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Budgets and priorities of the Council of Europe for the biennium 2014-2015

Report¹

Committee on Rules of Procedure, Immunities and Institutional Affairs

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Summary

The Council of Europe's second biennial programme and budget 2014-2015 will show zero nominal growth, for the first time in the Organisation's history. This will require the Organisation to focus on its statutory functions, in particular on human rights, the rule of law and democracy, whilst continuing to press for a reduction in staffing costs in the budget. The Parliamentary Assembly will share in the collective effort required to remain within the constraints of a frozen budget. It will closely scrutinise all decisions taken to ensure that the Organisation has the staff best qualified to meet its requirements and can also safeguard its institutional memory and the quality of its work.

1. Reference to committee: Bureau decision, Reference 3935 of 8 March 2013.



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A. Draft opinion ²

1. The economic and financial crisis which several member States are currently experiencing poses a threat to the democratic stability of the European continent. The Parliamentary Assembly considers that the Council of Europe has the assets needed to preserve and strengthen this stability in Europe. It must be borne in mind that, at this time of crisis, member States need to work together and pool their efforts in order to preserve the democratic stability of the European continent and help those countries where tensions are strongest.
2. At a time when member States are having to accept deficit-reducing policies, the Council of Europe must strive to make savings and manage its resources better. The Assembly thus formally recognises the wish of a majority of member States that the Council of Europe should, for the first time since its foundation in 1949, adopt a nominally zero-growth budget for the biennium 2014-2015.
3. The Assembly, mindful of the difficulties which such a decision must inevitably create during the preparation of the Council of Europe's budget for 2014 and 2015, agrees to a cut in its appropriations for the next two-year cycle and refers for further details to its Resolution ... (2013) on the expenditure of the Parliamentary Assembly for the biennium 2014-2015.
4. However, the Assembly regrets that the Secretary General of the Council of Europe submitted his priorities for the biennium late – on 22 April 2013 –, leaving the Assembly's general rapporteur on the budget insufficient time to prepare a detailed opinion on both the budget and the programme of the Council of Europe for 2014 and 2015 and on the expenditure of the Assembly.
5. The Assembly nevertheless believes that the Council of Europe should not be weakened by a punishing budgetary policy which might lead it to make choices harmful to its medium- and long-term statutory functions.
6. The Assembly recognises that the decision of the Committee of Ministers to introduce a biennial programme and budget represents progress, but finds it unfortunate that the Committee of Ministers did not follow through and take the logical step of abolishing the principle of yearly budgets. The fact is that the Council of Europe is still governed by the principle of an annual budget, even though it has a biennial perspective.
7. Under these circumstances, the Assembly once again calls, as it has repeatedly done in previous budgetary opinions, for a change to Article 70 of the Council of Europe's Financial Regulations so that any surplus left over at the end of the year can remain available to the Organisation and be placed in a reserve account. The Council of Europe is not like a commercial business whose year-end profits have to be redistributed to the member States.
8. The Assembly endorses the Secretary General of the Council of Europe's choice to focus the Organisation's action on the three pillars of its operations, namely human rights, the rule of law, and democracy, and to treat them on an equal footing. This equal treatment must, however, take account of the specific features of the human rights and democracy pillars, which include statutory bodies and bodies established under conventions (European Court of Human Rights, Parliamentary Assembly and Congress of Local and Regional Authorities of the Council of Europe).
9. The Assembly would like, as soon as possible, to have a full report on the three years of reforms, the purpose of which was to revitalise the Council of Europe and re-energise its policies.
10. As far as the Organisation's structures are concerned, the Assembly fully supports the strengthening of the Council of Europe's operating capacity on the ground, notably through the implementation of targeted programmes of co-operation with member States and countries in the Organisation's neighbouring regions.
11. The Assembly wants Council of Europe field offices to do more than simply manage co-operation programmes financed by the European Union – they should continue to be points of contact for the organisation of the Council of Europe's other operations in the countries concerned.
12. Given the difficulties of the current budgetary situation, the Assembly feels that a review should be conducted on whether or not it is appropriate to retain the Council of Europe's offices in Geneva, Vienna and Warsaw, since these have no direct role in implementing the Organisation's co-operation programmes or other operations.

