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Political dimension of the Council of Europe budget

Report
Committee on Economic Affairs and Development
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Summary

The Council of Europe, whose task is to safeguard and guarantee human rights and democracy and whose priorities for action were determined at the highest level at the Third Summit of Heads of State and Government in Warsaw in 2005, is undergoing the most serious crisis in its history.

The European Court of Human Rights, the institution's flagship, is swamped by the number of applications from European citizens. Its current resources are insufficient for it to meet its obligations.

The Court's budget is therefore steadily increasing year after year (the Court accounted for 20% of the ordinary budget in 1999 and 33% in 2006). Until 2005 the member states granted the Court additional appropriations while maintaining the budgets of the Council of Europe's other sectors of activity.

That is now no longer the case, and the Court's additional needs are partly offset by cuts in the funds allocated to the other sectors of activity.

In failing to face up to their responsibilities and condemning all the other sectors of activity to a slow death, the governments run the risk of jeopardising the Council of Europe's political role in the European unification process and ultimately scuppering the whole Organisation.

The Parliamentary Assembly, Europe's democratic conscience, has a duty to respond firmly to save the Council of Europe from planned collapse.

A. Draft Resolution

1. The Statute of the Council of Europe confers no responsibility in budgetary matters on the institution's Parliamentary Assembly. However, as early as 1953, the Committee of Ministers granted the Assembly the right to give an opinion on the budget. By virtue of this decision the Assembly can discuss these matters and transmit its conclusions to the Committee of Ministers.

2. Since then, in its opinions on the Organisation's budgets, the Assembly has submitted ideas and proposals with a view to placing the Council of Europe in a position to assume its unique role of guarantor of the democratic values shared throughout the European continent, and indeed other continents since its sphere of influence extends from the Atlantic to the Pacific.

3. Europe has changed since 1949, and the Assembly has taken action to help the Organisation adapt to the changes. Indeed, its resolutions and recommendations have been the starting point for many European conventions and treaties which are now part and parcel of European citizens' lives, in particular the European Convention on Human Rights.

4. The Assembly was the first European institution to open up to the countries of Central and Eastern Europe and played an essential political role in this respect. It gave the new democracies the opportunity to participate in building a united Europe by, as from 1989, granting special guest status to all the national legislative assemblies of European non-member states which so requested and then, in 1993, introducing a recognised mechanism for the monitoring of member states' obligations and commitments (Order No. 488).

5. In refusing to view the situation solely from a financial angle, the Assembly is not seeking to dissociate itself from any reform or administrative modernisation of the Council of Europe, but cannot accept the current easy answer of financing the Court's additional requirements and the full-year effects of decisions taken by the Committee of Ministers through ill-considered, across the board reductions in the appropriations allocated to all the other sectors of activity of the Organisation and to the Assembly itself. If this tendency is borne out, it will have very serious political consequences.

6. The Assembly is not convinced that the current policy of efficiency gains applied across the board, in particular in the fields of translation and interpretation, is a good solution. The term efficiency gains in fact cloaks net reductions in appropriations, which will inevitably not only diminish the linguistic quality of the documents produced but also upset the balance between the Organisation's two official languages in favour of a monolingualism incompatible with the Statute of the Council of Europe.

7. The Council of Europe is a political and standard-setting organisation, whose work of a lasting nature mainly concerns judgments, conventions and recommendations, the French and English versions of which must be perfectly consistent so as to prevent any risk of misinterpretation.

8. The intellectual input to the Council of Europe's work by its officials is of key importance and constitutes an assets base to be preserved. The remuneration policy must accordingly be sufficiently attractive to deter staff from leaving the Organisation to take up jobs with other public or private institutions. The Assembly accordingly sets special store by maintaining the conditions afforded by the current co-ordinated salary-setting system which, albeit not perfect, is the best guarantee of being able to recruit and retain the skilled international staff essential to ensure the impact of the Organisation's work.

