Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Opinion 259 (2006)[1]

Budgets of the Council of Europe for the financial year 2007

Parliamentary Assembly

1. The Parliamentary Assembly is particularly concerned about the Council of Europe's 2007 financial situation. It regards as harmful the Committee of Ministers' decision not to grant any additional appropriations in 2006 for the implementation of the three-year programme to reinforce the European Court of Human Rights (2006-2008), including 46 new posts as from 1 October 2006 and the setting up of a fifth section (opening up five posts).

2. The Assembly was informed by the Secretary General of the major difficulties the Council of Europe would be confronting in 2007 in a context of zero real growth and was given the following reasons:

2.1. the need to finance additional posts in the European Court of Human Rights and the cost of reducing the backlog of the Court;

2.2. the need to cover the cost of maintenance of the new general needs building;

2.3. the significant reduction in the credit balance from underspending in 2005, which was normally added to members states' contributions.

3. The total additional requirements for 2007 amount to approximately €10 million, that is 5% of the annual amount of the ordinary budget of the Council of Europe.

4. The Assembly rejects an approach which would oblige all administrative units to support these additional costs. This would inevitably limit the Council of Europe's activities drastically. It considers such a scenario harmful to the Council of Europe as a whole. It finds totally unacceptable that the development of the European Court of Human Rights, the European body responsible for protecting human rights throughout Europe, should be made at the expense of other entities of the Organisation, including the Parliamentary Assembly.

5. The Assembly would remind the Committee of Ministers of its statutory obligation (Article 38.e) to provide adequate financial resources whenever it takes political decisions which create more work for the Organisation. The Assembly wonders how the Committee of Ministers justifies its decision not to grant additional funding for the Court.

6. The fears which the Assembly expressed in previous budget opinions – Nos. 248 (2004) and 256 (2005), in particular – in which it drew the attention of the Committee of Ministers to the dangers for the Organisation of a policy emphasis on meeting the Court's financial needs by reducing appropriations to the Organisation's other sectors, have unfortunately become reality.

7. The Assembly asks the Committee of Ministers to do everything possible to avert a situation where the European Court of Human Rights uses up most of the Organisation's resources. The Assembly is convinced that the Court, as the European institution responsible for protecting human rights throughout the continent, should receive specific contributions from member states allowing it to meet its needs without any detriment to co-operation mechanisms in other Council of Europe sectors.

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1. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 29 May 2006 (see Doc. 10918, report of the Committee on Economic Affairs and Development, rapporteur: Mr Paul Wille).

8. It accordingly suggests that the Committee of Ministers separate the Court budget from the rest of the ordinary budget and deal with the Court under a partial agreement, as in the case of the European Commission for Democracy through Law (Venice Commission), of which all the Council of Europe countries are members. This or some other appropriate method outside the ordinary budget which would maintain the Court within the Council of Europe structure should be envisaged. Such a solution could be considered in conjunction with another proposal which the Assembly made in Opinion No. 256 (2005), namely to draw up minimum contribution scales covering at least the administrative cost of a judge.

9. The Assembly points out that paragraph 8 of Appendix I to Resolution (94) 31 on the method of calculating the scales of member states' contributions to Council of Europe budgets stipulates that "The States participating in an Enlarged and/or Partial Agreement may however decide to fix the minimum and maximum rates of contribution to the budget of that Enlarged and/or Partial Agreement on an ad hoc basis taking into account its particular circumstances".

10. That proposal in no way prejudges the findings awaited from the Group of Wise Persons examining the long-term effectiveness of the control mechanism of the European Convention on Human Rights (ECHR) (ETS No. 5), whose report is expected in the course of 2006. Separating the ordinary budget from the budget of the European Court of Human Rights would allow a dispassionate review of the situation and of the priorities assigned to other sectors and administrative bodies in the Council of Europe Secretariat General.

11. The Assembly noted with interest the study which the Secretary General and the President of the Court commissioned from the former Lord Chief Justice of England and Wales, Lord Woolf, on administrative measures to enable the Court to cope with its steadily increasing workload. It endorses some of his recommendations, namely that:

11.1. the Court should examine only properly completed application forms;

11.2. greater use should be encouraged of national ombudsmen and other forms of alternative dispute settlement;

11.3. the Court should deliver more pilot judgments, and subsequently use simplified procedure to deal with repeat cases.

