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Budgets and priorities of the Council of Europe for the 2012-2013 financial period

Report[1]
Committee on Economic Affairs and Development
Rapporteur: Mr Erol Aslan CEBECİ, Turkey, Group of the European People's Party

Summary

The rationalisation and reinforcement of the Council of Europe's operational capacity must be pursued, but the refocusing of activities has to correspond to the aspirations of the Organisation's member states (not only of the Ministries of Foreign Affairs but also of specialised ministries). The adoption of a biennial programme and budget is a major step forward, on the condition that the rules of implementation allow a greater flexibility in the management of appropriations. All the measures adopted must allow the Council of Europe to cope with the new challenges it faces. The current geopolitical developments in the Mediterranean are one of these new challenges to which the Council of Europe will have to respond. In this context, the Parliamentary Assembly welcomes the Secretary General's decision to organise in Strasbourg the first Forum for Democracy: a new "Davos" for democracy.

1. Reference to committee: Standing mandate.

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A. Draft opinion[2]

1. The Parliamentary Assembly supports the reforms initiated by the Secretary General of the Council of Europe, Mr Thorbjørn Jagland, to revitalise the Council of Europe and give the Organisation a fresh political impetus in future years. In particular, it can give its backing to the measures being taken to rationalise structures and contain staff expenditure. It welcomes the work done by the internal governance group (Group "Agenda 2020"), responsible for putting forward proposals and recommendations on the implementation of the reform.

2. The Assembly also endorses the Secretary General's initiative, in response to a proposal from the Turkish Chairmanship of the Committee of Ministers, of setting up a Group of Eminent Persons, chaired by Mr Joschka Fischer, to prepare a report on the Pan-European project "Living together – Combining diversity and freedom in 21st-century Europe". It notes with interest that this report has been published and will discuss its conclusions and proposals.

3. The Assembly takes note of the general reduction, proposed by the Secretary General, applied to the budgets of the major administrative entities and institutional bodies of the Council of Europe (the Committee of Ministers, the Parliamentary Assembly, the Congress of Local and Regional Authorities, the Office of the Commissioner for Human Rights and, solely for non-case processing activities, the European Court of Human Rights) for the financial years 2012 and 2013. The Assembly refers to its resolution on the expenditure of the Parliamentary Assembly for the financial years 2012-2013.

4. Concerning the Organisation's structures, the Assembly acknowledges the need for a rationalisation and reinforcement of the Council of Europe's field capacity, particularly through the creation of fifteen Council of Europe offices in member states concerned by the implementation of large-scale assistance and co-operation programmes. However, the Assembly still has reservations, on account of their potential cost, concerning the creation of the Geneva, Vienna and Warsaw offices, which are not directly linked to the implementation of co-operation programmes.

5. Although the Assembly is strongly in favour of enhanced inter-institutional co-operation, it would not like the creation of new structures to weigh on the Organisation's budgets at a time when very significant efforts to rationalise and contain expenditure are being made on all sides, including by the Assembly itself.

6. Concerning the restructuring of the programme of activities, the Assembly understands that it is becoming extremely difficult to implement some 130 programmes (leaving aside legally binding activities) with an annual budget restricted to €40 million. It can accordingly accept the reduction to 38 operational programmes, which means that certain programmes lacking the critical mass to have a sufficient impact should be discontinued. However, it would not want important activities to end because the resources necessary to keep them going have been deployed elsewhere. The co-operation programmes and related activities must indeed be geared to meeting the challenges faced by the member states.

7. The Assembly considers that the same applies to the intergovernmental sector (committees of intergovernmental experts). It can accordingly comprehend that the new steering committees and their subordinate bodies are being organised under the three pillars of the co-operation programme, namely human rights, the rule of law and democracy. This will make it possible to reduce the number of steering committees from 23 to 16, and the number of subordinate bodies from 28 to 6, thereby permitting a saving of about €900 000 per year.

8. However, this refocusing of activities, which is doubtless necessary, must be well thought through and correspond to the aims of all Council of Europe member states (not just the objectives of the Committee of Ministers – that is to say the ministries of foreign affairs – but also those of all the other specialised ministries concerned). Indeed, the priorities of the capitals and of the ministries are not always the same.