9. The Assembly requests the Secretary General, as the manager of the Council of Europe's funds, to distinguish in a reform approach between issues that are political in nature, issues of purely administrative expenditure and issues affecting the programme of activities and in particular:

9.1. to abide by the principle of prior consultation of the political and judicial organs and bodies other than the Committee of Ministers, especially where their expenditure is concerned;

9.2. to report on his past management and set out his political and budgetary vision for the future in his annual statement before the Assembly.

10. Lastly, the Assembly invites the members of the national delegations to:

10.1. question their governmental authorities (Prime Minister, Minister of Foreign Affairs) about their intentions regarding the financing of the Council of Europe;

- 10.2. pay particular attention during budgetary discussions to their state's commitment vis-à-vis the Council of Europe and, if necessary, defend the national contribution to the Council of Europe's budgets;
- 10.3. hold - at least once a year within their respective parliaments - a debate on the specific subject of the Council of Europe and/or its activities.

B. Draft Recommendation

1. At a time when the Council of Europe finds itself at a crossroads and must confront two challenges - modernising its functioning and coping with the growth of one of its most successful initiatives (the European Court of Human Rights) – parliamentarians' involvement is a must. It is time to act no longer solely for the diplomats and the judges but also for the politicians.
2. The crisis currently facing the Council of Europe, with a budget policy based on strict adherence to zero growth in real terms and the constantly increasing demand for resources at the Court, will inevitably lead to the Organisation's collapse.
3. For this reason the Parliamentary Assembly considers that the time has come for a substantive debate on the political dimension of the Council of Europe's budget in the light of the implementation of the decisions taken by the Heads of State and Government at the Third Summit in Warsaw in May 2005.
4. In this context the Assembly wonders how genuine was the commitment by the Heads of State and Government to the full honouring of their obligations as members, when it sees the Committee of Ministers impose the funding of additional expenditure linked to the expansion of the European Court of Human Rights and to other decisions through savings achieved by a significant reduction in appropriations for other sectors of activity, which were nonetheless treated as just as great a priority in the decisions taken in Warsaw.
5. The Assembly accordingly wishes to remind the Committee of Ministers of its commitments, as set out in its reply to Assembly's Recommendation 1693 (2005) on the Parliamentary Assembly's contribution to the Third Summit of Heads of State and Government of the Council of Europe, while regretting the scant importance attached to Recommendations 1728 (2005) on the budgetary powers of the Parliamentary Assembly of the Council of Europe and 1763 (2006) on the institutional balance at the Council of Europe.
6. The Assembly consequently asks the Committee of Ministers to place at the disposal of the Council of Europe the funds necessary to translate into action the tasks and priorities identified by the Warsaw Summit, which entails allocating financial and other resources not just to the European Court of Human Rights but also to all the other sectors whose activities the Summit ranked as a priority.
7. Moreover, to bring the Council of Europe's budgetary policy into line with the decisions of the Third Summit, the Assembly recommends that the Committee of Ministers take up the proposals put forward in its various opinions, namely:
 - 7.1. adopt a multi-annual budget framework;
 - 7.2. modify the method of calculating the scales for member states' contributions so as to give greater weight to gross domestic product;
 - 7.3. look into the possibility of setting a mandatory contribution to the budget payable by states having observer status, for an amount to be determined with those states;
 - 7.4. separate the budget of the European Court of Human Rights from the rest of the ordinary budget while keeping the Court within the Council of Europe's budgetary structure;
 - 7.5. set minimum scales for member states' contributions so as to cover at least the administrative cost of a judge at the Court;
 - 7.6. make arrangements for member states' relevant authorities to bear the cost of their national experts' participation in meetings of the various intergovernmental committees;
 - 7.7. involve the Assembly in budgetary decisions, especially those concerning it.
8. Lastly, the Assembly urges the Committee of Ministers, in its composition confined to the member states of the Council of Europe Development Bank, to:
 - 8.1. amend the Articles of Agreement of the Council of Europe Development Bank so as to permit it to make financial contributions to programmes of activities in the Bank's fields of action coming within the Warsaw Summit priorities;

8.2. provide that, for certain investment expenses, the Development Bank may grant the Council of Europe loans on advantageous terms.