2. Draft opinion adopted unanimously by the committee on 25 April 2013.

13. Regarding priorities for 2014 and 2015, the Assembly notes the Secretary General of the Council of Europe's strategy choices for the following priority areas, all of which are also covered by the work programme and reports being drafted within the Assembly for 2014 and 2015:

- 13.1. the fight against corruption;
- 13.2. the fight against intolerance and hate speech;
- 13.3. protection of minorities and vulnerable groups;
- 13.4. consolidation of the Council of Europe's legal area.

14. The Assembly is in favour of finding synergies within the Council of Europe, provided they are consistent with the statutory rules of the Organisation. Following this line of thought, it believes that activities on democratic governance at local and regional level might be grouped together under the authority of the Congress of Local and Regional Authorities, whose members are closely involved in developing standards for local and regional democracy.

15. On the matter of elections and given the importance of the Assembly's role through its election observation and monitoring missions, the Assembly suggests that there should be enhanced co-operation between, on the one hand, the Assembly and the European Commission for Democracy through law (Venice Commission) and, on the other hand, the Council of Europe other structures which operate in the area of election assistance. The Assembly is grateful to the Venice Commission and its experts for the excellent co-operation forged on the ground during the observation of parliamentary or presidential elections in member States.

16. The Assembly is gratified by the success of the first World Forum for Democracy, held in Strasbourg in October 2012, as advocated in its [Opinion 259 \(2006\)](#) on the budgets of the Council of Europe for 2007 and its [Recommendation 1886 \(2009\)](#) on the future of the Council of Europe in the light of its 60 years of experience. It would like this initiative to be a permanent fixture and for Strasbourg to be recognised as the "Davos" of democracy.

17. On the matter of human rights, the Assembly supports the initiatives for implementing the measures set out in the Brighton Declaration following the high-level conference of April 2012 on the future of the European Court of Human Rights. It highlights in particular the launch in March 2013 of the European programme of Human Rights Education for Legal Professionals (the HELP Programme).

18. The Assembly considers that priority must also continue to be given to measures to counter violence against women, not forgetting the protection of children against exploitation and sexual abuse, measures to which the Assembly is strongly committed.

19. Regarding the fight against corruption and crime, the Assembly wants special attention to be paid to measures to combat counterfeiting of medical products. It will support the initiatives taken with a view to signature and ratification of the Council of Europe Convention on Counterfeiting of Medical Products and Similar Crimes involving Threats to Public Health (Medicrime Convention, CETS No. 211), together with all measures which may be taken to combat trafficking in human organs as well as other forms of corruption, such as match-fixing; these are issues that have been addressed by the Assembly.

20. For many years, the Council of Europe has enjoyed constant support from the European Union for its various co-operation programmes (to the tune of 25 million euros a year), together with voluntary contributions from member States (in addition to obligatory contributions) which are estimated at 10 to 12 million euros a year. The Assembly calls on the Secretary General of the Council of Europe to negotiate a partnership with the European Union for the establishment of a stable, sustainable system for financing joint programmes, as previously called for in Assembly [Opinion 281 \(2011\)](#) on budgets and priorities of the Council of Europe for the financial years 2012-2013, and urges for a parliamentary dimension to be included in new joint programmes.

21. Furthermore, given that a sizeable part of the Council of Europe's activity may be regarded as official development aid, the Assembly supports the initiative taken by the Deputy Secretary General of the Council of Europe in starting talks with the Organisation for Economic Co-operation and Development (OECD) to pave the way for the Council of Europe to apply for inclusion on the OECD's list of organisations eligible for official development assistance (ODA). It is instructing its Committee on Political Affairs and Democracy to support this initiative in its report on the OECD's activities.

22. In this context, the Assembly calls on the Secretary General of the Council of Europe to reinforce the existing in-house fundraising structure within the Council of Europe Secretariat and make it more professional, as previously suggested in its [Opinion 281 \(2011\)](#), or, alternatively, to consider outsourcing fundraising.

23. On the matter of staffing policy generally, the Assembly questions the justification of recent measures by the Committee of Ministers which appear to be dictated by one imperative only: the need to cut costs, at the risk of making the Council of Europe less attractive than other international organisations.