9. Lastly, the Assembly wishes this restructuring exercise to be implemented taking full account of the position it adopted in its Resolution 1783 (2011) on follow-up to the reform of the Council of Europe.

10. The Assembly itself has set up an ad hoc committee on its own reform, whose proposals are set out in Resolution ... (2011) on the expenditure of the Parliamentary Assembly for the financial years 2012-2013.

11. With regard to the conventions, the Assembly backs the Secretary General's intent to "take stock of the situation by conducting a critical review of their relevance". In this connection, the Assembly refers to its Recommendation 1920 (2010) on reinforcing the effectiveness of Council of Europe treaty law, in which it

2. Draft opinion adopted unanimously by the committee on 20 May 2011.

requested the Committee of Ministers to instruct the relevant steering committees to examine the treaties falling within their respective spheres of competence, so as to identify conventions that are still relevant but require updating.

12. On this subject, the Assembly, as the instigator of many Council of Europe conventions, considers that it should itself be very closely involved in the implementation of an action plan for the conventions.

13. The Assembly also welcomes the decision by the Committee of Ministers and the Secretary General to introduce a biennial programme and budget for 2012-2013. This is consistent with the Assembly's frequently voiced desire to break out of the yoke of the annual budget, which has so far been the rule at the Council of Europe.

14. Nonetheless, the Assembly would emphasise that the introduction of a biennial programme and budget will constitute a major step forward on condition that the rules of implementation are adapted so as to permit management over a two-year cycle, namely to permit the adoption of a budget for the coming year (N) and the following year (N+1) and flexible use of appropriations for years N and N+1.

15. In concrete terms, the Assembly considers that any unspent appropriations from year N should be carried forward without restriction to year N+1. Similarly, it thinks it should be possible, under certain conditions to be determined, to draw on the funds earmarked for year N+1 if expenditure overruns the amounts budgeted for year N, for example so as to make investments that will permit the reduction of certain expenditure items in future.

16. For this reason the Assembly reiterates its call to amend the current Article 70 of the Financial Regulations of the Council of Europe so that any unspent balance at the year end will be left at the Organisation's disposal and placed in a reserve account, as the Assembly suggested in its Opinions 268 (2008) and 279 (2010) on the budgets of the Council of Europe for the financial years 2009 and 2011.

17. With regard to priorities, the Assembly continues to follow with great interest the issue of human rights protection and the future of the European Court of Human Rights, including the follow-up process and action plan adopted by the Committee of Ministers in the wake of the Interlaken Conference in February 2010. It has also taken note of the Izmir Declaration of 27 April 2011, published on the occasion of the High-Level Conference on the future of the European Court of Human Rights.

18. The Assembly is nonetheless surprised that, in view of its historical role in ensuring the authority and effectiveness of the Convention system and the part it plays in the election of the Court's judges, as the source of legitimacy of their mandates, it has not been asked to participate in the long-term strategic reflections about the future role of the Court.

19. The Assembly indeed attaches great importance to the good functioning of the Convention system, particularly in the context of the current negotiations on European Union accession to the European Convention on Human Rights and the need to ensure the effective implementation of the Court’s judgments.

20. With particular regard to the rule of law, the Assembly fully concurs with the decision to target the programme towards combating threats to collective and individual security, notably organised crime, corruption and money laundering. Here, the Assembly underlines the importance of ensuring the monitoring of the relevant Council of Europe conventions. In particular, it invites the member states swiftly to sign and ratify the Convention on the counterfeiting of medical products and similar crimes involving threats to public health, which was adopted in December 2010 and of which it was the originator, as well as the Council of Europe Convention on preventing and combating violence against women and domestic violence (CETS No. 210), adopted in Istanbul on 11 May 2011.

21. The Assembly moreover notes with satisfaction that the Secretary General of the Council of Europe intends to “pursue ... work in support of fair and democratic elections”. In this respect, it recalls that it was behind the introduction of institutionalised observation of elections within Europe. Since 1989, the Assembly has observed over 130 parliamentary or presidential elections in European countries, and some 1 700 Assembly members have been deployed as observers.

