

For debate in the Standing Committee — see Rule 15 of the Rules of Procedure

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Budgets of the Council of Europe for the financial year 2008

Report
Committee on Economic Affairs and Development
Rapporteur: Mr Paul WILLE, Belgium, Alliance of Liberals and Democrats for Europe (ALDE)

A. Draft opinion

1. The Parliamentary Assembly is seriously concerned about the Organisation's financial prospects for 2008, which do not augur well. If no political decision is taken, the future of many of the Organisation's activities could become desperate.
2. The European Court of Human Rights, which needs evermore resources (in particular human) to cope with the growth in the number of applications lodged, is weighing increasingly on the Organisation's budget.
3. For a number of years now, as a result of zero budgetary growth in real terms due to budget constraints at national level, the Council of Europe has no longer had a budget appropriate to its needs. Limits have now been reached where the Organisation's activities and structures are in jeopardy.
4. The fears voiced by the Assembly in its earlier budget opinions Nos. 248 (2004), 256 (2005) and 259 (2006), in which it drew the attention of the Committee of Ministers to the dangers for the Organisation of a policy emphasis on meeting the Court's financial needs by reducing appropriations to the Organisation's other sectors, have unfortunately been borne out by reality.
5. The Assembly considers that this policy decision is detrimental to the Council of Europe as a whole and cannot endorse the attitude of certain member states which respond to the Court's increased requirements by reducing the resources allocated to operational activities. This approach will inevitably lead to the abandonment of many of these activities.
6. The Court should receive contributions from the member states enabling it to cope with its tasks, but without this jeopardising co-operation activities in other sectors of the Council of Europe. The Council of Europe must not have to pay for the constant growth in the number of applications lodged with the Court in Strasbourg by European citizens.
7. It would be futile to believe that the system can be saved through a policy of expenditure cuts, via efficiency gains, in all sectors of the Council of Europe. The member states must confront their responsibilities and finance all the needs of the European Court of Human Rights outside zero growth in real terms.

8. It is therefore necessary to identify all possible means of remedying the current situation, where the European Court of Human Rights is using up an ever-increasing share of the Organisation's resources. The Court, which is the most successful system for the protection of human rights and fundamental freedoms in the entire continent (both as a supervisory body and as a creator of rights through its case-law), must receive contributions from the member states enabling it to meet its needs, but without this jeopardising the co-operation machinery existing in other sectors of the Council of Europe.

9. For this reason the Assembly proposed in its Opinion No. 259 (2006) that the budget of the Court be separated from the rest of the Ordinary Budget. While keeping the Court within the Council of Europe, from a budgetary standpoint it could be dealt with under a partial or enlarged agreement (as is the case with the European Commission for Democracy through Law (the Venice Commission), of which all Council of Europe countries are members) or some other appropriate method.

10. Aware of the legal difficulties arising from the role played by the Committee of Ministers in the execution of the Court's judgments, the Assembly reiterates the request it also made in Opinion No. 259 (2006) that minimum scales for member states' contributions to the Ordinary Budget be determined in the meantime so as to cover at least the administrative cost which each judge entails (approximately € 350 000).¹

11. It is clear from the table of contributions per member state that the three smallest contributors pay an average of € 70 000, or one-fifth of this administrative cost. For twelve other states the contribution to the Ordinary Budget is lower than this cost, which means that nearly one third of the member states pay an annual contribution to the Ordinary Budget lower than the administrative cost of their being parties to the European Convention on Human Rights.

12. The contribution to the Ordinary Budget paid by the future member state Montenegro will not, moreover, cover the administrative cost of the judge elected in respect of that country.

13. On submitting its report to the Committee of Ministers, the Group of Wise Persons which had been asked to examine the long-term effectiveness of the European Convention on Human Rights control mechanism made a number of proposals, while pointing out that they could be envisaged only if Protocol No. 14 was ratified. This is indeed the crux of the problem, since no reform can be duly implemented without taking this vital step.

14. The Assembly furthermore fears that rapid implementation of the Wise Persons' proposals will prove impossible. Some of them require the preparation of additional protocols to the Convention itself. This will take time, but the crisis is already upon us and solutions must be found immediately.

