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Budget and priorities of the Council of Europe for the biennium 2020-2021

Report[1]
Committee on Rules of Procedure, Immunities and Institutional Affairs
Rapporteur: Mr Mart van de VEN, Netherlands, Alliance of Liberals and Democrats for Europe

Summary

As it celebrates its 70th anniversary, the Council of Europe is facing budgetary pressure from the Russian Federation which could weaken the Organisation. Despite this context of uncertainty, the Council of Europe's programme and budget for the 2020-2021 biennium shows a willingness to promote an Organisation that is increasingly adaptable and confident in its know-how and expertise. To succeed, the Council of Europe must be able to rely on its member States. The Committee of Ministers is therefore invited to make a firm commitment to ensure real budget growth or at least zero real growth.

1. Reference to committee: Bureau decision, Reference 4432 of 1 March 2019.

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A. Draft opinion[2]

1. At the time of its 70th anniversary, the Council of Europe and its Parliamentary Assembly have been taken hostage by a member State that refuses to pay its annual contribution since 1 July 2017. The preparation of the Assembly's opinion on the budget and priorities for the biennium 2020-2021 is now taking place in an extraordinary context. In face of the current financial crisis, it is regrettable that the Parliamentary Assembly has no budgetary powers. The Assembly therefore reiterates its request for a better institutional balance between the Council of Europe bodies in this field. The Assembly recalls that the Council of Europe is an international organisation of a political nature, without an economic or gainful aim, set up by sovereign States. The Council of Europe relies for its funding on contributions by its member States.

2. The Assembly believes that the budgetary pressure being exerted on the Council of Europe by a member State is posing a serious risk that could destabilise the Organisation and deprive it of the resources needed to provide all its member and partner States with the responses enabling them to take up the current challenges and combat the current negative trends.

3. The Assembly is aware that the internal political context is unfavourable, on account of the attitude of the Russian Federation, which, in using the budget as leverage to achieve its ends, is plunging the Council of Europe into the most serious budgetary crisis in its history and will thereby force the Organisation to take decisions that are potentially irreversible and could weaken it at the very time when it is celebrating its 70th anniversary.

4. The Assembly believes that the strategic choices of recent years, which have given precedence to assistance and co-operation programmes for certain countries and to certain thematic areas of action, funded almost solely by extra-budgetary resources, have ended up weakening the system of intergovernmental co-operation, which is financed mostly by the ordinary budget.

5. The Assembly nevertheless still believes that it is this unique system of co-operation between the member States based on the development of common standards, with conventions as the main source of the Council of Europe *acquis*, which forms the Organisation's *raison d'être*, as pointed out in its Recommendation 2114 (2017) on defending the *acquis* of the Council of Europe and Resolution 2277 (2019) "Role and mission of the Parliamentary Assembly: main challenges for the future".

6. For 70 years, the convention-based system of the Council of Europe has made a major contribution to improving the functioning of democratic institutions in Europe, developing the rule of law throughout Europe and protecting and promoting the rights of all European citizens. The Council of Europe remains one of the very few multilateral forums able to quickly draft international instruments on a broad range of issues, many of which are among the most innovative in the world, to meet challenges, respond to the concerns of European citizens and protect their fundamental rights.

7. The Assembly provides vital input during the drafting process of these international instruments and in ensuring their efficient implementation. In many cases, it has identified the areas where a need for new standards exist. It is therefore important for the Assembly to reinforce this capacity to react rapidly and to support all stakeholders within the member States in implementing them in an efficient way.

8. In this respect, the Assembly fully supports the initiatives taken by the Council of Europe on issues related to artificial intelligence, which occupies an increasingly important place in the functioning of our societies. It calls on the Committee of Ministers to further develop co-operation in this area by drawing up a new legal instrument establishing a framework for the development, design and application of artificial intelligence in accordance with the standards of the Council of Europe.

9. The Assembly welcomes the fact that gender equality remains one of the top priorities of the Organisation and that the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (CETS No. 210) has become a global reference text. It supports the Council of Europe Gender Equality Strategy 2018-2023, which sets out priorities for action for the years ahead, including achieving gender mainstreaming in all policies and activities of the Organisation,

10. The Assembly, referring to its Resolution 2271 (2019) and Recommendation 2150 (2019) on strengthening co-operation with the United Nations in implementing the 2030 Agenda for Sustainable Development, welcomes the decision of the Committee of Ministers to continue focusing attention during the

2. Draft opinion adopted unanimously by the committee on 3 June 2019.

next biennium on this global Agenda, and calls for the enhancement of the Council of Europe's contribution, including by providing support to its member States towards the achievement of the Sustainable Development Goals.