22. The Assembly considers that it has played a leading role in building Europe's electoral heritage. It instigated the Council of Europe's standard-setting work concerning elections, which served as a basis for improving national electoral legislation. With the Venice Commission as its institutional partner, the Assembly will continue to play an efficient and effective role in the field, observing legislative or presidential elections.

23. Concerning its relations with external partners, particularly civil society, the Assembly wishes to obtain more information on the strategy of the Council of Europe with regard to civil society in general and the international non-governmental organisations (INGOs) enjoying participatory status in particular. In October 2010, the Conference of INGOs drew Assembly members' attention to its situation following the initial consequences of the reform, entailing a 50% cut in the Conference's budget for 2011, which means that it cannot hold sessions in parallel with those of the Assembly.

24. The Assembly also welcomes the tangible action taken by the Secretary General in response to the call it issued in its Recommendation 1886 (2009) on the future of the Council of Europe in the light of its sixty years of experience to set up an annual Forum for Democracy in Strasbourg: a sort of Davos for democracy with strong participation by civil society and INGOs.

25. The Assembly notes that the Secretary General's reform priorities continue to include the modernisation of human resources policy, in particular containment of staff costs. It has noted that the Committee of Ministers, acting on a proposal by the Secretary General, has amended the Staff Regulations so as to modernise – and in the longer term abolish – certain staff allowances that do not come under the co-ordinated remuneration system (education, language and housing allowances) and to adapt conditions for start-of-career promotions.

26. The Assembly has also been informed of the governments' wish to decrease the expatriation allowance paid to non-resident staff working for the Co-ordinated Organisations, despite negative opinions from the Committee of Representatives of the Secretaries-General and of staff representatives. The Assembly reminds those concerned that it attaches the greatest importance to the principles of negotiation and respect for the rules governing the co-ordination system, which must be abided by.

27. Concerning the pensions of staff of the Council of Europe, the Assembly has been informed that a new actuarial study to assess the level of member states' contributions to the Pension Reserve Fund for the next three years (2012-2014) is to be published before the end of 2011. In this context, the Assembly wishes to draw the Committee of Ministers' attention to the rate of return set for the actuarial study, as the Committee of Ministers should not impose a virtual rate that is too high, simply with a view to minimising member states' future contributions to the Fund.

28. The Assembly is also surprised that there are no proposals to link the Pension Reserve Fund and the sole financial body of the Council of Europe, the Council of Europe Development Bank (CEB). It considers that the Bank's expertise in investment matters could be put to use by the Fund's Management Board. In this connection, the Assembly invites the Committee of Ministers to consider the advisability of granting a seat on the Management Board to the CEB and of drawing on the Bank's expertise concerning financial investments in devising the strategy for investing the Fund's assets.

29. The Assembly notes that the Council of Europe also receives voluntary contributions of about €29 million per year (including some €20 million from the European Union). These contributions are essential to keep afloat the Organisation's co-operation and technical assistance activities. For 2011, extra-budgetary resources requirements have been estimated at about €37 million. In this context, the Assembly invites the Secretary General of the Council of Europe to negotiate with the European Commission the establishment of a stable, sustainable system of funding joint programmes with European Union resources.

30. In view of the importance of these additional resources, the Assembly would like the structure within the Council of Europe secretariat in charge of fundraising to be reinforced. In this connection, it also proposes holding regular meetings between the authorities of the foreign ministries of member states and of the Council of Europe, so as to foster better understanding of the system, its improved functioning and better use of the funds.

31. In conclusion, the Assembly is aware that the purpose of all these measures is to adapt the Council of Europe to cope with new challenges. At the same time, current geopolitical developments in the Mediterranean basin are confronting Europe, the European Union and the Council of Europe with their political, financial, social and moral responsibilities.

32. For this reason, the Assembly would like the Council of Europe to assist the setting up of these new emerging democracies, while placing a premium on rights, whether concerning access to freedoms, respect for human rights or the establishment of the rule of law, which are the Council of Europe's fundamental values. This is a challenge to which the Council of Europe absolutely must respond.