15. To that end, the Assembly requests the Court to apply, without delay, some of the measures recommended by Lord Woolf, former Lord Chief Justice of England and Wales, as it proposed in its Opinion No. 259 (2006), particularly by better defining what constitutes an application and registering only properly completed application forms.

16. In these circumstances the Assembly earnestly calls on the members of the Russian Federation's parliamentary delegation to take action within their own parliament so that Protocol No. 14 can rapidly be ratified. Implementation of Protocol No. 14 is an absolute priority if the aim is to give the Court the means to fulfil its statutory obligations in a more effective manner.

17. The Assembly is aware that the Council of Europe is a leading European Organisation not only in the fields where competition is fiercest - the rule of law, democracy and human rights - but also in relatively uncompetitive ones, such as education, culture, sport, social cohesion and public health.

¹ This administrative cost includes the cost of remunerating a judge, an administrative officer to deal with the cases brought before the Court and a secretary responsible for processing applications; these three posts are directly linked to a state's accession to the ECHR and its mechanism.

18. Nonetheless the Assembly cannot endorse the current "compartmentalisation" policy, namely the repeated budget cuts in all sectors other than the European Court of Human Rights. The Council of Europe is unfortunately no longer in a position to pursue all the aims assigned to it on its foundation in 1949. The Assembly would accordingly like the Committee of Ministers, bearing in mind the priorities set at the Warsaw Summit, to conduct more methodical reviews of the Council of Europe's activities, with a view to enhancing their quality and effectiveness, and at last dare close down activities not consistent with the Organisation's field of action as defined by the summit.

19. In view of the above, the Assembly urges the Committee of Ministers to adopt a multi-annual budget framework, as it proposed in its previous budget opinions Nos. 256 (2005) and 260 (2006), so as to have a clear perception of short and medium term requirements:

19.1. to enable the Court to cope with the growth in the number of applications lodged and with processing of cases pending, which are expanding by between 10 and 15% per year;

19.2. to permit implementation of the work programme and action priorities of the Council of Europe, as defined at the Third Summit of Heads of State and Government of the Council of Europe held in Warsaw in May 2005; and

19.3. to pursue the administrative modernisation of the Council of Europe Secretariat, called for in Chapter V of the Warsaw Action Plan.

20. It also asks the Committee of Ministers to comply with the budget timetable adopted at the beginning of the year, so as to set the Organisation's priorities and the total amount of member states' contributions before the summer break, in order to avert a deadlock in the discussions, as in 2006, a situation which was a source of frustration and resulted in the late adoption of the budgets of the Council of Europe.

21. The Assembly is aware of the growing weight of "staff expenses" in the Council of Europe's budgets. It is indisputable that these expenses are increasing automatically as a result of the decisions to grant the registry of the European Court of Human Rights and the other departments involved in execution of judgments the number of permanent and fixed-term posts essential to deal with the constant inflow of cases. The Assembly nonetheless believes that staff must not be regarded simply as an expense but must be valued as one of the Organisation's most precious assets that no machine can replace, whose work to a large extent leads to the production of documents of a lasting and/or binding nature, destined to constitute authoritative standards or precedents long after the financial year in which the expenditure was incurred for their drafting.

22. The Assembly reiterates its position that the two statutory organs of the Council of Europe (the Parliamentary Assembly and the Committee of Ministers) must treat each other as partners. It accordingly regrets the lack of receptiveness shown by the Committee of Ministers in its reply to the Assembly's 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 and cannot be satisfied with the failure to give a clear response to its requests concerning an improved institutional balance between the political organs of the Council of Europe, and notably with the refusal to reconsider its budgetary powers.

23. The Assembly would also like the Committee of Ministers to take appropriate steps to recover unpaid contributions and default interest owed by member states in respect of financial years prior to 2005 (Armenia, Bulgaria, France, Italy and "the former Yugoslav Republic of Macedonia"). At 31 December 2006, unpaid contributions represented a not inconsiderable sum in excess of € 2.3 million, including € 425 000 for years prior to 2005.

24. Lastly, the Assembly suggests that states having observer status with the Council of Europe should also share in the Organisation's expenses and invites the Committee of Ministers to study, with these states, the possibility of determining a mandatory contribution that they should pay to the Ordinary Budget.