24. The Assembly recommends that the Secretary General and the Committee of Ministers put in place a contractual policy which will enable the Council of Europe to attract, train and retain the most competent individuals, so that the Organisation has the staff it needs to meet its current and future requirements, bearing in mind the need to safeguard the Organisation's institutional memory and taking into account the location of its headquarters.

25. The Assembly also asks the Secretary General of the Council of Europe to ensure that all bodies of the Secretariat General properly apply Article 12 of the Statute of the Council of Europe (ETS No. 1), which says that "the official languages of the Council of Europe are French and English". The Assembly cannot allow the quality of communication of the Organisation to become a collateral victim of a policy of budgetary austerity.

26. Finally, the Assembly takes note of the decision taken to stop inviting journalists from different European countries, during its part-sessions.

B. Explanatory memorandum by Mr Salles, rapporteur

1. Introduction

1. In 2009, as the newly elected Secretary General of the Council of Europe, Mr Thorbjørn Jagland announced his intention of undertaking a raft of reforms in order to “revitalise the Council of Europe”. During 2010 a number of measures were taken on human resources policy aimed at controlling staffing costs (doubling of the period between seniority increments for permanent staff, streamlining of staff allowances) and on the field offices of the Council of Europe.
2. 2011 saw other progress being made on reform, in particular a recasting of the presentation of the budget and programme including a reduction in the number of intergovernmental committees and a major restructuring of the Secretariat General. This culminated, in 2012, in the implementation of the Council of Europe’s first biennial programme and budget.
3. As we prepare for the second biennium, I would like the Secretary General of the Council of Europe to give us an overall progress report on his reforms so that we can identify the challenges which the Council will be facing over the next two years, in the context of the crisis we are experiencing and which the Secretary General summed up in his address to the Parliamentary Assembly on 22 January 2013 when he spoke of a political and economic situation that was worrying.
4. At the meeting of the Committee on Rules of Procedure held in Paris on 18 March 2013, the Deputy Secretary General of the Council of Europe, Ms Gabriella Battaini-Dragoni, and the Lithuanian Ambassador, Mr Gedeminas Šerkšnys, Chair of the Rapporteur Group on Programme, Budget and Administration (GR-PBA), talked with the members of the committee about the issues and difficulties of the next two-year period.
5. Before moving to the heart of the matter, let me address the question of the Council of Europe’s audited accounts for 2010 and 2011 and the main developments in 2011 and 2012.

2. Audit of the accounts for 2010 and 2011

6. The French national audit office, the *Cour des comptes*, conducted the external audit of the Council of Europe’s consolidated financial statements for 2010 and 2011 and found that those statements, drawn up and presented in accordance with IPSAS,³ provided a true picture of the Council of Europe’s financial situation. The external auditor was thus able to express an unreserved opinion on the Organisation’s accounts.
7. Staff costs (including Judges of the European Court of Human Rights) formed a sizeable proportion of operating expenditure in 2011 (72,6%), and increased by less than 1% between 2010 and 2011, showing that the Secretary General’s measures to control staff costs were beginning to take effect. The auditor also recommended the inclusion of a provision for contingencies, in the case of any dispute over the application of the Staff Regulations to staff members.
8. The *Cour des comptes* also conducted performance audits on various sectors of the Secretariat General. In 2010, these looked at the management of receipts, human resources, the snack bar/cafeteria catering complex, the Parliamentary Assembly’s secretariat and joint programmes with the European Union. In 2011, five other performance audits were conducted, looking at the management of special accounts and human resources, and the secretariats of the Council of Europe Development Bank, the Group of States against Corruption (GRECO) and the European Court of Human Rights.
9. Following these performance audits, the auditor made a series of recommendations on a number of operational aspects. Suffice it to say that the auditor judged the quality of the Assembly’s management to be good. Generally speaking, the Secretariat has taken account of, and is acting on, the auditor’s recommendations which were aimed at improving the operational performance of the various services.

