



Doc. 11911
14 May 2009

Budgets of the Council of Europe for the financial year 2010

Report¹

Committee on Economic Affairs and Development
Rapporteur: Mr Paul WILLE, Belgium

Contents

	Page
A. Draft opinion	2
B. Explanatory memorandum, by Mr Wille	5
1. Introduction	5
2. Audit of the 2007 accounts	5
3. Overview of 2008	5
4. Prospects for 2010	6
Appendix – Evolution in € of the ordinary budget – Summary by votes and years	8

1. Reference to committee: Standing mandate.



A. Draft opinion

1. The Parliamentary Assembly is aware of the difficult situation in which all member states of the Council of Europe find themselves as a result of the consequences of the most serious economic and financial crisis the world has known since the end of the Second World War and the Organisation's foundation.
2. In these circumstances, the Assembly acknowledges the difficulties encountered by the Secretary General in drawing up his budget proposals for 2010 and the need for him to ask the various administrative entities of the Council of Europe Secretariat to make a special savings effort.
3. Nonetheless, the Assembly cannot accept that the impact of this crisis may serve as a pretext for the Committee of Ministers to weaken the Council of Europe by starving it of resources through the maintenance of a policy based solely on the principle of zero real growth in the Organisation's budgets.
4. On the contrary, the Assembly believes that the Organisation must be reinforced in these troubled times. The Council of Europe, with its history, legislative *acquis* and experience, possesses the necessary instruments to respond to today's challenges, as it is a guarantor of essential values and a sounding board for the concerns of the people of Europe, at national, regional and local levels.
5. In this period of economic and financial instability, while states and citizens are seeking to reinstate the key principles of morality, good governance and ethics in their relations, the Council of Europe's role as a pillar of a European democratic framework based on respect for human rights, democracy and the rule of law must be reaffirmed.
6. In this context, the Assembly recognises the importance of the European Court of Human Rights to the Council of Europe and to the people of Europe but has to observe that the Court, a victim of its own success, is placing the other sectors of activity of the Council of Europe under growing pressure.
7. At the same time, to enable it to fulfil its obligations, the Court has benefited from various programmes to enhance its resources, not least the establishment of a fifth section responsible in particular for the backlog of cases pending. It has also been the subject of many reports and audits aimed at evaluating and improving its functioning and its working methods.
8. It must nonetheless be recognised that, despite all the efforts to build up the Court, whose budget has grown from €35.4 million in 2003 to €57 million in 2009 and whose staff has almost doubled over the same period, the number of cases awaiting processing has constantly increased and has now reached 100 000 cases pending. The Assembly does not believe that the potential full or partial implementation of Protocol No. 14 to the European Convention on Human Rights will solve for good the problem of the Court's excess workload and effectiveness. Moreover, an ever-growing number of people are calling for a reform of the reform.
9. The Assembly therefore considers that granting the Court additional financial resources is not the right answer to its problem. The issue of the Court's future is a political matter and must be dealt with as such. In this connection, the Assembly fully endorses the mission defined by the Spanish chairmanship, consisting in addressing the question through two parallel actions:
 - ensuring that the Court's work is carried out as effectively as possible;
 - ensuring that the Court's judgments are effectively implemented by member states;and it invites the next chairmanships of the Committee of Ministers to pursue the efforts along these lines.
10. The Assembly is moreover aware that the increase in the number of staff at the Court registry engenders other very significant costs, especially in terms of investments (particularly additional office space and IT equipment). All of these costs will even further weigh down the ordinary budget, the Pensions Budget and the Investments Budget of the Council of Europe.
11. The Assembly notes that, since 2006, all fresh financial efforts in favour of the Court have invariably resulted in a weakening of other important sectors of the Organisation. As it already stated in its previous opinions, this constant pressure is not acceptable.
12. For this reason, the Assembly would deem it inappropriate for the Committee of Ministers to allow the Court's new requests and the subsequent increase in its budget, if this were to lead to a reduction in the other entities' resources. The Assembly therefore calls on the Committee of Ministers to take this aspect into consideration, even if that entails postponing the requests submitted by the Court for 2010 or financing it with extrabudgetary resources.