25. In conclusion, the Assembly requests the Committee of Ministers to set the total amount of the Council of Europe's Ordinary Budget for 2008 by taking as the starting point the amount of the Ordinary Budget approved for 2007 increased by the cost, for a full year, of the budget adjustments linked to decisions taken when that budget was adopted and of the other statutory obligations, about € 201 million, not including adjustments corresponding to the rate of inflation applied for 2008.

26. The overall increase for the member states, excluding inflation, should accordingly be 2%, which entails an increase in contributions to the Ordinary Budget of about 1 400 euros for each of the smallest contributors and € 480 000 on average for each of the five major contributors.

27. As regards resources allocated to the Court, the above amount should be increased by the additional financial resources arising from any decision by the Committee of Ministers to grant the European Court of Human Rights the supplementary funding deemed necessary to enable it to fulfil its statutory obligations.

28. The Assembly also asks the Committee of Ministers, *inter alia*, to:

28.1. adhere scrupulously to the budget time-table it has set itself so as to avert a deadlock in the budget discussions, as was the case in 2006;

28.2. revert to strict application of the Statute of the Council of Europe (Article 20 d) as soon as it transpires that no compromise can be reached, without waiting until the last minute;

28.3. consider amending the criteria for apportionment of member states' contributions by setting a minimum rate of contribution to the Ordinary Budget so as to cover at least the administrative cost of a judge at the European Court of Human Rights;

28.4. modify the method of calculating the scales of contributions so as to give greater weight to GDP;

28.5. adopt without delay a multi-annual budget framework with a view to planning the funding requirements of the Council of Europe and its organs in the short and the medium term;

28.6. involve the Assembly in budgetary decisions, especially those directly concerning it.

29. To give tangible form to the political will voiced at the 3rd Summit, the Assembly proposes placing the Council of Europe at the heart of a system bringing together all the promotion, observation, training and monitoring activities concerning democracy and human rights that exist in Europe, for instance by fostering closer co-operation between public institutions (universities, public foundations, government and intergovernmental agencies) and private institutions (associations and others) working in these fields.

30. The Council of Europe is a leading figure in the human rights field, with the European Court of Human Rights and the Commissioner for Human Rights, and in the field of democracy, with the three pillars of representative democracy constituted by the Parliamentary Assembly, the Congress of Local and Regional Authorities and the Conference of INGOs, plus the Forum for the Future of Democracy and the network of "schools of democracy".

31. A genuine "European centre of excellence for democracy and human rights" could thus be formed around the Council of Europe in Strasbourg. To this end, the politicians must firmly commit themselves to support such a development.

B. Explanatory memorandum by Mr Wille, Rapporteur

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I. 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'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. This report takes account of the exchange of views held on 26 March 2007 between the Committee on Economic Affairs and Development, the Secretary General of the Council of Europe and the Director General for Administration and Logistics.

3. I wish to thank the Secretary General for this very useful, instructive exchange of views, which gave the Committee a better insight into the Organisation's political priorities and budget outlook.

4. In the same way as last year, I would like to comment not only on budget prospects for 2008, but also on the main events of 2006.

II. Audit of the 2005 accounts

5. In April 2003 the Committee of Ministers decided to replace the existing Board of Auditors, made up of representatives of the member states, with an External Auditor, namely the Head of the United Kingdom National Audit Office, who was appointed for a five-year period beginning with the audit of the financial year ended 31 December 2004. Under the Financial Regulations of the Council of Europe, it is the External Auditor's duty to satisfy himself that the financial statements fairly present the Organisation's financial position.

6. In 2004 the External Auditor, Sir John Bourn, stated that he could not express an opinion on the Council of Europe's financial statements until they were brought fully into line with International Public Sector Accounting Standards (IPSAS) and made observations and recommendations for fundamental improvements in financial reporting and control.

7. According to my information, for the 2005 financial year Sir John Bourn has apparently issued an unqualified opinion on the Council's budgetary management accounts and commended the Organisation for the progress made towards compliance with the IPSAS in the presentation of its financial statements.