12. The Assembly also considers that it is entitled to be actively involved in monitoring the reform of the Court.

13. In the Assembly's view, the time has come for the Organisation to move from annual budgeting to a multi-year budget framework (for example, four years or the Secretary General's term of office), as it has already suggested in budget Opinions Nos. 243 (2003), 248 (2004) and 256 (2005), so as to keep the Council of Europe's medium-term development prospects in view and be able to plan and conduct multi-annual projects with confidence. The Assembly would like to see such a reform introduced in 2007.

14. The Assembly stresses that the multi-annual framework is also a good way of safeguarding the Organisation's medium-term capital investment plans, which are needed for maintenance and security of the Palais de l'Europe and the European Youth Centre (which have reached the critical age of 30) and for the administrative modernisation process, as requested in section V of the Warsaw Action Plan.

15. The Assembly was taken aback by the statement of the External Auditor, Sir John Bourn, Head of the United Kingdom National Audit Office, that he was unable to give an opinion on the Council of Europe accounts because their presentation did not conform to international accounting standards as laid down by the International Auditing and Assurance Standards Boards (IAASB). It asks the Secretary General to ensure that the Council of Europe adopt the appropriate accounting standards and follow the External Auditor's recommendations as set out in his report on the annual accounts for the year ending 31 December 2004.

16. In particular, the Assembly regards the accuracy of the accounts as extremely important and therefore wholly endorses the External Auditor's recommendation concerning recognition of the Council of Europe's social liabilities – that is, publication of full information regarding future obligations in respect of retirement of its staff – so that the Committee of Ministers can identify and plan what measures to take to meet its financial obligations. The Assembly wishes to know what steps the Committee of Ministers has taken to record these liabilities in the Council of Europe's accounts and fulfil its obligations under this item.

17. On the other hand, the Assembly would not wish the requested changes to be used as a pretext for going back on the principle of budgetary decentralisation: it remains convinced that complying with financial and accounting rules must go hand in hand with a modern management approach in which flexibility and risk management take precedence over centralisation.

18. In the Assembly's view, a modern management approach must also build a gender perspective into the budgeting process. The Assembly calls on the Committee of Ministers to fully heed the proposals in its Recommendation 1739 (2006) on gender budgeting. For 2007, the Assembly undertakes to apply that gender perspective to its own expenditure.

19. The Assembly would like to see the Committee of Ministers take appropriate steps to recover unpaid sums and default interest owed by member states in respect of their contributions to the different budgets [2] (Armenia, Bulgaria, France, Georgia, Greece, Italy, Serbia and Montenegro, and "the former Yugoslav Republic of Macedonia"). At 31 December 2005, unpaid contributions added up to a considerable sum in excess of €2 million.

20. In Recommendation 1728 (2005) on the budgetary powers of the Parliamentary Assembly of the Council of Europe, the Assembly asked the Committee of Ministers to consult it "if and when a member state [had] not made its due contribution to the budget for a period in excess of six months". It likewise pointed out that Article 9 of the Statute of the Council of Europe provides that "The Committee of Ministers may suspend the right of representation on the Committee and on the Consultative Assembly of a Member which has failed to fulfil its financial obligation". The Assembly notes the Committee of Ministers' decision to set a deadline of two years for the possible application of sanctions.

21. To make up for the relatively small amounts allocated in appropriations to activities, the operational directorates have been encouraged to seek voluntary contributions for financing specific activities with very precise objectives and of limited duration. Today, if we add together all such contributions (from member and non-member states and the European Commission and its operational agencies) they come to around €27 million – almost 40% of the expenditure in the Council of Europe's activity programme.

22. The Assembly asks whether it is reasonable for a large proportion of the Council of Europe's intergovernmental activities to be determined by certain governments or the European Commission, whose priorities may be different from those of the Council of Europe as a whole. That potentially jeopardises the overall coherence of the Council's action and its ability to carry out activities provided for in the Action Plan but lacking adequate funding.

23. Lastly the Assembly regards the negative-reserve rule which for some years has been applied in the ordinary budget as an accounting anomaly. The Assembly is convinced that budget estimates are made with all due conscientiousness. In the present budgetary circumstances, therefore, given the efficiency savings and other reductions which have been achieved in recent years, the Organisation must begin the gradual rundown of this negative reserve in 2007 and complete the process within two years.

24. In a context of budgetary stringency the Council of Europe must develop more systematic analyses based on the findings of the monitoring machinery, and devise and implement policies designed to supply the most appropriate solutions to problems. The Assembly is convinced that only regular evaluation of the results of monitoring procedures will improve the quality and effectiveness of Council of Europe activity programmes and at the same time enhance their overall impact for the countries concerned.

