate the instance of maladministration and satisfy the complaint".

(2) See Article 17.1 of the European Code of Good Administrative Behaviour.

(3) See Article 17.1 of the European Code of Good Administrative Behaviour.

(4) Annual Report for 1998, pages 27-28.