8. The Committee on Economic Affairs and Development supports the Council's efforts to adapt its financial statements in accordance with IPSAS requirements and to act upon any recommendations the External Auditor may make.

9. In this connection, while regretting the Committee of Ministers' unsatisfactory reply to its 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, the Assembly can but welcome the Committee of Ministers' decision to transmit copies of the External Auditor's and Internal Auditor's reports to it.

10. I nonetheless wish to stress that implementation of the External Auditor's recommendations must not serve as a pretext for reversing the current practice of decentralised management, in which each major entity within the Organisation is responsible for managing its own budget, and returning to a form of centralisation that could be counter-productive and might paralyse some Council of Europe assistance programmes in particular.

III. 2006 budget

11. 2006 was a difficult year, and much energy was devoted to the problem of the amount of the 2007 budget. The Committee on Economic Affairs and Development was active throughout the year and did a great deal to warn the members of the Assembly and the Committee of Ministers of the dangers hanging over the Council of Europe. The key events here were the adoption of two declarations by the Committee and the holding of a current affairs debate during the Assembly's autumn part-session.

12. Another key event was the publication of the report by the Group of Wise Persons established at the conclusion of the Warsaw Summit. This group was asked to consider the long-term effectiveness of the European Convention on Human Rights control mechanism, including the initial effects of Protocol No. 14 and the other decisions taken in May 2004. The group expressed grave concerns about the explosion in the number of cases (the exponential increase in the number of individual applications), which, if no effective measure is taken, seriously threatens the proper functioning of the Convention control system and could lead to its collapse (see the Court's statistics in Appendix 1).

13. This exponential increase could give less cause for concern if some of the measures proposed by Lord Woolf, former Lord Chief Justice of England and Wales, in his report of December 2005 on the Court's working methods, which the Assembly endorsed in its Opinion No. 259 (2006), had been taken into account, in particular his recommendation that the Court clarify what constitutes an application and register only applications lodged on properly completed forms.

14. In view of this situation the Group of Wise Persons considered it vital that Protocol No. 14 should be ratified. The other measures it proposes go beyond the protocol and are designed to ensure that the Court is able to perform its specific functions fully and on a long-term basis. They revolve around the following concepts:

- greater flexibility of the procedure for reforming the judicial machinery;
- establishment of a new judicial filtering mechanism;
- enhancing the authority of the Court's case-law in the States Parties;
- forms of co-operation between the Court and the national courts - Advisory Opinions;
- improvement of domestic remedies for redressing violations of the Convention;
- the award of just satisfaction;
- the "pilot judgment" procedure;
- friendly settlements and mediation;
- extension of the duties of the Commissioner for Human Rights;
- the institutional dimension of the control mechanism.

15. However, ratification of Protocol No. 14 remains of paramount importance. If this instrument does not rapidly enter into force, there is little likelihood that the measures proposed will solve the present difficulties. Furthermore, it is not axiomatic that some of the measures, such as Advisory Opinions, will constitute a solution to the Court's congestion problem.

16. Again in 2006, a session of the Forum for the Future of Democracy was held in October, the conclusions of which will serve as a basis for a report proposing the adoption of a Code of Good Practice for political parties. Special mention must also be made of the launch, in November, of the European campaign

"Stop domestic violence against women", as part of which the national parliaments of the member states have been asked to use all possible means of combating this intolerable form of violence.

17. The key events regarding co-operation with the European Union were the discussions aimed at progressing with the work on the Memorandum of Understanding between the Council of Europe and the European Union and the follow-up to the Juncker Report and concerning the relations to be established between the Council of Europe and the European Union Agency for Fundamental Rights. On this subject, I consider it regrettable that Strasbourg has not been chosen at this agency's seat, thereby integrating it in the already existing overall system for the protection of human rights.

18. Unfortunately, a number of points covered in the Assembly's opinion on the budgets of the Council of Europe for 2006 were not taken into account by the Committee of Ministers. It did not discard the principle of zero growth in the Organisation's budget. In view of the increase in general and administrative expenses, this means that the share allocated to activities is constantly shrinking. Ongoing application of this principle will eventually endanger entire sectors of the Organisation's activities. The Committee of Ministers will then have to make strategic choices concerning the Council of Europe's work programme. There is a risk that any partial withdrawal from an activity area by the Council of Europe will be an irreversible step. The vacuum left by the Council of Europe will immediately be filled by other organisations (the OSCE, the EU, UNESCO, etc.).