13. The Assembly also would like the Committee of Ministers to initiate, without delay, an in-depth debate, to which the Assembly is ready to contribute, on the future of the human rights protection system in Europe and the role of the European Court of Human Rights. In this connection, the Assembly welcomes the initiative aimed at holding as soon as possible a high-level conference on the Court's future and takes note of the Committee of Ministers' intention to apply certain provisions of Protocol No. 14 to the Convention on a provisional basis.
14. The Assembly considers that the sustainability of the Court system requires a reinforcement of co-operation programmes with the states chiefly concerned by applications, so as to assist them in establishing the essential conditions for fair, effective justice and thus help slow the inflow of applications to the Court.
15. To this end, the Assembly suggests that the Committee of Ministers utilise the resources available in the Human Rights Trust Fund set up in March 2008 to finance targeted co-operation and assistance programmes specifically aimed at the four countries concerned by the largest number of applications.
16. Although the Assembly acknowledges that the European Court of Human Rights is one of the finest achievements of the Council of Europe, it nonetheless considers that the Organisation's work should not be confined solely to the major pillars constituted by human rights, the rule of law and democracy. The Council of Europe's activities must be maintained in other fields in which the Organisation is often a European leader and at which it excels, namely education, culture and intercultural dialogue, youth, sport, social cohesion, public health and local and regional democracy, which, just like human rights and the rule of law, are matters of concern for the member states' citizens.
17. From this standpoint, the Assembly fully concurs with the measures taken by the Committee of Ministers to rationalise the intergovernmental structures so as to enhance their efficiency and thereby contribute to the efforts being made to reinforce the impact, effectiveness and usefulness of the work of the entire Organisation.
18. With regard to the Council of Europe's field presence, the Assembly considers that the recent decision by the authorities of Belarus to facilitate the creation of a Council of Europe information office in Minsk is consistent with the wishes it expressed in its [Opinion 259 \(2006\)](#) on the Budgets of the Council of Europe for the financial year 2007. The Assembly is convinced that such a presence will make it possible to resume reinforced co-operation with this country, a precondition for its future integration within the Council of Europe.
19. The Assembly considers that effective policy must go hand in hand with a vision for the Organisation in the medium to long term, including in budgetary terms. It accordingly calls on the Committee of Ministers to prepare the 2010 budget in a multi-annual framework. In this connection, the Assembly invites the Committee of Ministers to refer to its [Opinion 256 \(2005\)](#) on the 2006 budget, in which it set out the benefits which argue in favour of such a measure.
20. The Council of Europe's ordinary budget increases automatically each year by several million euros on account of the full-year effect of earlier decisions by the Committee of Ministers, compulsory adjustments to the salary scales of the Organisation's staff and other expenditure on buildings maintenance and modernisation.
21. For this reason, in view of these obligatory increases and the member states' desire to stabilise their contributions, the Assembly would like the Committee of Ministers to amend the Organisation's Financial Regulations in order to establish a reserve fund to which any credit balance on closing the accounts for a financial year would be transferred, as it suggested in its [Opinion 268 \(2008\)](#).
22. Lastly, given the current exceptional circumstances, the Assembly is ready to make an effort by proposing a 2% reduction in its expenditure, as compared with the appropriations allocated to it in 2009. The Assembly refers to its opinion on its expenditure for the financial year 2010, which contains more details on this proposal.
23. The Assembly is also concerned about a deterioration in social dialogue within the Organisation and the proposals to reform the Council of Europe's staff pension schemes. It accordingly invites the future Secretary General to be open to dialogue with his or her staff and calls on the Committee of Ministers to exercise extreme prudence in matters relating to the pension schemes and to adhere to the practices existing in other organisations belonging to the co-ordination system and the relevant rules of the International Labour Organization.

24. The Assembly points out that the Council of Europe staff pension scheme is part of the essential conditions of employment at the Council of Europe. It accordingly reaffirms its concern to ensure that the staff of the Council of Europe is not considered a mere accounting variable that can be adjusted to balance the Council of Europe's finances.

25. In this context, the Assembly calls on the member states to honour their financial commitments in respect of the pension reserve fund, despite the present difficulties, so as to guarantee the sustainability of the Council of Europe staff pension scheme. The Assembly also reaffirms its attachment to the Council of Europe's continued membership of the existing co-ordinated system, as already set out in its previous opinions.