11. Since July 2017, the Council of Europe has been confronted with an unprecedented budgetary and financial situation linked to the voluntary lack of payment by one of its member States. In this context, the Assembly calls on the Secretary General and the Committee of Ministers to look for alternatives to the contingency plan of the Secretary General of the Council of Europe for a budget reduction of €32.4 million. In this regard, it recalls the idea put forward by its General Rapporteur on the Budget to study the feasibility of assigning the debt to a third party.

12. The Assembly notes that this possibility exists at international level and has been used by various countries in the past. The assignment of international receivables and the international assignment of receivables are an established practice in international trade, governed by the United Nations Convention on the Assignment of Receivables in International Trade of 12 December 2001.

13. The Assembly regrets that this alternative has not been studied and that a contingency plan has been drawn up to absorb the size of the debt left voluntarily by a member State (nearly 90 million euros at the end of 2019). Implementation of the plan will mean that a significant number of activities and whole areas of the work of the Council of Europe could disappear, some of them irretrievably, for member States. The human cost will also be very substantial, with a departure scheme for 250 people, or almost 10% of the Council of Europe's staff, which the member States will have to pay for.

14. The Assembly notes that the Programme and Budget 2020-2021, which is being considered in the face of the ongoing uncertainty around the payment of the Russian Federation's obligatory contributions, nonetheless shows the willingness to promote an Organisation that is increasingly agile and confident in its know-how and expertise through reforms aimed at improving its processes and working procedures.

15. In this context, the Assembly has taken note of the intention of the Secretary General of the Council of Europe to rationalise the programme of activities and to focus the activities on nine operational programmes with a coherent set of sub-programmes. This should lead to greater focus on the political priorities, improve synergies and diminish unnecessary duplication and will allow greater managerial flexibility to implement the administrative reform measures

16. The Assembly also notes that the Council of Europe may have to part with staff members who have extensive knowledge and experience of the Council's fields of action and will be hard to replace. The human resources policy pursued in recent years (with large-scale use of fixed-term contracts) undermines the transmission of the know-how and *acquis* of the Council of Europe since it excludes the preparation of a fresh generation of staff members.

17. The Assembly therefore expects the Council of Europe to introduce a staff policy that is sufficiently attractive to retain good candidates and also offer them career development prospects, despite the current budgetary uncertainties. In this context, the new People Strategy 2019-2023, which has been the subject of a broad consultation process including staff at all levels, should make it possible to meet the needs of the Council of Europe while responding to the legitimate aspirations of its staff.

18. The Assembly will agree to contribute its fair share to the collective efforts called for, provided that several conditions are met:

18.1. all alternatives to cutting the Organisation's budget are studied seriously;

18.2. all entities and sectors of the Council of Europe contribute to the overall effort;

18.3. the efforts asked of the Assembly do not jeopardise its ability to operate.

19. The Assembly calls on member States to make a larger contribution to the funding of the Council of Europe. This echoes repeated calls made by the Assembly in several budgetary opinions and in Recommendation 1812 (2007) on the political dimension of the Council of Europe budget. In the latter, it called on the Committee of Ministers to review the method of calculating the scales of contributions to give greater weight to gross domestic product and to set minimum scales for member States' contributions to cover at least the administrative cost of a judge at the European Court of Human Rights.

20. The Assembly, referring to its Opinion 288 (2015) on the budget and priorities of the Council of Europe for the 2016-2017 biennium, stresses not only the importance of voluntary contributions but also the danger they may create concerning the financial balance of the Council of Europe. That is why the Assembly looks favourably on the idea of creating a fund to receive voluntary contributions for the ordinary budget, which represents the life blood of the Organisation. It hopes that such a fund will be set up rapidly.

21. The Assembly believes that the minimum level contribution to the ordinary budget to be paid by a member State should be around €500 000, to cover the annual budgetary cost of a judge, an administrative officer and an assistant working full time, as well as the annual administrative expenses pertaining to their work and presence in Strasbourg. At present, a third of member States (16 out of 47) pay contributions to the ordinary budget that are lower than that amount. Yet they all have a judge elected to the Court.