19. Regrets must also be voiced concerning the lack of a decision by the Committee of Ministers, although the declarations made by certain members had suggested that an opening was possible, concerning the Parliamentary Assembly's proposal for a multi-annual budget or budget framework, made in its earlier budgetary opinions Nos. 243 (2003), 248 (2004) and 256 (2005). The same applies to the lack of support for a revision of the method of calculating the scales of member states' contributions to the budgets of the Council of Europe, as laid down in Resolution (94) 31, so as to set a minimum contribution to be paid by member states.

20. Under the method in force contributions are calculated according to a formula which mainly takes into account the population and the GDP of the member states, with a weighting ratio of 5 for GDP and 1 for population. Increasing the proportion of GDP might make it possible to adjust the rate of contributions paid by the smallest, but not the poorest, member states more in the Council of Europe's favour.

21. To make up for the relatively small amounts allocated in appropriations for activities, the operational directorates continue to be encouraged to seek voluntary contributions for financing specific activities with very precise objectives and of limited duration. Today these contributions (from member states or the European Commission and its operational agencies) together represent almost 30% of expenditure on the Council of Europe's programme of activities.

22. In 2006 the Council of Europe received over 22 million euros in the form of voluntary contributions. Several major contracts were also signed with the European Commission or its agencies concerning various co-operation programmes. In this connection, it can be noted that the co-operation programme for parliamentary institutions in Serbia and Montenegro, signed by the Parliamentary Assembly and the European Agency for Reconstruction, got off to a good start, regard being had to the two countries' political agendas.

23. However, it might be asked whether it is reasonable that a large proportion of the Council of Europe's activities should be determined by only some governments or by the European Commission, whose priorities may be different from those of the Council of Europe as a whole. Could this approach not jeopardise the coherence of the Organisation's action and its ability to implement activities provided for in the Action Plan, which without adequate funding would have to be renounced? Another problem is the sustainability of such contributions. Lastly, it is not the role of the Council of Europe to become a subcontractor of the member states or the European Commission.

IV. Prospects for 2008

24. During his discussions with the Committee on Economic Affairs and Development at the meeting held on 26 March 2007 the Secretary General explained why 2008 will be another difficult year, as a result of the full-year effect of the decisions taken by the Committee of Ministers and the impact of other statutory obligations. However, the situation should not be desperate, since the credit balance remaining on the 2006 budget, estimated at 3.2 million euros, could be used to cover additional needs for the reinforcement of the Court's resources in 2008.

25. A number of factors will have a heavy impact on the Council of Europe's ordinary budget, in particular the Court's further requirements in order to cope with the exponential growth in its case-load, which exceeds 10% per year (see appendix I). According to the Registrar of the Court, to be able to deal with this increase the Court should have at least 750 members of staff (compared with 580 at present), and to absorb the backlog of cases at least 250 lawyers will be needed over a four-year period.

26. In the face of this challenge it would be futile to believe that the system can be saved by pursuing the current policy of expenditure cuts, via efficiency gains, in all sectors of the Council of Europe and of limited increases in the member states' contributions. The member states must confront their responsibilities and finance all the needs of the European Court of Human Rights outside zero growth in real terms.

27. It is moreover strange to note that European countries which are among the largest contributors to the budgets of the Council of Europe give three times more money to the International Criminal Tribunals (ICTs) for Rwanda and for the former Yugoslavia than to the human rights protection system based in Strasbourg. These major countries pay an average of 15 million euros each for the functioning of the ICTs and less than 5 million euros each for the functioning of the Court, if the member states' contributions to the ordinary budget are expressed in pro rata to the appropriations allocated to the Court.

28. Accordingly, to avoid leading the Council of Europe to its downfall, it is necessary to identify all possible means of remedying the current situation, where the European Court of Human Rights is using up an ever-increasing share of the Organisation's resources. The Court, which is the most consummate system for the protection of human rights and fundamental freedoms in the entire continent (both as a supervisory body and as a creator of rights through its case-law), must receive mandatory contributions enabling it to meet its needs, but without this causing the destruction of the co-operation machinery existing in other sectors of the Council of Europe.