26. Lastly, the Assembly notes with interest the resource management and mobilisation strategy being implemented. The aim of this strategy is to seek external resources for activities contributing to the Council of Europe's fundamental objective which cannot be funded by the ordinary budget. It nonetheless has reservations about the purpose of this strategy, which could relieve the member states of their responsibility for honouring their obligations in respect of the Organisation's programme of activities. Experience has indeed shown that external resources are limited in their amounts and duration. They do not necessarily allow the implementation of coherent programmes of activities in the long term.

27. The Assembly, which gives the Council of Europe its political impetus, is also the European parliamentary institution that allows the national parliaments of the 47 member states of the Council of Europe to debate and work together with a view to finding answers to the challenges confronting today's Europe and to their citizens' concerns. It is a unique political forum for the whole of Europe and must remain one of the great voices of democracy.

B. Explanatory memorandum, by Mr Wille

1. Introduction

1. The main purpose of the Assembly's annual opinions on the budgets of the Council of Europe is to improve parliamentarians' understanding of the Organisation and of political developments within it, to make recommendations concerning the Council of Europe's future policy directions and activities and, lastly, to give an opinion on the political implications of decisions taken by the Committee of Ministers regarding the Organisation's general budget.

2. In the same way as last year, I would like to comment not only on budget prospects for 2010, but also on the main events of 2008.

2. Audit of the 2007 accounts

3. The external auditor issued an unqualified opinion on the budgetary management accounts for 2007 and took note of the improvements introduced to permit the production of financial statements fully compliant with International Public Sector Accounting Standards (IPSAS).

4. In 2007 the Council of Europe produced consolidated financial statements for the first time. The auditor considered that these consolidated financial statements showed the totality of the Organisation's activities and accordingly recommended amending the Financial Regulations to require only a single external audit opinion on the consolidated financial statements and remove the requirement for separate audit opinions on the financial statements of two partial agreements – Eurimages and the European Centre for Global Interdependence and Solidarity (North-South Centre) – and on the budgetary management accounts.

5. The external auditor also reviewed the procedures in place within various administrative entities, including the Assembly Secretariat. The latter was able to confirm that the Assembly's expenditure had been closely controlled and that financial procedures were well documented.

6. As rapporteur on the budget, I am satisfied with the measures taken by the Council of Europe Secretariat in recent years to adhere to the IPSAS international accounting standards and with the auditor's opinion on the Assembly's expenditure.

3. Overview of 2008

7. The key issue of 2008 was unquestionably the conflict in the Caucasus between Russia and Georgia, which took place on Georgian territory. From August 2008 this major political crisis between two member states captured the full attention of the chairmanship of the Committee of Ministers, the Secretary General of the Council of Europe and, naturally, the Parliamentary Assembly.

8. In this context the Assembly set up an ad hoc committee of its Bureau, organised a number of fact-finding visits to the Russian Federation and Georgia in an attempt to understand the reasons for the conflict and adopted two key documents: [Recommendation 1846 \(2008\)](#) and [Resolution 1633 \(2008\)](#) on the consequences of the war between Georgia and Russia, urging the two states to re-establish dialogue so as to foster stability in the region in the long term.

9. Apart from this major crisis, a particularly important event for the Assembly in 2008 was the European Conference of Presidents of Parliament held in May. At this gathering the presidents addressed two fundamental future challenges for Europe: identifying the best ways of enhancing civil society involvement in our countries' political affairs and ensuring that, at both the national and the European levels, our day-to-day actions clearly reflect the core values of democracy, human rights and the rule of law that are behind everything we do.

10. Another cause for satisfaction was the creation, on 14 March 2008, of the Human Rights Trust Fund, which was established by the Council of Europe with the backing of Norway and the Council of Europe Development Bank. This trust fund will support projects within Europe aimed at guaranteeing respect for the European Convention on Human Rights in national law, the training of legal professionals, dissemination of the Court's case law and the execution of the Court's judgments at national level.

11. Among the other highlights of 2008, mention can be made of the entry into force, on 1 February 2008, of the Council of Europe Convention on Action against Trafficking in Human Beings. Forced prostitution and trafficking of women and children are unfortunately permanent problems in Europe and the rest of the world. This convention, which has its own monitoring mechanism – the Group of Experts on Action against Trafficking in Human Beings (GRETA), should lend itself to effective implementation.