B. Explanatory memorandum by Mr Cebeci, rapporteur

1. Introduction

1. When he addressed the Parliamentary Assembly in January 2010, the Secretary General of the Council of Europe, Mr Thorbjørn Jagland, announced his intention to implement a comprehensive reform package to "revitalise the Council of Europe". In his address to the Assembly on 24 January 2011, the Chairperson of the Committee of Ministers, Mr Ahmet Davutoğlu, spoke of a "new political impetus" given to the Organisation.

2. From January to December 2010, a series of measures were implemented with a view to creating conditions for improved internal governance and preparing for future strategic action on reform. These initial measures concerned internal governance, the merger of the programme and the budget and the rationalisation of certain internal Secretariat bodies. The Council of Europe's external presence was also reorganised. Lastly, human resources policy measures were taken, which made it possible, in particular, to control staff expenditure.

3. The challenges to be met by the Secretary General in the second phase of the reform consist in defining strategic priorities for the coming decade and translating them into concrete and efficient actions. This will necessitate the introduction of new tools and working methods. There are three main thrusts to the Secretary General's new measures: the introduction of a biennial programme and budget, a review of the intergovernmental sector and the examination of the relevance of Council of Europe conventions.

4. At the meeting of the Committee on Economic Affairs and Development held in Paris on 16 March 2011, the Deputy Secretary General, Ms de Boer-Buquicchio, and Ambassador of Finland, Ms Ertman, Chairperson of the Rapporteur Group on Programme, Budget and Administration (GR-PBA), were able to share with committee members their vision of the challenges confronting the Organisation in the coming years.

5. On this occasion, Ambassador Ertman officially invited the Assembly's rapporteur on the budget to present at a GR-PBA meeting in June 2011 the draft opinion on the budgets and priorities of the Council of Europe for 2012-2013 and the draft resolution on the expenditure of the Assembly for the same period, as approved by our committee at its meeting in May 2011 in Lamezia Terme, Italy.

6. As in previous years, my intention is to comment on the Secretary General's priorities and the new measures he has taken for 2012 and 2013. However, before getting to the heart of the matter, I will address the audit of the Council of Europe's accounts for 2009 and the main events of 2010.

2. Audit of the 2009 accounts

7. The French Cour des Comptes has replaced the National Audit Office (United Kingdom) as external auditor of the Council of Europe. The auditing procedures performed on the 2009 accounts led the external auditor to conclude that the consolidated financial statements were IPSAS[3] compliant and gave a true and fair view of the financial position of the Council of Europe as at 31 December 2009. The auditor accordingly issued an unqualified opinion on the Organisation's accounts.

8. The auditor also noted that the deficit on the Council of Europe's operational activities had grown by 33% between 2008 and 2009. Staff expenditure nonetheless increased by 12% over the same period and represents 69% of operational expenditure. It must, however, be said that this increase in staff expenditure is a consequence of the reinforcement of two key sectors – the European Court of Human Rights ("the Court") and the Office of the Commissioner for Human Rights. Excluding the Court, total staff expenditure has in fact remained stable over the last five years.

9. As for the Pension Reserve Fund, the auditor stated that its value had increased by 74%, from €52 476 000 as at 31 December 2008 to €91 140 000 as at 31 December 2009, thanks to a surplus of acquisitions over sales and a positive fair value adjustment. This is worth noting, as it shows that the Fund has succeeded in eradicating the unrealised and realised losses noted at the time of the audit of the 2008 accounts.

10. A new actuarial study to assess the level of member states' contributions to the Pension Reserve Fund for the next three years (2012-2014) is to be published before the summer of 2011. In this context, I wish to remind the Committee of Ministers of the caveat I made in the previous opinion, concerning the rate of return

3. International Public System Accounting Standards.

set for the actuarial study. This is because the improvement in the Fund's financial situation should not lead the Committee of Ministers to impose a virtual rate of return that is too high, simply so as to minimise the member states' future contributions to the Fund. I would also like the Fund's Management Board to continue to exercise prudence when selecting investments.

11. It is moreover surprising that no link is envisaged between the Pension Reserve Fund and the Council of Europe's sole financial body, the Council of Europe Development Bank (CEB). I believe that the Bank's expertise in investment matters could be put to use by the Fund's Management Board. In this connection, the Committee of Ministers could consider the advisability of granting a seat on the Management Board to the CEB and of drawing on the Bank's expertise concerning financial investments in devising the strategy for investing the Fund's assets.