C. Explanatory Memorandum by Mr Wille, Rapporteur

1. The Council of Europe is the oldest exclusively European intergovernmental and interparliamentary organisation; it aims to defend democracy, human rights and the rule of law, while helping to promote Europe's cultural diversity, seeking common solutions to the problems facing society and working to develop democratic stability across the European continent.

2. The Council of Europe deals with all the major issues affecting European society, except defence issues. Its very broad spheres of activity include human rights, legal co-operation, democracy, good governance, social cohesion, health, education, youth, sport, culture and intercultural dialogue.

3. Its work leads to the drafting of conventions and European agreements which form the basis for harmonising national legislation in the various member states while encouraging social progress and the states' fuller integration into the process of pan-European co-operation.

4. In May 2005, the Third Summit of Heads of State and Government of the member states was held in Warsaw in order to set the Council of Europe's new objectives and priorities on the eve of the 21st century. An Action Plan with four main objectives was adopted:

- promoting common fundamental values: human rights, rule of law and democracy;
- strengthening the security of European citizens;
- building a more humane and inclusive Europe;
- fostering co-operation with other international and European organisations and institutions.

5. During the Summit special attention was paid to the long-term effectiveness of the European Convention on Human Rights and the machinery of the European Court of Human Rights. It should be remembered that it was decided at the Summit to set up a Group of Wise Persons to devise a comprehensive strategy to ensure the lasting effectiveness of the Convention system.

6. In December 2006 the Group of Wise Persons transmitted its conclusions to the Committee of Ministers and the Secretary General of the Council of Europe. It found that irrespective of the measures taken, the present and future development of the Court and its machinery would weigh more and more heavily on the Council of Europe's budget.

7. Added to this steady increase in the Court's requirements are recurrent operating costs and staff costs for the whole Organisation.

8. For several years, the member states have sought to reduce their financial commitments by applying zero growth in real terms to the Council of Europe budget. Until 2005, this zero growth was confined to all Council of Europe sectors except the Court, which received additional resources to finance its development: since 2006, however, this has no longer been the case.

9. The Committee of Ministers has decided to finance a portion of the Court's requirements within the ordinary budget, which has prompted the Secretary General to seek savings in the form of efficiency gains and make net budget cuts in all the other sectors of the Organisation (including the Assembly).

10. In 2007, for the first time, a number of posts were removed from the establishment table and the Council of Europe staff were also called on to contribute by having to accept a compulsory limit on the salary adjustment to which they were entitled following the adoption of the recommendations of the Coordinated Committee on Remuneration. It is worth pointing out here that this adjustment was fixed by the member states for the staff of all the Co-ordinated Organisations¹, all of which accepted it and applied it without any reductions, except the Council of Europe.

11. This intention of reducing the financial cost to the member states of the increase in the resources of the European Court of Human Rights is being confirmed and will inevitably result in a growing share of the burden being borne in the long term by all the main administrative entities and by the staff.

12. The Assembly has stated its opposition to this policy and in its opinion No 264 (2007) asked the member states to face up to their responsibilities and finance all the needs of the European Court of Human Rights outside zero growth in real terms.

¹ Council of Europe, NATO, OCDE, WEU, ESA and European Centre for Medium-Range Weather Forecasting.

13 It is increasingly difficult to understand the gap between the political tasks of the Council of Europe as defined by the heads of states and government in Warsaw in 2005 and the budgetary decisions taken since then by those same states.

14. The Assembly's calls for a realisation of the problem do not appear to ring particular alarm bells with the Ministers' Deputies, who meet permanently in Strasbourg. However, the risk that this Organisation might collapse is a growing concern for Assembly members, the staff and civil society.