22. In Recommendation 2124 (2018) "Modification of the Assembly's Rules of Procedure: the impact of the budgetary crisis on the list of working languages of the Assembly", the Assembly suggested that the Committee of Ministers take several decisions of a budgetary and financial nature, in particular regarding the opening of an obligatory reserve account funded by all or a substantial share of the unspent balance recorded at the close of each financial year or biennium. This is a call which the Assembly has made repeatedly in opinions on the Council of Europe programme and budget (Opinions 268 (2008), 279 (2009) and 281 (2011) in particular).

23. With reference to Opinion 294 (2017), the Assembly calls on the Committee of Ministers to return to real growth in the Council of Europe's budget in order to enhance the Organisation's operational capacity. In this connection, it greatly regrets that the request to return to zero real growth which the Secretary General made for the 2018-2019 biennium was turned down because of the refusal of two of the 47 States represented in the Committee of Ministers. As the Financial Regulations provide for the budget to be adopted by a two-thirds majority, the Assembly is surprised that the member States which support the return to zero real growth have not insisted further.

24. The Assembly will proceed during its June 2019 part-session to the election of a new Secretary General of the Council of Europe to take up office on 1 October 2019 for a five-year term. The Assembly therefore calls on the Committee of Ministers to make a firm commitment to ensure real budget growth for the Council of Europe for five years or at least zero real growth to take account of inflation. It considers that such a decision would be a clear sign of support from the member States to the future Secretary General, giving the Organisation a more stable budgetary framework for the five years of his or her mandate.

25. Finally, the Assembly welcomes the decision adopted by the Committee of Ministers at its 129th Session (Helsinki, 17 May 2019) on "A shared responsibility for democratic security in Europe – Ensuring respect for rights and obligations, principles, standards and values", in which it recalls that "one of the fundamental obligations of member States is to pay their obligatory contributions to the Ordinary Budget, as provided by Article 38 of the Statute". In this context, and referring to its Recommendation 2153 (2019), the Assembly calls again on "the Russian Federation, in accordance with its statutory obligations, to appoint a delegation to the Assembly and to resume obligatory payment of its contribution to the Organisation's budget, failure of which may lead to the suspension of its representation rights in both statutory organs, should the Committee of Ministers decide to apply Article 9 of the Statute of the Council of Europe (ETS No. 1)".

B. Explanatory memorandum by Mr Mart van de Ven, rapporteur

1. Introduction

1. The preparation of the Parliamentary Assembly's opinion on the budget and priorities of the Council of Europe for the biennium 2020-2021 is taking place in a strange context. The Assembly is required to comment on Council of Europe priorities on the basis of the participation of the 47 member States in the Council of Europe's budget, whereas the reality of the situation should lead us to present an opinion based on the actual situation facing the Council of Europe, in other words, without the funding from one of the five major contributors, namely the Russian Federation. Part of the current financial crisis is that the Parliamentary Assembly has no budgetary powers.[3] I recall that the Council of Europe is an international organization of a political nature, and without an economic or gainful aim, set up by sovereign States. The Council of Europe relies for its funding on contributions by its member States.

2. At present, it must be said that many member States want the Russian Federation not to leave the Organisation but to pay its contributions (current and outstanding) to the Council of Europe budget according to its financial commitments. It can therefore be asked whether these States are willing to give up the principles of the rule of law and forget that the Russian Federation has not honoured the commitments it entered into upon accession, in particular by failing to respect the sovereignty and territorial integrity of Ukraine, within its internationally recognised borders, as defined following the breakup of the Soviet Union.

3. It is not acceptable that, for purely political considerations, a member State is exerting such budgetary pressure on the Council of Europe to achieve its ends, driving the whole Organisation towards the abyss at the very time when it is celebrating its 70th anniversary and when Europe is experiencing a rise in populism and the calling into question of multilateralism and is faced with a social and political crisis of a kind unprecedented since the 1930s.

4. Policies that harm the social and democratic rights of citizens in Europe are being compounded by external challenges such as the migrant and refugee crisis, ongoing hostilities in many parts of the world and the constant threat of terrorism. The Council of Europe must reaffirm its commitment to tackling these issues effectively and finding long-term solutions. But it cannot do so without strengthening its standard-setting capacity, implemented through its network of intergovernmental committees, whose terms of reference could be reviewed to take account of the challenges.

