

Ombudsman criticises Commission for acting unreasonably in grant agreement

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The European Ombudsman, **Jacob Söderman**, has criticised the European Commission for acting unreasonably in a grant agreement with a European environmental organisation. The Ombudsman concluded that the Commission failed to provide a "coherent and reasonable justification" for reducing the complainant's grant by 30,000 EURO.

The complainant - the European Environmental Bureau (EEB) - had a grant agreement with the Commission in 1999. Following recommendations from its auditors, it set up a reserve fund using membership fees. The Commission decided to reduce its grant to the organisation by the amount put in the reserve.

The complainant said that it was not consistent with the principles of good administration for the Commission to force organisations it supports to operate without financial reserves. The Commission claimed that the contract did not provide a suitable legal base for supporting EEB's claim to set up a reserve.

Since the complainant was acting on instructions from its auditors in order to practice sound financial management and since no Commission grants were used for the reserve fund, the Ombudsman concluded that the Commission's action was unreasonable.

The Ombudsman's Decision can be found on his website at:
<http://www.ombudsman.europa.eu/decision/en/011165.htm>

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