3. 2010

Stocktaking of the first phase of the reforms:

12. From January to December 2010 a series of measures were implemented with a view to creating conditions for improved internal governance and preparing for future strategic action on reform. During this initial phase seven measures were launched.

13. The first measure consisted in merging the programme of activities and the budget so as to present a more readable, better structured and more streamlined document. This new programme and budget covers the entire Organisation and all of its resources (including obligatory contributions by the member states and financing obtained from the European Union). In this document the Assembly is included under the “Democracy” pillar. In its Opinion 279 (2010) on the budgets and priorities of the Council of Europe for the 2011 financial year, the Assembly objected to this, in view of its role and position as a statutory organ of the Organisation.

14. The second measure relates to the reform of the European Court of Human Rights, following the ratification by all Council of Europe member states of Protocol No. 14 to the European Convention on Human Rights (CETS No. 194 and ETS No. 5), and the measures to enhance the long-term effectiveness of the Court and improve its functioning, known as the “Interlaken Process”. In particular, the objective is European Union accession to the Convention mechanisms, made possible by the ratification of the Treaty of Lisbon. The Assembly's Political Affairs Committee and Committee on Legal Affairs and Human Rights are dealing with this matter and will shortly be submitting proposals.

15. The third measure concerns rationalisation and reinforcement of the Council of Europe's operational capacity in the field. In 2010, the Organisation's external presence was completely overhauled, so as to establish 15 Council of Europe Offices.[4] The existing structures in Lisbon (North-South Centre), Graz (modern languages), Budapest (European Youth Centre) and Ankara will moreover continue to exist in their present form. In its Opinion 279 (2010), the Assembly expressed reservations, on account of their potential cost, concerning the creation of the Geneva, Vienna and Warsaw offices, which are not directly linked to the implementation of co-operation programmes.

16. The fourth measure concerns relations with external partners, in particular civil society. On this specific point, I would like to learn more about the Secretary General's policy in relation to INGOs and their status with the Council of Europe. In this connection, it is to be welcomed that the Secretary General has taken tangible action in response to the call issued by the Assembly in its Recommendation 1886 (2009) on the future of the Council of Europe in the light of its sixty years of experience to set up an annual Forum for Democracy in Strasbourg, a sort of Davos for democracy with strong participation by civil society and international non-governmental organisations (INGOs).[5]

17. With regard to the INGOs and their links with the Council of Europe, the situation absolutely must be clarified. In October 2010, the Conference of INGOs drew our attention to its situation as the initial consequences of the reform had entailed a 50% cut in the Conference's budget for 2011, which means that it cannot hold sessions in parallel with those of the Assembly. In this context, it would be desirable to obtain more information on the strategy of the Council of Europe with regard to civil society in general and the INGOs enjoying participatory status in particular.

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4. Baku, Belgrade, Brussels, Chisinau, Geneva, Kyiv, Moscow, Paris, Pristina, Sarajevo, Tbilisi, Tirana, Vienna, Warsaw and Yerevan. These fifteen external offices have been operational since March 2011.
5. Statement by the Secretary General to the Parliamentary Assembly, 11 April 2011).

18. The fifth measure consisted in putting in place internal governance structures, with the creation of a Policy Planning Directorate and a Directorate of Internal Oversight and other measures to enhance in-house inter-institutional dialogue.

19. The sixth measure was doubtless the most sensitive, since it directly affected the Organisation's staff. It was aimed, firstly, at adapting human resources policy to the reform process, with a view to enhancing staff mobility, increasing flexibility and harmonising the length of probationary periods, and, secondly, at controlling overall staff expenditure, by doubling the waiting time to obtain seniority-based salary increments ("steps").

20. The seventh measure was the establishment, in June 2010, of an internal governance structure – the "Agenda 2020" group – with the mandate of putting forward proposals and recommendations for implementing the reform.

21. As can be seen, the Secretary General has thoroughly committed himself to this exercise, which is a difficult one but essential for the future of our Organisation. Moreover, in his address to the Assembly on 24 January 2011, he referred to the creation by the Committee of Ministers, on a proposal by the Turkish Chairmanship, of a Group of Eminent Persons presided over by Mr Joschka Fischer, tasked with producing a report on "Living together in 21st-century Europe".