25. This means placing greater emphasis on project management methodology (PMM) and on results-based budgeting (RBB – applied since 2004), which give a more accurate picture of the objectives assigned to the Organisation and the results achieved. On the basis of an initial report reviewing implementation of the 2005 budget by comparing the expected results with those actually achieved, combined with the evaluation report on the activity programme, the Secretary General and the Committee of Ministers should be able to draw conclusions from the analysis of actual results so as to frame a clear strategy based on the key priorities set out in particular in section V of the Action Plan (Implementing the Action Plan: a transparent and efficient Council of Europe).

26. Among priorities set at the 3rd Summit of Heads of State and Government of the Council of Europe, the Assembly reiterates the importance which it attaches to the Forum for the Future of Democracy, whose launch, in Warsaw in November 2005, was a first stage, and it welcomes the first decisions taken, which match the spirit of Recommendation 1712 (2005) on the follow-up to the 3rd Summit (in particular, setting up an advisory board with representatives of the Committee of Ministers, the Assembly, the Congress and INGOs with Council of Europe consultative status).

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2. In 2004 and previous financial years.

27. The Assembly welcomes the closer co-operation between the Council of Europe and the European Union, as decided at the 3rd Summit. It would nonetheless underline its basic position, which is that pending publication of the report on relations between the Council of Europe and the European Union which the Luxembourg Prime Minister and Finance Minister, Mr Jean-Claude Juncker, has been asked to draw up in a personal capacity, the Council should not conclude any new agreement with the European Union (European Commission and Council of the Union), and that any such agreement must be based on the principles of equality, complementarity and subsidiarity.

28. It also very much approves of the decision taken in June 2005 to step up co-operation and co-ordination between the Council of Europe and the Organization for Security and Co-operation in Europe (OSCE) and the setting up of the co-ordination group. It welcomes the fact that the two organisations have identified four priority fields of co-operation (combating terrorism, protecting the human rights of members of national minorities, combating human trafficking and promoting tolerance and non-discrimination). It would like the executive bodies of both organisations to involve the Council of Europe and OSCE parliamentary assemblies more in the co-operation process.

29. The Assembly reaffirms the importance of maintaining a Council of Europe presence on the ground, through its various offices and the Secretary General's special representatives, as they facilitate local implementation of programmes and work to promote democracy in their host countries. However, in a context of budget cuts and difficult choices, the Assembly wonders whether this would not be the right time to consider closing down some offices/information centres in countries where they have less impact so as to free funds for setting up offices in countries where a larger Council of Europe presence is desirable (Minsk, for example) and also to provide support to other priority actions.

30. The Assembly takes the view that the Organisation's two statutory organs (the Parliamentary Assembly and the Committee of Ministers) must treat each other as partners. It accordingly asks to be more involved in decision making on Council of Europe priorities and budgets, as suggested in its Recommendation 1728 (2005) on the budgetary powers of the Parliamentary Assembly of the Council of Europe.

31. The Assembly welcomes the various Committee of Ministers resolutions adopted in 2005 amending the Staff Regulations. This is an important step in overall reform of Council of Europe human resources policy. The Assembly takes the view that the Council must have a proper human resources policy which gives appropriate prominence to staff training and mobility and to development of professional skills while respecting the principles of equality and geographical balance.

32. Regarding the salary adjustment method, the Assembly reaffirms its attachment to the existing co-ordinated system, bringing together six international organisations (the Council of Europe, the European Centre for Medium-Range Weather Forecasting, the European Space Agency, NATO, the Organisation for Economic Co-operation and Development (OECD) and the Western European Union) and strongly encourages member states to participate fully in the work of its main organ, the Committee on Co-ordination of Remuneration (CCR), which is the appropriate forum for discussing all matters relating to pay and pensions of the 11 200 serving and 5 000 retired staff of the six co-ordinated organisations. The Assembly likewise points out the importance which it attaches to maintaining the principle of joint negotiation and equal treatment of permanent and retired staff.

33. The reform of the co-ordination system which began in 2003 should, by the end of 2006, produce a new pay adjustment method applicable as from 1 January 2007. In this connection, attention should be drawn to the Assembly's position, as explained in Recommendation 1488 (2000), which said that the new method must enable the secretaries general of the six international institutions to recruit, retain and motivate highly qualified, able and independent staff by offering remuneration which is competitive with all three recruitment markets – the private sector, national civil services and the international civil service.