15. Consequently, only concerted action by all Assembly members in their national parliaments and by the representatives of civil society, will prompt an awakening.

16. In its opinions Nos 259 (2006) and 264 (2007) on the Council of Europe budgets, the Assembly proposed several avenues to explore in an effort to resolve the budgetary deadlock facing the Council of Europe:

16.1. separate the budget of the European Court of Human Rights from the rest of the ordinary budget, while keeping the Court within the Council of Europe's budgetary structure;

16.2. determine minimum scales for member states' contributions to the ordinary budget so as to cover at least the administrative cost of a judge;

16.3. modify the method for calculating the scales² for member states' contributions so as to give greater weight to GDP;

16.4. look into the possibility of determining a mandatory contribution to the budget that states with observer status should pay, the amount being fixed in consultation with those states;

16.5. adopt a multiannual budget framework;

16.6. involve the Assembly in budgetary decisions.

17. Unless recovery measures are taken swiftly, this institution's international credibility will be seriously affected and it will no longer be attractive to lawyers and other high-quality candidates, whom the Court desperately needs; this will deprive the Organisation of the brain power essential to its impact.

18. That is why Assembly members must ask their governments to clearly state their intentions regarding the Council of Europe's future. If the governments are truly attached to this institution, they will have to undertake to set the amount of the Council of Europe's ordinary budget for the coming years by taking as the starting point the amount of the ordinary budget approved for the current year, increased by the cost, for a full year, of the budget adjustments linked to decisions taken by their representatives (the Committee of Ministers of the Council of Europe) when adopting this budget.

19. The additional requirements of the European Court of Human Rights, as presented by the Registry of the Court, and the full-year effects of the decisions taken by the Committee of Ministers when adopting the budget for 2007 amount to approximately 2 % of the Council of Europe's ordinary budget.

20. Accordingly, the overall increase for the member states, excluding inflation, should be 2 % for 2008. Appended is a table, for information only, showing the impact this increase might have for the 47 member states. For the smallest states it would mean an average increase of 1 400 €, excluding inflation, and for the five major contributors³, an average increase of 480 000 €, excluding inflation.

21. Adding the 1.8 % inflation rate applied for 2008 brings the total increase to an average of 3 250 € for the three smallest states and an average of 1 070 000 € for the five major contributors.

² The rate is currently a weighted average calculated based on 1 time the rate according to population and 5 times the rate according to GDP.

³ The five major contributors are Germany, France, Italy, the Russian Federation and the United Kingdom, which, on the basis of an agreement between them, share about 60 % of the ordinary budget.

APPENDIX

Table of contributions by the 47 member states (for information only)