5. The question is whether, under the current financial outlook, the Council of Europe can provide all its member and partner States with the responses enabling them to rise to these challenges and combat the current negative trends.

2. Audit of the 2016 and 2017 accounts

6. Najwyższa Izba Kontroli (NIK), External Auditor of the Council of Europe, has examined the consolidated financial statements of the Council of Europe for the years ending 31 December 2016 and 2017 and issued an unqualified opinion for the two years. The financial statements give a true and fair view of the financial position of the Council of Europe and the results of its operations and cash flows for the years ended.

7. During its audit of the 2016 accounts, the External Auditor conducted three performance audits in the areas of Council of Europe pensions, archives and the upgrading of the IT system for human resources management. For 2017, the performance audits covered administrative levies on extra-budgetary resources, IT record and document management systems and the programme line, Education for Democratic Citizenship – European Centre for Modern Languages (Graz) and the European Centre for Global Interdependence and Solidarity (North-South Centre) (Lisbon).

8. In both reports, the External Auditor placed emphasis on the issue of pensions and the financial situation of the Council of Europe since 2017. Concerning pensions, it should be noted that employee benefits recorded as liabilities in the financial statement as at 31 December 2017 totalled €2 795.8 million (€2 757.1 million in 2016), thereby exceeding the Council of Europe's total assets by €1 940.1 million in 2017 (€1 986.1 million in 2016).

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3. In this context, Assembly Recommendation 1728 (2005) on budgetary powers of the Parliamentary Assembly of the Council of Europe should be mentioned: the Assembly reiterated therein its request for a better institutional balance between Council of Europe bodies as requested in its Recommendation 1763 (2006) on the institutional balance at the Council of Europe.

9. In this connection, it should be noted that from 1949, the Council of Europe and its staff members paid into a defined-contributions pension scheme. This scheme was closed by the Committee of Ministers on 1 July 1974 and the contributions paid by the member States and staff were refunded to the member States alone. In April 1977, the Committee of Ministers adopted Resolution (77) 11 on a new defined-benefits pension scheme, also in force in five other international organisations. The staff continued to pay contributions for their pension entitlements, while the employer – the member States – only paid the additional amounts required to cover the low level of pension benefits paid each year.

10. The Council of Europe now has three pension schemes (the above-mentioned co-ordinated pension scheme; the new pension scheme (NPS), which came into force in 2003; and the third pension scheme (TPS) established in 2013. While the two new schemes are self-financing, that is not true of the co-ordinated pension scheme, which is weighed down by debt generated in the 1970s and 1980s by the States' non-payment of their contributions.

11. For the three schemes, "the Member States of the Organisation jointly guarantee the payment of the benefits" and "should a country, being a Member or ex-Member of the Organisation, fail to comply with its obligations under [the pension scheme rules], the other countries shall meet the cost thereof in proportion to their contribution to the budget of the Organisation as fixed annually from and after the said country's default".

12. The member States' contributions subsequently grew significantly and in 1996-1997 exceeded twice the amount contributed by staff. Given this challenge and to meet its obligations, the Committee of Ministers in 2002 adopted Resolution Res(2002)53 providing for a Pension Reserve Fund designed to contribute to the financing of future pension obligations. The resolution was revised in 2006 and replaced by Resolution Res(2006)1.

13. The Pension Reserve Fund is not designed as a pension fund and its purpose is to smooth (stabilise), in the medium and long term, the financing of the member States' obligations under the pension schemes. The fund has three main sources of income: contributions from the Council of Europe and staff (employer's and employees' share), direct contributions from the member States (as determined by the Committee of Ministers based on actuarial studies) and investment return (income earned on the assets of the fund). As at 31 December 2017, the fund's assets totalled €362.2 million (€320.4 million in 2016).

14. Regarding the financial position for 2017, the External Auditor noted the existence of receivables from the Russian Federation of €22.3 million as at 31 December 2017, representing the unpaid share of the country's obligatory annual contribution for 2017. €2.5 million of this amount correspond to a direct contribution to the Pension Reserve Fund.

3. 2017

15. In his report on the state of democracy, human rights and the rule of law, the Secretary General of the Council of Europe warned member States about the resurgence of populist politics in Europe, involving not only worrying growth in nationalist and xenophobic parties in European countries exploiting Europeans' anxieties over migration but also certain excesses when governments openly challenge constitutional constraints and disregard their international obligations to uphold human rights.