29. It was for this reason that, in its Opinion 259 (2006), the Assembly proposed that the budget of the Court be separated from the rest of the ordinary budget and the Court be dealt with apart (either under a partial or enlarged agreement, as is the case with the European Commission for Democracy through Law - or Venice Commission - of which all Council of Europe countries are members, or through a special budget distinct from the ordinary budget). This solution was rejected on account of the legal difficulties arising from the Committee of Ministers' role in the execution of the Court's judgments.

30. Consideration should therefore be given to another proposal made by the Assembly, in its Opinion 256 (2005), namely that minimum scales be determined for member states' contributions so as to cover at least the administrative cost of a judge, which, for each country, includes a judge, an administrative officer and an assistant, together responsible for the processing of applications, plus certain administrative costs, giving a total of about € 350 000.

31. This proposal does not appear among the conclusions of the report by the Group of Wise Persons responsible for examining the long-term effectiveness of the Court's supervisory mechanism. However, separating the ordinary budget and the budget of the European Court of Human Rights would make it possible to review the situation and the priorities assigned to the other sectors and administrative entities of the Council of Europe Secretariat in a dispassionate manner.

32. The Group of Wise Persons issued a number of proposals, while pointing out that they could be envisaged only if Protocol No. 14 was ratified. This is indeed the crux of the problem, since no reform can be

duly implemented without taking this vital step. The Assembly must bring stronger pressure to bear in order to persuade the members of the Russian Federation's delegation to lobby their authorities (government and parliament) in order to speed up the ratification of this protocol.

33. In general, the amount of the 2008 budget should be calculated on the basis of the ordinary budget for 2007 increased by budget adjustments linked to the effect, for a full year, of the decisions taken by the Committee of Ministers and of other statutory obligations, which can be estimated at 2% of the total budget for 2007. The Assembly's proposal could therefore be: 2007 ordinary budget increased by the full-year cost of the budget adjustments linked to decisions taken on adopting that budget, excluding the rate of inflation applied for 2008 (see appendix II).

34. Lastly, states having observer status with the Council of Europe could also pay a mandatory contribution to the Organisation's ordinary budget, in an amount to be determined by joint agreement. This is because an observer state benefits from certain logistical advantages which entail a cost for the Council of Europe (an office and various items of equipment).

35. In a context of budgetary stringency the Council of Europe must undertake more systematic analyses, based on the findings of the monitoring machinery, and devise and implement policies designed to supply the most appropriate solutions to problems. Only regular evaluation of the results of the monitoring processes will improve both the quality and the effectiveness of the Council of Europe's activity programmes, thereby enhancing their overall impact for the countries concerned.

36. The Programme of Activities has been revised for 2007. It consists of six main chapters and fifteen lines of action, with a view to taking better account of the priorities and objectives of the Third Summit Action Plan:

- Chapter I: Human rights
- Chapter II: Rule of law
- Chapter III: Democracy and good governance
- Chapter IV: Social cohesion
- Chapter V: Culture and intercultural dialogue
- Chapter VI: Council of Europe's presence in member states.

In addition to this programme there are the various joint programmes between the European Commission and the Council of Europe implemented in a number of member states (Albania, Bosnia and Herzegovina, Cyprus, "the former Yugoslav Republic of Macedonia", Montenegro, the Russian Federation, Serbia, Turkey and Ukraine) and several regional (South-East Europe) or multilateral programmes.

37. The Council of Europe's presence on the ground, through its various offices and the Secretary General's special representatives, is important. It facilitates local implementation of programmes and helps promote democracy in the host countries. However, in a period of budget cuts and priority-setting, the strength and the impact of this field presence needs careful scrutiny. Depending on the outcome, it may be necessary to close certain field or information offices in countries where their impact has become less significant. The funds thus freed up could be redeployed for setting up or reinforcing offices in countries where a stronger Council of Europe presence is desirable to provide support for priority actions.