3. 2011, phase two of the reforms

10. During 2011, the Secretary General of the Council of Europe set in train a second raft of measures, chief among which were the introduction of the first biennial programme and budget (2012-2013) and a review of the relevance of the Council of Europe’s conventions. During that same period, the Organisation also

3. International Public Sector Accounting Standards.

reviewed the structure of its intergovernmental committees and the system of conferences of specialised ministers. Restructuring of the Secretariat's operating structures was also carried through, to make them better suited to the new functions of the Organisation and the challenges facing it.

11. This restructuring led to the abolition of two directorates general (Social Cohesion and Democracy and Political Affairs), whose operations were assigned to the two remaining directorates general. These were renamed Directorate General of Human Rights and Rule of Law (DG I) and Directorate General of Democracy (DG II). To co-ordinate this new grouping, a Directorate General of Programmes was formed and attached directly to the Deputy Secretary General in 2012. The other, more political activities (external relations, policy advice and planning) were placed under the direct supervision of the Secretary General.

12. As far as staff matters were concerned, 2011 saw not only changes to the rules on staff members' seniority increments, with a doubling of the period between increments and the scrapping of certain allowances, but also the abolition of 16 permanent posts and 5 positions.

13. The legal rules applying to conferences of specialised ministers and intergovernmental committees were also revised, making for more focused work and better synergies with the Committee of Ministers. On the matter of conventions, it should be mentioned that two international treaties were opened for signature: the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (CETS No. 210), and the Council of Europe Convention on the Counterfeiting of Medical Products and Similar Crimes Involving Threats to Public Health (Medicrime Convention, CETS No. 211).

14. These two Conventions are extremely important to our Assembly. Regarding the first of these, the "Istanbul Convention", the Assembly has played a major role in promoting its ratification. Regarding the second, this came into being thanks to very great efforts on the part of the Assembly and in particular its rapporteur on the subject, Bernard Marquet (Monaco). This Convention is the culmination of protracted work initiated by the Assembly through its [Recommendation 1794 \(2007\)](#) on the quality of medicines in Europe.

15. Four other conventions also entered into force:

- the European Convention on Consular Functions (ETS No. 61);
- the Council of Europe Framework Convention on the Value of Cultural Heritage for Society (CETS No. 199);
- the European Convention on the Adoption of Children (revised) (CETS No. 202);
- the Protocol amending the Convention on Mutual Administrative Assistance in Tax Matters (CETS No. 208) (on which the Assembly was consulted and gave a detailed opinion⁴).

16. 2011 also saw the launch of the "One in Five" campaign to stop sexual violence against children, in which our Assembly played an energetic part through efforts to publicise it at parliamentary level. It was made possible thanks to a generous contribution of €100 000 from Germany.

17. On the matter of the situation of Roma in Europe, we should mention the Council of Europe's new approach to Roma issues, with the creation of a transversal team to serve as an interface for the different projects undertaken within the Council of Europe, and the creation of a new Ad hoc Committee of Experts on Roma Issues (CAHROM).

18. Lastly, as regards the European Court of Human Rights, the Steering Committee for Human Rights was tasked with following up on the measures agreed at the high-level conferences at Interlaken (February 2010) and Izmir (April 2011), including guidelines for selecting applicants for the post of judge at the Court and preparations for the European Union's accession to the European Convention on Human Rights (ETS No. 5, "the Convention").

4. 2012

19. New measures implemented in 2012 include the matter of the new biennial programme and budget. This two-year programming period accords with the wishes expressed by our Assembly. But is the outcome in line with what our Assembly had wanted, namely that appropriations not spent in year N should be carried forward without restriction to year N+1, as suggested in [Opinion 281 \(2011\)](#) on the budgets of the Council of Europe for financial years 2012-2013? Nothing is less sure.

4. See [Opinion 277 \(2010\)](#) and [Doc. 12161](#).

20. In reality it is not, because in effect the biennial budget-programme is a budget which in operational terms is still for one year, though its planning spans two years. Thus the budget for 2012 was signed off at the end of the financial year, but a few activities whose completion had been delayed were carried forward to 2013 along with the budget appropriations earmarked for them, to a total of €255 000. So the Committee of Ministers proved unwilling to go all the way and adopt a true two-year budget.