22. This is not the first time that leading figures have been invited to give their views on our Organisation. I might cite the Colombo Commission[6] established in 1986, the Committee of Wise Persons[7] set up in 1998 following the Second Summit of the Council of Europe and, lastly, the Juncker report[8] in 2006. The eminent persons' report was presented on the occasion of the Committee of Ministers session in Istanbul on 11 May 2011.

Other key activities:

23. The High-Level Conference on the future of the European Court of Human Rights held in Interlaken on 18 and 19 February 2010 was undoubtedly one of the key events of the year. At this conference, organised under the Swiss Chairmanship of the Committee of Ministers, decisions were taken with a view to ensuring the effective functioning of the Court in the long term. A declaration and an action plan were adopted. The Committee of Ministers also set up an ad hoc working party to monitor the Interlaken process (see the conclusions of the Izmir Conference in April 2011), a process which also encompasses European Union accession to the Convention following the ratification of the Treaty of Lisbon by the European Union member states.

24. With regard to conventions, mention must also be made of the adoption, in March 2010, of a Protocol amending the Convention on Mutual Administrative Assistance in Tax Matters (CETS No. 208), concerning which our Assembly gave a detailed opinion.[9] This convention is a joint instrument of the Council of Europe and the Organisation for Economic Co-operation and Development (OECD).

25. Furthermore, in December 2010, the Committee of Ministers adopted the Council of Europe Convention on counterfeiting of medical products and similar crimes involving threats to public health. This legal instrument is the outcome of a process launched by the Assembly through its Recommendation 1794 (2007) on the quality of medicines in Europe. The signature in Istanbul on 11 May 2011 of the Council of Europe Convention on preventing and combating violence against women and domestic violence (CETS No. 210), which was firmly supported by our Assembly, should also be noted,

26. Lastly, the situation of Roma in Europe was central to the Organisation's action in 2010. Our Assembly paved the way for this by examining, at its June part-session, a report on the situation of Roma in Europe followed, at the October part-session, by a debate under urgent procedure on the recent rise in national security discourse in Europe. This debate preceded a high-level meeting on the Roma, convened by the Secretary General in Strasbourg on 20 October 2010.

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6. The Colombo Commission (Commission of Eminent European Personalities) was established in June 1986 under Assembly Recommendation 994 (1984) and was asked to consider the prospects for European co-operation.

7. On the occasion of the Second Summit of Heads of State and Government of the Council of Europe (Strasbourg, 10-11 October 1997), the participants instructed the Committee of Ministers 'to carry out the structural reforms needed to adapt the Organisation to its new tasks and its enlarged membership and to improve its decision-making process". To this end, at its 101st Session, the Committee of Ministers decided to establish a Committee of Wise Persons.

8. Jean-Claude Juncker, Prime Minister of the Grand Duchy of Luxembourg, drew up his report "Council of Europe-European Union: A sole ambition for the European Continent" in a personal capacity and at the request of the Heads of State and Government on the occasion of the Warsaw Summit held in 2005.

9. See Opinion 277 (2010) and Doc. 12161.

27. The Strasbourg Declaration on Roma was adopted at the close of this high-level meeting. It sets out guiding principles and priorities concerning: non-discrimination and citizenship (including women's rights, gender equality and children's rights); social inclusion (encompassing education, employment, housing and health care); and, lastly, international co-operation.

4. Priorities for 2012-2013

28. The challenges to be met by the Secretary General in the second phase of the reform consist in defining strategic priorities for the coming decade and translating them into concrete and efficient actions. This will necessitate the introduction of new tools and working methods.

29. The new measures include the switch to a biennial programme and budget. The biennial programme put in place by the Secretary General for 2012-13 is indeed consistent with the Assembly's frequently voiced desire to break out of the yoke of the annual budget, which has so far been the rule at the Council of Europe.

30. The introduction of a biennial programme and budget will constitute a major step forward on condition that the rules of implementation are adapted so as to permit management over a two-year cycle, namely to permit the adoption of a budget for the coming year (N) and the following year (N+1) and flexible use of appropriations for years N and N+1.