38. In this difficult context the Organisation must adopt a multi-annual budget framework (as is the case at the European Union), which would make it possible to keep in view the Council's development prospects in the short and medium term and to plan and conduct multi-year projects with all due confidence. This solution would offer the advantage of guaranteeing the level of contributions paid by the member states over a relatively lengthy period, thus averting the possibility of a deadlock in the budget discussions, as was the case last year.

39. A multi-annual budget framework is a good way of safeguarding the medium-term investment plans intended to cover the modernisation of working equipment and the maintenance and security of the various

existing buildings, in particular the Palais de l'Europe and the European Youth Centre, which have passed the crucial 30-year mark.

40. Lastly, regarding the Committee of Ministers' concerns about the automatic nature of salary adjustments and salaries' growing share in the ordinary budget, prudence is called for. Staff must not be regarded simply as an expense but must be valued as one of the Organisation's most precious assets, which no machine can replace. This intellectual capital should even be entered in the Council of Europe's balance sheet under intangible assets. This knowledge base could indeed be compared, relatively speaking, with a company's set of patents, since the work done by staff results to a very large extent in the production of documents of a lasting and/or binding nature, destined to constitute authoritative standards or precedents long after the financial year in which the expenditure was incurred for their drafting.

41. This is why it is essential not to seek to leave the current co-ordinated system, bringing together six international organisations (the Council of Europe, the European Centre for Medium-Range Weather Forecasts, the European Space Agency, NATO, the OECD and the Western European Union), solely in order to make savings. This system is one of the best means of recruiting, retaining and motivating highly trained, extremely competent, independent staff by offering them a competitive remuneration compared with the three recruitment markets represented by the private sector, the national civil services and the international civil service.

42. In conclusion, the Council of Europe deserves better than constant haggling - it needs a political strategy to give it a new goal. Drawing on a French concept, centres of excellence, the Council of Europe could become the heart of a system bringing together, at the most appropriate level and in close collaboration, promotion, observation, training and monitoring activities concerning democracy and human rights in the broad sense. Moreover, the foundation stones of a European centre of excellence for democracy and human rights have already been laid with the Court and the European Pharmacopoeia, and, in the final analysis, this target could be within our grasp provided the politicians decide to give their full backing to such a development - with 400 million euros for 800 million Europeans as the goal!²

² Cited with the kind permission of Annelise Oeschger, President of the Conference of INGOs.

Appendix 1 - Court statistics

1. Applications lodged [rounded to nearest 50]	2006 (provisional)	2005	+/-
Applications lodged	50500	45500	+11%

2. Applications allocated to a judicial formation (Committee/Chamber) [rounded to nearest 50]	2006	2005	+/-
Applications allocated	39350	35400	+11%

3. Interim procedural events	2006	2005	+/-
Applications communicated to respondent Government	3210	2860	+12%
Applications declared admissible	1634	1036	+58%
- in separate decision	266	399	-33%
- in judgment on merits	1368	637	+115%

4. Applications disposed of	2006	2005	+/-
Judicially	29658	28565	+4%
- by final judgment	1498	952	+57%
- by decision (inadmissible or struck off)	28160	27613	+2%
Administratively (applications not pursued - files destroyed)	12251	13997	-12%

5. Pending applications [rounded to nearest 50]	31/12/2006	1/1/2006	+/-
All applications	89900	81000	+11%
Applications not allocated to a judicial formation	23400	24200	-3%
Applications pending before a judicial formation	66500	56800	+17%
- Chamber (7 judges)	22950	21900	+5%
- Committee (3 judges)	43550	34900	+25%