OB = Ordinary Budget

COUNTRY	Contributions by the member states							
	2007			2008 (2007 + 2%) + 1,8% inflation				
	OB	Other (1)	Overall total	Difference 2% of OB	Total OB	Other (1)	1.8 % inflation	Overall total
ALBANIA	236 657	71 488	308 145	4 733	241 390	71 488	5 632	318 510
ANDORRA	127 203	47 103	174 306	2 544	129 747	47 103	3 183	180 034
ARMENIA	236 657	67 304	303 961	4 733	241 390	67 304	5 556	314 251
AUSTRIA	3 636 825	1 366 594	5 003 419	72 737	3 709 562	1 366 594	91 371	5 167 526
AZERBAIJAN	432 688	101 026	533 714	8 654	441 341	101 026	9 763	552 130
BELGIUM	4 391 169	1 703 465	6 094 634	87 823	4 478 993	1 703 465	111 284	6 293 742
BOSNIA AND HERZEGOVINA	268 211	181 326	449 537	5 364	273 575	181 326	8 188	463 089
BULGARIA	580 993	270 400	851 392	11 620	592 613	270 400	15 534	878 546
CROATIA	560 088	260 192	820 280	11 202	571 290	260 192	14 967	846 449
CYPRUS	236 657	196 179	432 836	4 733	241 390	196 179	7 876	445 445
CZECH REPUBLIC	1 588 165	605 994	2 194 159	31 763	1 619 928	605 994	40 067	2 265 989
DENMARK	2 974 777	1 070 649	4 045 426	59 496	3 034 273	1 070 649	73 889	4 178 810
ESTONIA	236 657	178 803	415 460	4 733	241 390	178 803	7 563	427 757
FINLAND	2 311 152	915 766	3 226 918	46 223	2 357 375	915 766	58 917	3 332 058
FRANCE	23 963 091	12 725 536	36 688 627	479 262	24 442 353	12 725 536	669 022	37 836 910
GEORGIA	241 193	57 113	298 306	4 824	246 017	57 113	5 456	308 586
GERMANY	23 963 091	9 424 504	33 387 595	479 262	24 442 353	9 424 504	609 603	34 476 460
GREECE	2 694 931	1 097 383	3 792 314	53 899	2 748 829	1 097 383	69 232	3 915 444
HUNGARY	1 500 997	576 570	2 077 567	30 020	1 531 016	576 570	37 937	2 145 523
ICELAND	236 657	188 220	424 877	4 733	241 390	188 220	7 733	437 343
IRELAND	2 168 172	856 822	3 024 993	43 363	2 211 535	856 822	55 230	3 123 587
ITALY	23 963 091	9 654 570	33 617 661	479 262	24 442 353	9 654 570	613 745	34 710 667
LATVIA	240 207	175 920	416 126	4 804	245 011	175 920	7 577	428 507
LIECHTENSTEIN	87 957	47 889	135 847	1 759	89 717	47 889	2 477	140 083
LITHUANIA	381 018	107 624	488 642	7 620	388 638	107 624	8 933	505 195
LUXEMBOURG	368 593	225 691	594 284	7 372	375 965	225 691	10 830	612 486
MALTA	236 657	90 914	327 570	4 733	241 390	90 914	5 981	338 285
MOLDOVA	236 657	58 778	295 434	4 733	241 390	58 778	5 403	305 571
MONACO	58 573	14 576	73 149	1 171	59 744	14 576	1 338	75 658
NETHERLANDS	7 393 754	2 928 558	10 322 312	147 875	7 541 629	2 928 558	188 463	10 658 650
NORWAY	3 101 783	1 217 719	4 319 503	62 036	3 163 819	1 217 719	78 868	4 460 406
POLAND	4 377 167	1 688 784	6 065 951	87 543	4 464 710	1 688 784	110 763	6 264 257
PORTUGAL	2 381 557	964 901	3 346 458	47 631	2 429 189	964 901	61 094	3 455 183
ROMANIA	1 677 109	684 276	2 361 385	33 542	1 710 651	684 276	43 109	2 438 036
RUSSIAN FEDERATION	23 963 091	3 198 721	27 161 812	479 262	24 442 353	3 198 721	497 539	28 138 613
SAN MARINO	61 136	33 014	94 151	1 223	62 359	33 014	1 717	97 090
REPUBLIC OF SERBIA	549 438	232 478	781 917	10 989	560 427	232 478	14 272	807 178
SLOVAK REPUBLIC	648 637	270 183	918 820	12 973	661 610	270 183	16 772	948 565
SLOVENIA	442 154	235 136	677 290	8 843	450 997	235 136	12 350	698 483
SPAIN	12 801 759	5 334 130	18 135 888	256 035	13 057 794	5 334 130	331 055	18 722 978
SWEDEN	4 274 221	1 684 459	5 958 680	85 484	4 359 706	1 684 459	108 795	6 152 959
SWITZERLAND	4 479 916	1 768 347	6 248 262	89 598	4 569 514	1 768 347	114 081	6 451 942

"THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA"	236 657	177 261	413 917	4 733	241 390	177 261	7 536	426 186
TURKEY	6 065 320	2 368 092	8 433 411	121 306	6 186 626	2 368 092	153 985	8 708 702
UKRAINE	2 638 527	567 229	3 205 756	52 771	2 691 298	567 229	58 653	3 317 180
UNITED KINGDOM	23 963 091	6 670 444	30 633 535	479 262	24 442 353	6 670 444	560 030	31 672 827
REPUBLIC OF MONTENEGRO	231 135	160 618	391 753	4 623	235 758	160 618	7 135	403 511
TOTAL	197 445 235		269 967 985	3 948 905	201 394 140		4 930 504	278 847 394
(1) Other = Pensions budgets + extraordinary budget + Youth Fund + partial agreements								

Reporting committee: Committee on Economic Affairs and Development

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Members of the Committee: Mr Konstantinos Vrettos (Chairperson), Mrs Antigoni Papadopoulou (Vice-Chairperson), Mr Márton **Braun** (Vice-Chairperson), Mrs Doris Barnett (Vice-Chairperson), MM. Ruhi **Açikgöz**, Ulrich Adam, Hans Ager, Mr Abdülkadir Ateş, Mrs Veronika Bellmann, MM. Radu Mircea Berceanu, Akhmed Bilalov, Ms Guðfinna Bjarnadóttir, MM. Vidar **Bjørnstad**, Jaime Blanco, Luuk Blom, Pedrag Bošković, Luc Van den Brande, Patrick Breen, Han Ten Broeke, Gianpiero Carlo Cantoni, Erol Aslan **Cebeci**, Ivané Chkhartishvili, Valeriu Cosarciuc, Ignacio Cosidó Gutiérrez, Ioannis Dragassakis, Joan Albert Farré Santuré, Relu **Fenechiu**, Mrs Urszula Gacek (alternate: Mr Stanislaw **Huskowski**), MM. Carles Gasóliba i Böhm, Zahari Georgiev, Francis Grignon, Mrs Azra Hadžiahmetović, MM. Nick Harvey (alternate: Mr James **Clappison**), Norbert Hauptert, Ivan Nikolaev **Ivanov**, Mrs Danuta **Jazłowiecka**, Mr. Miloš Jevtić, Ms Nataša Jovanović, MM. Karen Karapetyan, Serhiy Klyuev, Albrecht **Konečný**, Anatoliy **Korobeynikov**, Oleksiy Kunchenko, Jean-Marie Le Guen, Harald Leibrecht, Ms Anna **Lilliehöök**, MM. Arthur Loepfe, Rune Lund, Gadzhly Makhachev (alternate: Mrs Liudmila **Pirozhnikova**), David Marshall, Jean-Pierre Masseret, Ruzhdi Matoshi, Miloš **Melčák**, José Mendes Bota, Mircea Mereuță, Attila Mesterházy, Neven Mimica, Gebhard **Negele**, Bujar Nishani, Mrs Ganira Pashayeva, MM. Manfred **Pinzger**, Claudio Podeschi, Mrs Tatiana Popova, MM. Jakob Presečnik, Jeffrey Pullicino Orlando, Maximilian Reimann, Mrs Maria de Belém Roseira (alternate: Mr Maximiano **Martins**), MM. Kimmo **Sasi**, Bernard Schreiner, Samad Seyidov, Mrs Sabina Siniscalchi, Mr Giannicola Sinisi, Ms Geraldine Smith, Mr Christophe Spiliotis-Saquet, Mrs Aldona Staponkienė, MM. Stanislav Stashevskiy, Vjaceslavs Stepanenko, Ms Ester Tuiksoo, MM. Oldřich Vojíř, Robert Walter, Paul **Wille**, Tadeusz Wita, Mrs Maryam Yazdanfar.

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

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Secretaries to the committee: Ms Ramanauskaite and Mr de Buyer