31. In concrete terms this means that it should be possible to carry forward without restriction to year N+1 any unspent appropriations from year N, just as it should be possible, under certain conditions to be determined, to draw on the funds earmarked for year N+1 if expenditure overruns the amounts budgeted for year N or in order to make investments that will permit the reduction of certain expenditure items in future. This kind of management could be termed flexi-security in the budget process, or making investments today to achieve greater savings tomorrow.

32. The adoption of this type of budget will require an adaptation of the Financial Regulations of the Council of Europe. In this connection, thought might be given to amending the current Article 70 so that any unspent balance at the year end will be left at the Organisation's disposal and placed in a reserve account, as the Assembly suggested in its Opinions 268 (2008) and 279 (2010) on the budgets of the Council of Europe for the financial years 2009 and 2011.

33. Another aspect of the second phase of the reform that I wish to broach concerns the restructuring of the programme of activities. As the Secretary General pointed out in his address last January, it is becoming extremely difficult to implement some 130 programmes (leaving aside legally binding activities) with an annual budget restricted to €40 million.

34. In view of the relatively small budget, the Secretary General wishes to restructure the programme of activities by reducing to 38 the number of operational programmes and in particular by discontinuing programmes without the critical mass to have a sufficient impact. Similarly, there are plans to review the intergovernmental structures (committees of intergovernmental experts) so as to reduce their number, and also to review all of the conventions prepared within the Council of Europe to assess their real impact.

35. With regard to the conventions, the Secretary General's aim to “take stock of the situation by conducting a critical review of their relevance” must be supported.[10] In this connection, reference should be made to Assembly Recommendation 1920 (2010) on reinforcing the effectiveness of Council of Europe treaty law, in which it requested the Committee of Ministers to instruct the relevant steering committees to examine the treaties falling within their respective spheres of competence with a view to identifying conventions that are still relevant but require updating. As the Assembly was the instigator of many Council of Europe conventions, it would be a good thing that it should itself be very closely involved, together with the national parliaments, in the implementation of the action plan approved by the Committee of Ministers.

36. The new organisation of the intergovernmental sector is fully consistent with the priorities for 2012-2013, as defined by the Secretary General. The new steering committees and their subordinate bodies will be organised under the three pillars of the co-operation programme, namely human rights, the rule of law and democracy. This will make it possible to reduce the number of steering committees from 23 to 15, and the number of subordinate bodies from 28 to 6, thereby permitting a saving of about €900 000 per year.

10. Information document SG/Inf(2011)2 Final.

37. With particular regard to the second pillar – the "rule of law" –, the Committee of Ministers has mentioned the ongoing threats to collective and individual security, notably organised crime, corruption and money laundering. In this connection, attention must be drawn to the importance of monitoring the follow-up given to the Council of Europe Convention on counterfeiting of medical products and similar crimes involving threats to public health, adopted in December 2010.

38. This refocusing of activities is doubtless necessary, but it must be well thought through and correspond to the aims of all Council of Europe member states (not just the objectives of the Committee of Ministers – that is to say the ministries of foreign affairs – but also those of the other specialised ministries concerned). Indeed, the priorities of the capitals and the ministries are not always the same. Lastly, it is important that this restructuring exercise be implemented taking full account of the position adopted by the Assembly in its Resolution 1783 (2011) on follow-up to the reform of the Council of Europe.

39. At the same time, it can be noted that the Council of Europe also receives voluntary contributions of about €29 million per year (including some €20 million from the European Union). These contributions are essential to keep afloat the Organisation's co-operation and technical assistance activities. For 2011, extra-budgetary resources requirements have been estimated at about €37 million. In this context, it would be desirable that the Secretary General of the Council of Europe negotiate with the European Commission the establishment of a stable, sustainable system of funding joint programmes with European Union resources.

