



## PRESS RELEASE No 128/24

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Judgments of the General Court in Cases T-381/15 RENV II and T-509/21 | IMG v Commission

### **Indirect management of the EU budget: according to the General Court, the Commission's decision refusing to recognise IMG as having status as an international organisation is lawful**

*The Court considers, in the light of international law, that the signatories to the 1994 resolution creating that entity did not intend to establish an international organisation*

In 2013, the European Commission entrusted the entity International Management Group (IMG) <sup>1</sup> with the management of certain development cooperation funds in accordance with the procedure known as 'joint management', now known as 'indirect management'. That procedure, provided for in the EU financial rules, enables international organisations to implement funds from the European Union's budget. On 16 December 2014, the Commission suspended its relations with IMG on account of doubts as to the latter's status as an international organisation and, by decision of 8 May 2015, it informed IMG of its intention not to conclude any new delegation agreements for indirect management with that entity until its legal status had been definitively clarified.

Back in 2015, IMG challenged the Commission's decisions of 16 December 2014 and 8 May 2015 before the General Court of the European Union and the Court of Justice, giving rise to several years of court proceedings <sup>2</sup>. In particular, following the setting aside by the Court of Justice of those decisions, the Commission adopted a new decision on 8 June 2021, refusing to recognise IMG's status as an international organisation with retroactive effect from 16 December 2014. IMG is challenging that decision and is seeking compensation for the resulting material and non-material damage, and for the financial losses which it attributes to the decision of 8 May 2015.

In judgment T-509/21, the General Court holds that the Commission was correct in not recognising that entity as having status as an international organisation with retroactive effect from 16 December 2014 and dismisses IMG's claims. It is true that it considers that the resolution of 25 November 1994 by which IMG was founded constitutes an international agreement. Nevertheless, it considers that the Commission did not err in law nor did it make a manifest error of assessment in its finding that the signatories to that act had not intended to establish an international organisation, but rather an optional and temporary joint financing mechanism. The General Court also upholds the Commission's analysis that the subsequent practice of the signatory States to the resolution of 25 November 1994 and of the States which are members of IMG did not demonstrate a broad and clear recognition of IMG's status as an international organisation on the part of those States and those international organisations which are also members of IMG.

As regards the claim for compensation for the financial damage corresponding to the loss of the opportunity to be awarded a delegation agreement in accordance with the indirect management procedure on account of the unlawfulness of the decision of 8 May 2015, the General Court held in the judgment in T-381/15 RENV II that, where the Commission unlawfully refuses to conclude a delegation agreement with an international organisation in accordance with that procedure, it is possible that the organisation concerned may suffer damage as a result, corresponding to the lost opportunity to be awarded that delegation agreement.

However, in the present case, first, it notes that the ground for the annulment of the decision of 8 May 2015, namely the breach of the Commission's duty of diligence, did not entail any obligation for that institution to recognise IMG as having status as an international organisation.

Second, the General Court concludes, as a consequence of the finding in Case T-509/21 that the retroactive decision of 8 June 2021 was lawful, that IMG did not have, between 2015 and 2021, status as an international organisation, as provided for in the EU financial rules, with the result that, during that period, that entity did not have the slightest chance of continuing to implement the EU budget in accordance with the indirect management procedure.

Consequently, the General Court dismisses IMG's claims for annulment and compensation.

**NOTE:** An action for annulment seeks the annulment of acts of the institutions of the European Union that are contrary to EU law. The Member States, the European institutions and individuals may, under certain conditions, bring an action for annulment before the Court of Justice or the General Court. If the action is well founded, the act is annulled. The institution concerned must fill any legal vacuum created by the annulment of the act.

**NOTE:** An appeal, limited to points of law only, may be brought before the Court of Justice against the decision of the General Court within two months and ten days of notification of the decision.

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The full text and, as the case may be, an abstract of the judgments ([T-381/15 RENV II](#) and [T-509/21](#)) are published on the CURIA website on the day of delivery.

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<sup>1</sup> International Management Group – Infrastructure for Bosnia and Herzegovina (IMG-IBH), whose headquarters are now in Belgrade (Serbia), was created on 25 November 1994 in order to provide the States and international organisations participating in the reconstruction of Bosnia and Herzegovina with an entity specifically created for that purpose. Since then, that entity has progressively expanded its activities in the areas of reconstruction and development.

<sup>2</sup> By judgment of 2 February 2017 ([T-29/15](#)), the General Court rejected the application for annulment of the decision of 16 December 2014. By a judgment delivered on the same day ([T-381/15](#)), the General Court also rejected the action seeking annulment of the decision of 8 May 2015 and compensation for the damage caused by that decision. By two appeals brought on 11 April 2017, IMG asked the Court of Justice to set aside the judgments delivered in Cases T-29/15 and T-381/15, and to give final judgment on the disputes by annulling the decisions of 16 December 2014 and 8 May 2015, and ordering the European Union to pay compensation for the harm caused by the second of those decisions. On 31 January 2019, the Court of Justice set aside the judgments delivered in cases T-29/15 and T-381/15 ([C-183/17 P](#) and [C-184/17 P](#)) and referred the latter case back to the General Court for a ruling on the claim for compensation relating to the damage allegedly caused to that entity by the Commission's decision of 8 May 2015. On 9 September 2020, in the *IMG v Commission* judgment (T-381/15 RENV), the General Court dismissed IMG's action seeking compensation for the material and non-material damage caused by the Commission's decision of 8 May 2015. By judgment of 22 September 2022, *IMG v Commission* ([C-619/20 P](#) and [C-620/20 P](#)), the Court of Justice referred Case T-381/15 RENV back to the General Court for a ruling on IMG's claim for compensation for the material damage allegedly caused by the decision of 8 May 2015.