12. Another success to be welcomed is that of the Council of Europe Campaign to Combat Violence against Women, including Domestic Violence, in which the Assembly played an important role by raising national parliaments' awareness and which held its closing conference on 10 and 11 June 2008. This conference was an opportunity to present good practices and to launch the drafting work on a new Council of Europe convention to prevent and combat violence against women, including domestic violence.

13. A number of new official agreements have also been concluded with external partners, notably a co-operation agreement between the Council of Europe and the European Union Agency for Fundamental Rights and memorandums of understanding between the Council of Europe and, on the one hand, the United Nations Alliance of Civilizations and, on the other, the Organisation internationale de la Francophonie (OIF).

14. Lastly, attention can be drawn to the launch of the Council of Europe "White Paper on Intercultural Dialogue" at the ministerial session in May 2008. This document provides guidelines for the promotion of intercultural dialogue, mutual respect and understanding, based on the core values of the Organisation.

4. Prospects for 2010

15. During his discussions with the Committee on Economic Affairs and Development at the meeting held on 12 March 2009, the Secretary General spoke about the difficult situation in which he finds himself with regard to the preparation of the Council of Europe's budgets for 2010. Two factors must be taken into account:

- the need to offset the projected reduction in the credit balance of the ordinary budget for 2008 (some €2 million compared with €4.9 million in 2007 – including €900 000 originating from the 2006 balance) (+€2.9 million);
- the increase in compulsory adjustments to the salary scales (+€1 million).

16. To meet these needs, €4 million must be redistributed within the ordinary budget. The Secretary General has therefore asked the major administrative entities to submit budget proposals entailing a 3% reduction compared with the previous year, so that he can prepare a budget for 2010 consistent with the member states' intention to apply the principle of zero real growth in their contributions to the ordinary budget.

17. However, this working hypothesis does not include the Court's requests for 2010, which amount to almost €3 million, taking into account the new three-year recruitment plan it proposes for 2010-12. If these requests were to be integrated in the ordinary budget on a zero real growth basis, this could result in a need for additional savings of about €7 million in that budget alone!

18. With particular regard to the Court, although it is easy to understand that the current economic and financial crisis makes the budget discussion more difficult, members of the Assembly may be baffled by the Court's fresh demands. This is because the Court has received considerable support in recent years:

- a 2003-05 programme for the enhancement of its resources;
- the establishment of a fifth section responsible in particular for the backlog of cases pending;
- a new programme for the enhancement of its resources spanning the period 2006-08.

19. As a result, between 2003 and 2009, the Court's budget has grown from €35.4 million to €57 million. In 2003 the Court accounted for 19% of the ordinary budget, compared with 26.3% in 2009. As a better illustration of these points, a comparative table of the votes of the ordinary budget between 2003 and 2009 is appended hereto.

20. In terms of permanent posts, the Court has grown from 382 posts as at 1 January 2004 to 629 as at 1 January 2009 (out of a total of 1 523 permanent posts in 2004 and 1 764 in 2009).

21. At the same time, the number of applications pending has been constantly increasing and reached 100 000 in 2009. It should be asked whether enhancing the Court's financial and human resources is the right answer to its current problems and whether ratification of Protocol No. 14 to the European Convention on Human Rights by the Russian Federation is an appropriate response. As the Court Registrar has already said,

implementation of Protocol No. 14 will doubtless bring improvements in the current system but will not solve the excess workload. Moreover, a number of renowned experts are talking in terms of the need for a reform of the reform.

22. For this reason it would be desirable to hold a genuine political debate on the financing and role of the Court within the Council of Europe. If, despite all efforts, the Court was unable to deal with the new cases brought before it and to absorb the backlog of cases pending, we would be faced with the inevitable. From this standpoint, the idea of holding a high-level conference on the future of the Court as soon as possible is to be welcomed.

23. In the meantime I consider that it would be preferable to ask the Committee of Ministers to postpone the Court's requests for 2010 or to allocate additional extrabudgetary resources to it. This would allow time to think seriously about the future of the European human rights protection system. It is unacceptable that the Court, by monopolising the bulk of the financial resources allocated to the Council of Europe by the member states, should starve all the other sectors of the Organisation.