16. Combating terrorism remained on the Council of Europe's agenda. At the 127th ministerial session in Nicosia on 19 May 2017, the Committee of Ministers opened for signature the Council of Europe Convention on Offences relating to Cultural Property (CETS No. 221), on which occasion it was signed by 12 member and non-member States (Armenia, Cyprus, Russian Federation, Greece, Italy, Latvia, Montenegro, Portugal, San Marino, Slovenia, Ukraine and Mexico). Cyprus and Mexico have ratified it.

17. The Ministers for Foreign Affairs also adopted new guidelines regarding improvement of support, information and compensation provided for victims of terrorist attacks in each of the 47 member States. The guidelines provide for various measures to be taken by member States, including free emergency assistance, medical, psychological and social help; and information points for victims, access to justice and timely compensation. The Committee of Ministers also adopted a recommendation [CM/Rec(2017)6] on "special investigation techniques" in relation to serious crimes including acts of terrorism.

18. In the area of migration, the Committee of Ministers adopted the Council of Europe Action Plan on Protecting Refugee and Migrant Children in Europe. At the same time, the Parliamentary Assembly, with the support of Switzerland, continued its parliamentary campaign launched in 2015 to put an end to the detention of migrant children. It continued to focus its debates both on broader issues – finding a humanitarian and political response to the crisis – and on specific aspects such as the impact of transit migration on human

rights, the integration of refugees in times of critical pressure and the protection of refugee women. Other key developments included the efforts made by the Assembly in the fight against corruption, with two reports debated during its 2017 session and the decision to set up an independent external investigation body to look into the allegations of corruption concerning it.

19. In legal co-operation, reference should be made to the adoption of the Protocol amending the Additional Protocol to the Convention on the Transfer of Sentenced Persons (ETS No. 167) and the requests by Brazil and Ghana to accede to the convention itself (ETS No. 112). Reference should also be made to other requests by non-member States to accede to Council of Europe conventions: Argentina and Burkina Faso in the case of the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (ETS No. 108) and the Additional Protocol thereto (ETS No. 181); Nigeria and Cape Verde in the case of the Convention on Cybercrime (ETS No. 185); and, lastly, the request by Tunisia to accede to the Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse (CETS No. 201).

20. Regarding the Council of Europe's other areas of activity (social cohesion, education, culture, youth and sport), reference may be made to the launch in March 2017 of the Council of Europe's new Disability Strategy for 2017-2023, as well as the adoption of several recommendations in the cultural sector and resolutions concerning organ transplantation. In addition, a further State, Lebanon, joined the Council of Europe's Enlarged Partial Agreement on Cultural Routes (Luxembourg) and Algeria's request to join the North-South Centre (Lisbon) was accepted by the Committee of Ministers.

21. For its part, in addition to the above-mentioned issues involving migration and the fight against corruption, the Assembly focused, in particular, on media and journalists in Europe and the functioning of democratic institutions in several of Council of Europe member States (Azerbaijan, Turkey and Ukraine). The Assembly also awarded its Václav Havel Human Rights Prize to Murat Arslan (Turkey).

4. 2018

22. The Committee of Ministers adopted the Organisation's fourth biennial programme and budget (for 2018 and 2019). The Secretary General of the Council of Europe had prepared a budget with 0.5% real growth. Unfortunately, because of the refusal of two member States, the budget was ultimately adopted based on zero nominal growth. Moreover, in December 2017, after the biennial budget had been adopted, the Minister for Foreign Affairs of Turkey notified the Council of Europe that his country was discontinuing its major contributor status with effect from 1 January 2018. This sudden decision meant that €14.8 million of savings and efficiency measures had to be identified in the ordinary budget for 2018. This was compounded by the Russian Federation's failure to pay its contribution for 2018. The impact on the Assembly was a €1.5 million cut in its budget for 2018.

23. In spite of these budgetary difficulties, the Secretary General chose to make optimum use of the Organisation's cash flow to enable it to continue its work and tasks for the member States, supported here by extra-budgetary resources paid by the member States and the projects funded by the European Union. At the end of the third quarter of 2018, a total of €37 611 568 had been received, including €23 113 670 from the European Union, for the joint programmes.

24. Securing the long-term effectiveness of the system of the European Convention on Human Rights (ETS No. 5) was a matter of concern for the Committee of Ministers. It endorsed the declaration adopted at the High-Level Conference held in Copenhagen on "Continued Reform of the European Human Rights Convention System – Better Balance, Improved Protection".