21. Nevertheless the merit of this exercise was that the secretariat did not have to do a lot of work to prepare the budget for 2013, since it had been adopted already along with the budget for 2012. Debate on the budget was thus confined to the various adjustments needed for the 2013 budget.

22. On the matter of human resources, the Secretary General continued his policy of cutting staff costs in 2012, removing 24 posts and 2 positions from the Table of Posts. Under pressure from the Committee of Ministers, the Secretary General also put forward a new draft of a 3rd pension scheme for new Council of Europe staff. This scheme is an addition to the two existing schemes (the co-ordinated pension scheme and the new pension scheme – common to the Council of Europe and the Organisation for Economic Co-operation and Development (OECD)). This new scheme applies only to the Council of Europe and will be far less favourable to future pensioners (in terms of final benefits paid). Contrary to the main orientation of Assembly [Resolution 1882 \(2012\)](#) on decent pensions for all, the compulsory retirement age was not increased and the reform led to a reduction of 12.5% of the accumulate rate. This may have a negative impact on the quality of staff recruited to the Organisation.

23. Reform of the Council of Europe's field offices and the new approach to programming helped to increase the overall volume of extraordinary receipts, thanks to closer links with major donors' capitals, the European Commission and the European Union delegations on the ground. A total of over 37.7 million euros was paid to the Council of Europe in voluntary contributions in 2012, compared with 32.5 million in 2011.

24. The Assembly for its part received €164 000 in voluntary contributions for the parliamentary part of the campaign to promote the Istanbul Convention (violence against women) and the "One in Five" campaign to stop sexual violence against children.

25. As far as Council of Europe activities in the area of participatory democracy are concerned, we should mention in particular a number of events of importance to the Organisation and our Assembly: the first World Forum for Democracy, held in Strasbourg, the Conference of Presidents of Parliaments, and a youth assembly held as a side event to the Assembly's October 2012 part-session.

26. This year was also marked by the election of the new Commissioner for Human Rights, Nils Muižnieks, and the Council of Europe's new Deputy Secretary General, Gabriella Battaini-Dragoni.

27. It should also be noted that 2012 was a very difficult year for the European Centre for Global Interdependence and Solidarity (North-South Centre), which our Assembly has supported from its beginnings: a number of member States withdrew from the Centre during the year. In 2009, our Assembly adopted [Recommendation 1893 \(2009\)](#) which called on the Committee of Ministers to open up membership of this Centre to all member States of the Council of Europe. I remain convinced that the North-South Centre has a valuable part to play in co-operative dialogue with our neighbouring countries.

28. Concerning the rule of law, I would draw particular attention to the finalising of the convention on trafficking in human organs, an issue vigorously addressed by our Assembly, and the drafting of a legal instrument as called for in its [Resolution 1782 \(2011\)](#) on the investigation of allegations of inhuman treatment of people and illicit trafficking in human organs in Kosovo*.⁵

29. Concerning the human rights pillar, one must highlight the success of the Brighton Conference which was tasked with drawing up a detailed programme of work on the efficacy of the system of the European Convention on Human Rights at European and national levels. The first outcome of this is the adoption of a draft Protocol No. 15 amending the Convention, on which the Assembly adopted an opinion in April 2013.⁶ Talks between the Council of Europe and the European Union to finalise the agreement on the accession of the European Union to the Convention resumed in mid-June 2012 and came to a preliminary overall agreement on the modalities of accession in April 2013

5. * All reference to Kosovo, whether to the territory, institutions or population, in this text shall be understood in full compliance with United Nations Security Council Resolution 1244 and without prejudice to the status of Kosovo.

6. [Opinion 283 \(2013\)](#), [Doc. 13154](#).

5. Priorities for 2014-2015

30. The Council of Europe is preparing for its second biennium. But the present financial position of many member States which have embarked on stringent austerity policies and the European Council's recent decision to cut the European Union budget for 2014-2020 – even though this measure has been thrown out by the European Parliament – are not factors contributing to a very positive attitude towards our Organisation's budget.

31. Many of our member States are keen to see the amount of their contribution unchanged, and in some cases reduced, so that the Organisation's budget will show nominally zero growth (no allowance inflation). If this scenario is applied to the ordinary budget, the loss of earnings for the Organisation can be expected to be between 5 and 6 million euros for 2014 and a similar sum for 2015 (based on 2% inflation applied to budget totals of 300 million euros).