24. However, in view of the circumstances, the Assembly could make an exceptional effort and, accordingly, in the opinion on its expenditure for 2010, a range of cuts is proposed allowing a 2% saving, while avoiding any measure that might affect its core operations.

25. It would nonetheless be advisable to consider where the Council of Europe is heading. The best means of foreseeing the Organisation's financial needs in the short, medium and long term is to replace the current annual budget approach with a multi-annual budget framework. In its [Opinion 264 \(2007\)](#) the Assembly suggested that forward-planning should cover four to five years, coinciding with the term of office of the Organisation's Secretary General.

26. The credit balance continues to raise questions. However, it is used as a financial management tool. For this reason I would consider it normal that it remain the property of the Council of Europe and not be returned to the member states. It could be automatically transferred to a reserve account, even if the Financial Regulations had to be amended to establish this account.

27. For many years now the Council of Europe has benefited from extrabudgetary resources, primarily originating from the European Commission. In this connection, the new resource management and mobilisation strategy prepared by the Secretariat is to be welcomed. However, this strategy must not serve as an excuse for the member states to waive their obligations towards the Council of Europe and its programme of activities. Experience shows that extrabudgetary resources are, firstly, limited in amount and, secondly, provided for a limited duration. This makes it more difficult to maintain a coherent programme of activities in the long term.

28. In conclusion, 2010 will be a critical year and the first full year in office of the future Secretary General of the Council of Europe. The latter must establish a frank, open dialogue with his or her staff and with the Assembly, in particular the next rapporteur on the budget. The Committee of Ministers for its part must not confine itself to a purely accounting approach in respect of the Organisation's staff and must proceed with caution on the issue of pensions.

Appendix – Evolution in € of the ordinary budget – Summary by votes and years

	Evolution in € of the ordinary budget – Summary by votes and years													
	Budget 2003	Budget 2004	Budget 2005	Budget 2006	Budget 2007	Budget 2008	Budget 2009	Budget 2003	Budget 2004	Budget 2005	Budget 2006	Budget 2007	Budget 2008	Budget 2009
Vote I – General services	20 017 380	17 723 400	17 484 700	16 330 700	15 235 000	15 834 600	16 781 300	10.8%	9.4%	9%	8.2%	7.5%	7.5%	7.7%
Vote II – Programme of activities	64 693 480	69 797 600	70 886 300	70 945 500	71 337 400	71 442 200	71 970 000	34.7%	37%	36.7%	35.8%	35%	33.9%	33.1%
Vote III – Parliamentary Assembly	14 298 270	14 791 800	15 270 600	15 614 700	15 667 700	15 649 200	15 650 500	7.7%	7.8%	7.9%	7.9%	7.7%	7.4%	7.2%
Vote IV – European Court of Human Rights	35 403 560	39 831 100	42 392 800	44 520 000	49 538 300	53 694 900	57 042 000	19%	21.1%	21.9%	22.5%	24.3%	25.5%	26.3%
Vote V – Congress	5 543 740	5 650 100	6 032 000	6 202 000	6 085 300	6 109 000	6 133 500	3%	3%	3.1%	3.1%	3%	2.9%	2.8%
Vote VI – Administrative & logistics support	38 143 690	39 076 800	38 680 500	41 072 700	42 597 800	45 104 900	46 130 000	20.5%	20.7%	20%	20.7%	20.9%	21.4%	21.2%
Vote VII – Sundry expenditure	4 178 000	-2 273 700	-1 918 000	-1 301 300	-1 474 500	-1 954 100	-1 410 800	2.2%	-1.2%	-1%	-0.7%	-0.7%	-0.9%	-0.6%
Vote VIII - Investment expenditure	3 922 000	3 978 400	4 558 000	4 624 000	4 702 000	4 769 400	4 860 000	2.1%	2.1%	2.4%	2.3%	2.3%	2.3%	2.2%
Total – Expenditure	186 200 120	188 575 500	193 386 900	198 008 300	203 689 300	210 650 100	217 156 400	100%	100%	100%	100%	100%	100%	100%
Revenue														
Vote IX – Sundry receipts	10 710 120	8 075 500	7 374 200	7 859 500	6 475 200	9 650 500	12 154 400	5.8%	4.3%	3.8%	4%	3.2%	4.6%	5.6%
Total – Contributions from member states	175 490 000	180 500 000	186 012 700	190 148 800	197 214 100	200 999 600	205 002 000	94.2%	95.7%	96.2%	96%	96.8%	95.4%	94.4%

Reporting committee: Committee on Economic Affairs and Development.