25. In addition, at its 128th ministerial session held in Elsinore (Denmark) in May 2018, the Committee of Ministers adopted the Protocol amending the Convention for the Protection of Individuals about Automatic Processing of Personal Data (CETS No. 223), which addresses the challenges to privacy resulting from the use of new information and communication technologies and strengthens the convention's mechanism to ensure its effective implementation. In this context, it also called on the States Parties to the European Convention on Human Rights to sign and ratify Protocols Nos. 15 and 16 (CETS Nos. 213 and 214) so that they could enter into force.

26. In the case of the data protection convention, it should be noted that the Committee of Ministers agreed to invite Mexico to join it and the additional protocol. As far as accession to other conventions is concerned, it should be noted that Costa Rica has asked to join the Council of Europe Convention against Trafficking in Human Organs (CETS No. 216).

27. In the area of co-operation and in response to the various challenges facing the member States, the Committee of Ministers adopted several multi-year action plans, namely one for Bosnia and Herzegovina for the period 2018-2021 and two others to help Ukraine and Azerbaijan for the same period. In addition, the Committee of Ministers approved the Council of Europe Counter-Terrorism Strategy (2018-2022), which is structured around three main pillars: prevention of terrorism, prosecution of perpetrators of terrorist offences and protection of all persons present on the territories of the member States against terrorism. Lastly, in the equality field, the Committee of Ministers in March 2018 adopted the Council of Europe Gender Equality Strategy for 2018-2023.

28. In terms of relations with non-member States, the Committee of Ministers approved the Neighbourhood Partnerships for the period 2018-2021 for Morocco and Tunisia. It also took note of a final report on the implementation of the Neighbourhood Co-operation Priorities for Kazakhstan for 2014-2015 (extended until 2018) and invited the Secretariat to continue the discussions with the authorities of Kazakhstan with regard to the preparation of a new co-operation document. Lastly, the Committee also took note of a progress review report on the priorities for co-operation with the Kyrgyz Republic for 2015-2017 (extended until 2019) and with Palestine for the period 2016-2018.

29. Co-operation with other international bodies continued to be a priority in 2018 and, in this connection, reference should be made to the establishment with the Organisation internationale de la Francophonie of a co-operation programme for 2018 and 2019.

30. With more particular regard to the work of the Parliamentary Assembly, Russia's role at the Council of Europe was a recurring issue throughout 2018. In the social field, the focus was on the rights of migrants and refugees. The Assembly also called for the ending of discrimination against rainbow families. In the legal field, the Assembly called for better protection for human rights defenders and non-governmental organisations.

31. Media freedom was also a key aspect of the Assembly's work, with debates on the protection of editorial integrity and the status of journalists. Lastly, the fight against terrorism and organised crime was also on its agenda, with several resolutions on how to deprive Daesh of funding, confiscate illegal assets and combat the radicalisation of migrants and diaspora communities.

32. Finally, the Assembly elected Ms Dunja Mijatović as the new Commissioner for Human Rights for a six-year term as successor to Nils Muižnieks and awarded its sixth Václav Havel Human Rights Prize to Mr Oyub Titiev, Head of the Grozny Memorial Human Rights Centre (Chechnya).

5. Priorities for 2020-2021

33. The opinion prepared focusses essentially on key policy approaches for the Council of Europe and specific suggestions to enable the Organisation to plan for the future.

34. Seventy years after it was founded, the Council of Europe is alarmed to see the rule of law, human rights and democratic institutions being called into question throughout Europe and is also witnessing an unprecedented upsurge in hate speech and anti-Semitism. In these troubled times, the Council of Europe must serve as the last bastion against attacks on democracy. The Committee of Ministers and the Parliamentary Assembly have a duty to defend the Organisation and the member States must make a genuine commitment to support it and fund it so that it continues to be an effective institution for guaranteeing human rights, the rule of law and democracy at both European and national level.

35. The Council of Europe convention-based system has made a major contribution to improving the functioning of democratic institutions in Europe, developing the rule of law throughout Europe and protecting and promoting the rights of all European citizens. The Council of Europe remains one of the very few multilateral forums able to quickly draft traditional international instruments (such as conventions) on a broad range of issues to address social challenges and the concerns of European citizens.

36. In this context, the Council of Europe could strengthen its co-operation and establish new legal instruments, in particular concerning issues related to artificial intelligence, which occupies an increasingly large place in the functioning of our societies.