32. The Council of Europe must find, in-house, the resources needed to absorb the various mandatory adjustments and other costs resulting from various cost increases, and it must continue to reduce the current ratio of staff costs to operational expenditure.

33. In view of these difficulties, I think the Committee of Ministers should change the current rule on budget funds unspent at the end of the financial year, which must under Article 70 of the Financial Regulations be returned to member States. They should instead be left available to the Organisation. This procedure might in any case be applied to the surplus remaining after year one of the two-year cycle.

34. At a time of budgetary restrictions affecting most of our member States, our Organisation must also strive to make savings and manage our resources better. The reforms and policy aims of the Secretary General of the Council of Europe are consistent with that aspiration. But it must be borne in mind that at this time of crisis member States have an even greater need to work together and pool their efforts in order to preserve the democratic stability of the European continent and help those countries where tensions are strongest. To do this, the Council of Europe needs resources, and care should be taken not to jeopardise our Organisation's statutory functions.

35. In this situation, our Assembly cannot stand aside from the effort required of us all and refuse to reduce its expenditure. This reduction is needed due to compulsory adjustments (related to the payment of seniority-based increments to staff and the cost resulting from the salary adjustment for 2013) that the Organisation must assume. The draft resolution on the Assembly's expenditure⁷ gives more detail of what it needs to do (namely to reduce our budget by €145 000 and €80 000 in 2014 and by €50 000 in 2015, 70% of which concern staff costs in the Assembly Secretariat).

36. On the matter of reforms, I am surprised that we have not as yet had any progress report. It would be helpful to have this kind of document so that we can see if the reforms implemented have indeed helped to revitalise the Council of Europe.

37. As for the strategy choices identified by the Secretary General for 2014 and 2015, I endorse these since they are also covered by our Assembly's work programme. A number of topics need to be mentioned because they are of particular concern to our Assembly, for example the combating of violence against women or the protection of children against exploitation and sexual abuse, and action against trafficking in counterfeit medicines or human organs.

38. Regarding the synergies to be found in-house, I am in favour of this, provided they are fully consistent with the specific statutory rules governing the bodies that make up the Council of Europe. I can see that it makes sense to bring together activities on governance at local and regional levels under the aegis of the Congress and to have enhanced co-operation between, on the one hand, the European Commission for Democracy through Law (Venice Commission) and our Assembly and, on the other hand, the other structures of the Organisation active in the area of election assistance.

39. Regarding financial aspects, I note that the Council of Europe receives constant support both from the European Union (to the tune of 25 million euros a year, for a number of years now), and from member and non-member States, which is additional to obligatory contributions and is estimated to total 10-12 million euros. As the proportion of off-budget resources is tending to increase, this is an avenue that might usefully be explored, and I would like to point to the Deputy Secretary General's initiative which aims to get the Council of

7. See [Doc. 13205](#).

Europe included on the OECD's list of organisations eligible for official development assistance (ODA). That list is open to all organisations whose budgets can be regarded wholly or partially as development aid. Inclusion on it would enable the Organisation to receive considerably more in off-budget contributions.

40. Lastly, I must mention staff policy, which is subject to numerous reforms meeting with a varying degree of acceptance. I would simply reiterate that what matters to the Organisation is that it should be possible for the most competent individuals to join the Council of Europe, so that it has the staff best qualified to meet its requirements and can also keep its current staff, who safeguard its institutional memory, and maintain the quality of its work, continuing at the same time to operate in its two official languages.

41. In conclusion I should point out that because the Secretary General announced his priorities for the 2014-2015 two-year cycle late – on 22 April – I have not had time to prepare a fuller and more detailed opinion. This is an important document, which marks out the direction the Organisation is to follow over the next two years, and in future I would like to see it being presented earlier, so that the Assembly's rapporteur on the budget and the Committee on Rules of Procedure have more time to study it and prepare their opinions. I will simply note the decision of the Secretary General of the Council of Europe to stop inviting journalists during the part-sessions of our Assembly.