40. Concerning these joint programmes with the European Union and their substance, the past experience of the Organisation's various bodies and their respective advantages could be better utilised and promoted. In its recommendations and resolutions, the Assembly has frequently underlined that the democratic functioning of national parliaments in certain member states continues to pose a considerable challenge. I have accordingly asked the Assembly secretariat to give thought to a co-operation programme concept that could be financed with external contributions, so as to offer an appropriate response to the specific needs of the parliaments of Council of Europe member states or for states with "partner for democracy" status.[11]

41. In view of the importance of these additional resources, the structure within the Council of Europe secretariat in charge of fundraising should be reinforced. It would also be desirable to encourage the ministries of foreign affairs to pay greater heed to the Council of Europe's calls for funding. Regular meetings between the authorities of the foreign ministries of the member states and of the Council of Europe could foster better understanding of the system, its improved functioning and better use of the funds.

42. I moreover note with satisfaction that the Secretary General of the Council of Europe intends to "pursue ... work in support of fair and democratic elections".[12] In this respect, it is important to note that the Assembly was behind the introduction of institutionalised observation of elections in Europe. Since 1989, the Assembly has observed over 130 parliamentary or presidential elections in European countries, and some 1 700 Assembly members have been deployed as observers. The Assembly has played a leading role in developing Europe's electoral heritage. It instigated the Council of Europe's standard-setting work concerning elections, which served as a basis for improving national electoral legislation. With the Venice Commission as its institutional partner, the Assembly is capable of playing an efficient and effective role in observing legislative or presidential elections in the field.

43. To cover the obligatory adjustments, a general reduction has been applied to the budgets of the major administrative entities and institutional bodies of the Council of Europe (the Committee of Ministers, the Parliamentary Assembly, the Congress of Local and Regional Authorities, the Office of the Commissioner for Human Rights and, solely for non-case processing activities, the European Court of Human Rights). The Assembly's budget will therefore be cut by 0.75% (or €109 100) compared with the appropriations allocated to it in 2011, and €72 700 of this reduction must be made in 2012. The cut in appropriations will have to apply to staff expenditure so as to ensure that there is no growth in the ratio of staff to operational expenditure.

44. The Secretary General's reform priorities continue to include the modernisation of human resources policy, in particular containment of staff costs. The Committee of Ministers, acting on a proposal by the Secretary General, has amended the Staff Regulations so as to modernise the system of staff allowances and adapt conditions for start-of-career promotions. These measures will eventually result in the elimination of certain allowances that do not come under the co-ordination system (education, language and housing allowances).

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11. See Doc. 12623 on the expenditure of the Parliamentary Assembly for the financial years 2012-2013.
12. Document CM(2011)48 rev – Secretary General's proposals on priorities for 2012-2013 and their budgetary implications.

45. Before I conclude, I wish to say a final word on the expatriation allowance paid to non-resident staff working for the co-ordinated organisations.[13] This allowance constitutes a key component of the pay structure under the co-ordinated system. The Co-ordinating Committee on Remuneration (CCR) is considering cutting this allowance. The Committee of Representatives of the Secretaries-General (CRSG) and the staff representatives have strongly criticised the CCR's proposals. Without going into the details of these proposals, our Assembly must remind those concerned that it attaches the greatest importance to the principles of negotiation and respect for the rules governing the co-ordination system, which must be abided by.

46. The purpose of all these measures is to adapt the Council of Europe to cope with the new challenges of the modern world. However, it seems clear that the primary objective is to reduce the cost of the Organisation. The staff of the Organisation are under constantly growing pressure. It would be desirable that the sacrifices consented to (or suffered) by staff should not be in vain, but should help breathe new life into the Council of Europe for the coming decades.

47. In conclusion, current geopolitical developments in the Mediterranean basin are confronting Europe, the European Union and the Council of Europe with their political, financial, social and moral responsibilities. The Council of Europe is duty-bound to take a stance on this issue and assist the setting up of these new emerging democracies, while placing a premium on rights, whether concerning access to freedoms (social, economic, political), respect for human rights or the establishment of the rule of law, which have been the Council of Europe's fundamental values since its foundation in 1949, as the Secretary General pointed out in a recent speech. This is a huge challenge to which the Council of Europe must respond in the coming years.

13. The Council of Europe belongs to a co-ordination system bringing together six international organisations (in addition to the Council, they are the European Centre for Medium-Range Weather Forecasts, the European Space Agency, NATO, the OECD and the Western European Union).