37. It is also worth noting the Organisation's willingness to contribute to the United Nations 2030 Agenda for Sustainable Development, as called for by the Assembly in adopting Resolution 2271 (2019) and Recommendation 2150 (2019) on strengthening co-operation with the United Nations in the implementation of the 2030 Agenda for Sustainable Development.

38. The efforts made by the Organisation in the field of gender equality are also welcome, in particular in the context of the Council of Europe Gender Equality Strategy 2018-2023, which underlines the importance of achieving gender mainstreaming in all policies and activities of the Organisation.

39. The strategic choices of recent years, which have given precedence to assistance and co-operation programmes for certain countries and to certain thematic areas of action, funded almost solely with extra-budgetary resources, have ended up undermining the system of intergovernmental co-operation, which is based on the ordinary budget. Nevertheless, it is this unique system of co-operation between the member States based on the development of common standards – with conventions as the main source of the Council of Europe *acquis* – which forms the Organisation's *raison d'être*.

40. The internal political context is currently unfavourable to maintaining what constitutes the strength of the Organisation, on account of the attitude of one of the member States, the Russian Federation, which, in instrumentalising the budget to achieve its ends, is plunging the Council of Europe into the most serious financial crisis in its history and may thereby force the Organisation to take decisions that would be potentially irreversible and would weaken it.

41. At a meeting of the Committee on Rules of Procedure, Immunities and Institutional Affairs in January 2019, to which the Secretary General of the Council of Europe had been invited, as General Rapporteur on the Budget I proposed looking into various alternatives for dealing with the financial crisis rather than merely through cuts in the budget. In particular, I suggested considering the feasibility of assigning the Russian debt to a third party.

42. This possibility exists at international level and has been used by various States in the past. The Assembly studied the issue of States' debt in the context of protecting financial aid granted by Council of Europe member States to poor countries against financial funds known as "vulture funds" (see Recommendation 1870 (2009) and related report, Doc. 11862). Nevertheless, the assignment of international receivables and the international assignment of receivables are an established practice in international trade, governed by the United Nations Convention on the Assignment of Receivables in International Trade of 12 December 2001.

43. It is regrettable that the Secretary General of the Council of Europe has dismissed this option without seeking to study it and has preferred to present a contingency plan to absorb the scale of the debt left deliberately by the Russian Federation (€90 million at the end of 2019). Implementation of the plan will mean that a significant number of activities and whole areas of the work of the Council of Europe could disappear, some of them irretrievably, for member States. The human cost will also be very substantial, with a departure scheme for 250 people, or almost 10% of the Council of Europe's staff, which the member States will have to pay for.

44. The Programme and Budget 2020-2021, which is part of this context of uncertainty, nevertheless shows a desire to promote an Organisation that is increasingly flexible and confident in its know-how and expertise thanks to reforms aimed at improving its work processes and procedures. This should lead to a greater focus on policy priorities, improving synergies and reducing unnecessary duplication and allowing greater management flexibility for the implementation of administrative reforms.

45. The Council of Europe is going to have to part with staff members who have extensive knowledge and experience of the Council's fields of action and who will be hard to replace. The human resources policy pursued in recent years (with large-scale use of fixed-term contracts) has undermined the transmission of the know-how and *acquis* of the Council of Europe to a fresh generation of staff. Despite the budgetary uncertainties, the Council of Europe will therefore have to introduce a staff policy that is sufficiently attractive to attract good candidates and offer them career development prospects. Redundancy payments for the early departure of staff are not included in the contingency plan, except an amount set aside for this purpose in the framework of the Programme and Budget 2018-2019.

46. As part of the administrative reforms that are currently under development, it is worth mentioning the draft new human resources strategy 2019-2023 presented by the Secretary General of the Council of Europe. This strategy, which has been the subject of a broad consultation process involving Council of Europe staff at all levels, should make it possible to meet the present and future needs of the Council of Europe in terms of human resources, with a view to putting the right people in the right place and encouraging staff renewal and knowledge transfer.

47. The contingency plan also provides for a reduction in the range of the Council of Europe's activities, which could lead to up to 30% of the activities funded from the ordinary budget being frozen. All the administrative entities will have to contribute to the effort. Nevertheless, it is not proposed to make across-the-

board cuts in the programme lines, and some sectors will be harder hit than others by the cuts, notably in the field of democracy. In addition, it is envisaged to rationalise the working methods within the Organisation and to concentrate activities in nine operational programmes for the coming biennium. The aim is to put more emphasis on political priorities, synergies and unnecessary duplication.