Reference to committee: Standing mandate.

Draft opinion adopted by the committee on 12 March 2009.

Members of the committee: Mr Márton **Braun** (Chairperson), Mr Robert Walter (Vice-Chairperson) (alternate: Baroness Detta **O’Cathain**), Mrs Doris Barnett (Vice-Chairperson), Mrs Antigoni Papadopoulos (Vice-Chairperson), Mr Ruhi **Açikgöz**, Mr Ulrich Adam, Mr Pedro **Agramunt Font de Mora**, Mr Roberto Antonione, Mr Robert Arrigo (alternate: Mrs Marie-Louise **Coleiro Preca**), Mr Zigmantas Balčytis, Mrs Veronika Bellmann, Mr Radu Mircea Berceanu, Mr Vidar **Bjørnstad**, Mr Luuk Blom, Mr Pedrag Bošković, Mrs Maryvonne Blondin, Mr Patrick Breen (alternate: Mr Frank **Fahey**), Mr Erol Aslan **Cebeci**, Mrs Elvira **Cortajarena Iturrioz**, Mr Valeriu Cosarciuc, Mr Joan Albert Farré Santuré, Mr Relu Fenechiu, Mr Guiorgui **Gabashvili**, Mr Marco Gatti, Mr Zahari Georgiev, Mr Paolo **Giaretta**, Mr Francis Grignon, Mrs Arlette Grosskost (alternate: Mr Michel **Hunault**), Mrs Azra Hadžiahmetović, Mrs Karin Hakl, Mr Norbert **Hauptert**, Mr Stanislaw Huskowski, Mr Ivan Nikolaev Ivanov, Mr Igor Ivanovski, Mr Miloš Jevtić, Mrs Nataša Jovanović, Mr Antti **Kaikkonen**, Mr Emmanouil **Kefaloyiannis**, Mr Serhiy Klyuev, Mr Albrecht Konečný, Mr Bronislaw **Korfanty**, Mr Anatoliy **Korobeynikov**, Mr Ertuğrul Kumcuoğlu, Mr Flemming Damgaard Larsen, Mr Bob Laxton, Mr Harald Leibrecht, Mrs Anna **Lilliehöök**, Mr Arthur Loepfe, Mr Denis MacShane, Mr Yevhen Marmazov, Mr Jean-Pierre Masseret, Mr Miloš **Melčák**, Mr José **Mendes Bota**, Mr Attila Mesterházy, Mr Alejandro Muñoz Alonso (alternate: Mr Pedro María **Azpiazu Uriarte**), Mrs Olga Nachtmannová, Mrs Hermine Naghdalyan, Mr Gebhard Negele, Mrs Miroslawa **Nykiel**, Mr Mark Oaten, Mrs Ganira Pashayeva, Mrs Marija Pejčinović-Burić, Mr Viktor **Pleskachevskiy**, Mr Jakob Presečnik, Mr Maximilian Reimann, Mr Andrea Rigoni, Mrs Maria de Belém Roseira (alternate: Mr Maximiano **Martins**), Mr Giuseppe Saro, Mr Samad Seyidov, Mr Steingrímur J. Sigfússon, Mr Leonid Slutsky (alternate: Mrs Natalia **Burykina**), Mr Serhiy **Sobolev**, Mr Christophe Steiner, Mr Vyacheslav Timchenko (alternate: Mr Yury **Isaev**), Mrs Arenca Trashani, Mrs Ester Tuiksoo, Mr Oldřich Vojtíš, Mr Konstantinos **Vrettos**, Mr Harm Evert Waalkens, Mr Paul **Wille**, Mrs Maryam Yazdanfar.

NB: The names of the members who took part in the meeting are printed in **bold**.

Secretariat of the committee: Mr Newman, Mr de Buyer and Mr Chahbazian.