48. The Secretary General has indicated his intention to preserve certain sectors, in particular the ability of the European Court of Human Rights to process cases, the supervision of the execution of its judgments and the operation of the various monitoring mechanisms that currently exist in the intergovernmental sector. The other parts of the Council of Europe, including governing and statutory bodies (Assembly, Committee of Ministers, Congress) will therefore have to bear a larger share of the cuts.

49. For its part, the Assembly will not balk at bearing its share of the collective efforts called for, provided that several conditions are met:

– all alternatives to cutting the Organisation's budget must have been studied seriously;

– all entities and sectors of the Council of Europe contribute to the overall effort;

– the efforts asked of the Assembly do not jeopardise its ability to operate.

50. The Assembly will not agree to bear a share which is proportionally higher than its share in the budget of the Council of Europe and points out that Article 37.b of the Statute of the Council of Europe (ETS No. 1) requires the Secretary General to provide such secretariat and other assistance as the Assembly may require.

51. The Secretary General has called on member States to make a larger contribution to the funding of the Council of Europe. This echoes a call made by the Assembly in several budgetary opinions and in Recommendation 1812 (2007) on the political dimension of the Council of Europe budget. In the latter, it called on the Committee of Ministers to review the method of calculating the scales of contributions so as to give greater weight to gross domestic product and to set minimum scales for member States' contributions so as to cover the administrative cost of a judge at the Court.

52. The minimum level of the contribution to the ordinary budget to be paid by a member State should be around €500 000 to cover at least the annual budgetary cost of a judge, an administrative officer and an assistant working full time, as well as the annual administrative expenses pertaining to their work and presence in Strasbourg. At present, a third of member States (16 out of 47) pay contributions to the ordinary budget which are lower than that amount. Yet they all have a judge elected to the European Court of Human Rights.

53. In Recommendation 2124 (2018) "Modification of the Rules of Procedure: the impact of the budgetary crisis on the list of working languages of the Assembly", the Assembly suggested that the Committee of Ministers take several decisions of a budgetary and financial nature, in particular the opening of an obligatory reserve account fed with part of the unspent balance recorded at the close of each financial year or biennium. This is a call which the Assembly has made repeatedly in opinions on the Council of Europe programme and budget (see amongst other Opinions 268 (2008), 279 (2009) and 281 (2011)).

54. In Opinion 294 (2017), the Assembly also called on the Committee of Ministers to return to zero real growth in the Council of Europe's budget, equivalent at least to the inflation rate for France, to enhance the Organisation's operational capacity. This is a call which the Secretary General would have implemented for the 2018-2019 biennium if two of the 47 States represented in the Committee of Ministers had not refused outright. As the Financial Regulations provide for the budget to be adopted by a two-thirds majority, it is surprising that the Secretary General did not press the matter further.

55. A new Secretary General of the Council of Europe, to take office on 1 October 2019 for a five-year term, is to be elected by the Assembly during the June 2019 part-session. In this connection, it would be desirable for the Committee of Ministers to make a firm commitment to ensure real budget growth for the Council of Europe for five years, or zero real growth to take account of inflation alone. This would be a strong sign of support from member States to the future Secretary General.

56. In the final analysis, the contingency plan presented by the Secretary General is linked to the Russian Federation's non-payment of its contribution for 2019 and the unpaid contributions for 2017 and 2018, and amounts to a redundancy scheme. But it is always possible that such a situation will not arise. The decision adopted by the Committee of Ministers of the Council of Europe at its 129th session (Helsinki, 17 May 2019) on "A shared responsibility for democratic security in Europe – Ensuring respect for rights and obligations, principles, standards and values" may have paved the way for a possible solution. At the end of the process, the Russian delegation may decide to return to the Assembly and settle its unpaid contributions. If it were not

the case, the Assembly, recalling its Recommendation 2153 (2019) “Role and mission of the Parliamentary Assembly: main challenges for the future”, may ask the Committee of Ministers to apply Article 9 of the Statute of the Council of Europe. Due to the current volatile political environment and related uncertainties, this report does not and cannot take into account consequences for the activities, operations, sustainability and future of the Council of Europe in the event that the contingency plan needs to be executed.