Appendix 2 - Scenarii budget 2008

PAYS	2008 - options for the Ordinary Budget								
	2007			2007 + 2%		2007 + 4%		2007 + mini contribution 350 K€	
	BO	Others (1)	General Total	Increase	Total BO	Increase	Total BO	Increase	Total BO
ALBANIA	236 657	71 488	308 145	4 733	241 390	9 466	246 123	113 343	350 000
ANDORRA	127 203	47 103	174 306	2 544	129 747	5 088	132 291	222 797	350 000
ARMENIA	236 657	67 304	303 961	4 733	241 390	9 466	246 123	113 343	350 000
AUSTRIA	3 636 825	1 366 594	5 003 419	72 737	3 709 562	145 473	3 782 298	0	3 636 825
AZERBAIJAN	432 688	101 026	533 714	8 654	441 341	17 308	449 995	0	432 688
BELGIUM	4 391 169	1 703 465	6 094 634	87 823	4 478 993	175 647	4 566 816	0	4 391 169
BOSNIA and HERZEGOVINA	268 211	181 326	449 537	5 364	273 575	10 728	278 940	81 789	350 000
BULGARIA	580 993	270 400	851 392	11 620	592 613	23 240	604 232	0	580 993
CROATIA	560 088	260 192	820 280	11 202	571 290	22 404	582 492	0	560 088
CYPRUS	236 657	196 179	432 836	4 733	241 390	9 466	246 123	113 343	350 000
CZECH REPUBLIC	1 588 165	605 994	2 194 159	31 763	1 619 928	63 527	1 651 692	0	1 588 165
DENMARK	2 974 777	1 070 649	4 045 426	59 496	3 034 273	118 991	3 093 769	0	2 974 777
ESTONIA	236 657	178 803	415 460	4 733	241 390	9 466	246 123	113 343	350 000
FINLAND	2 311 152	915 766	3 226 918	46 223	2 357 375	92 446	2 403 598	0	2 311 152
FRANCE	23 963 091	12 725 536	36 688 627	479 262	24 442 353	958 524	24 921 614	0	23 963 091
GEORGIA	241 193	57 113	298 306	4 824	246 017	9 648	250 841	108 807	350 000
GERMANY	23 963 091	9 424 504	33 387 595	479 262	24 442 353	958 524	24 921 614	0	23 963 091
GREECE	2 694 931	1 097 383	3 792 314	53 899	2 748 829	107 797	2 802 728	0	2 694 931
HUNGARY	1 500 997	576 570	2 077 567	30 020	1 531 016	60 040	1 561 036	0	1 500 997
ICELAND	236 657	188 220	424 877	4 733	241 390	9 466	246 123	113 343	350 000
IRELAND	2 168 172	856 822	3 024 993	43 363	2 211 535	86 727	2 254 899	0	2 168 172
ITALY	23 963 091	9 654 570	33 617 661	479 262	24 442 353	958 524	24 921 614	0	23 963 091
LATVIA	240 207	175 920	416 126	4 804	245 011	9 608	249 815	109 793	350 000
LIECHTENSTEIN	87 957	47 889	135 847	1 759	89 717	3 518	91 476	262 043	350 000
LITHUANIA	381 018	107 624	488 642	7 620	388 638	15 241	396 258	0	381 018

LUXEMBOURG	368 593	225 691	594 284	7 372	375 965	14 744	383 337	0	368 593
MALTA	236 657	90 914	327 570	4 733	241 390	9 466	246 123	113 343	350 000
MOLDOVA	236 657	58 778	295 434	4 733	241 390	9 466	246 123	113 343	350 000
MONACO	58 573	14 576	73 149	1 171	59 744	2 343	60 915	291 427	350 000
NETHERLANDS	7 393 754	2 928 558	10 322 312	147 875	7 541 629	295 750	7 689 504	0	7 393 754
NORWAY	3 101 783	1 217 719	4 319 503	62 036	3 163 819	124 071	3 225 855	0	3 101 783
POLAND	4 377 167	1 688 784	6 065 951	87 543	4 464 710	175 087	4 552 254	0	4 377 167
PORTUGAL	2 381 557	964 901	3 346 458	47 631	2 429 189	95 262	2 476 820	0	2 381 557
ROMANIA	1 677 109	684 276	2 361 385	33 542	1 710 651	67 084	1 744 193	0	1 677 109
RUSSIAN FEDERATION	23 963 091	3 198 721	27 161 812	479 262	24 442 353	958 524	24 921 614	0	23 963 091
SAN MARINO	61 136	33 014	94 151	1 223	62 359	2 445	63 582	288 864	350 000
SERBIA	549 438	232 478	781 917	10 989	560 427	21 978	571 416	0	549 438
SLOVAK REPUBLIC	648 637	270 183	918 820	12 973	661 610	25 945	674 583	0	648 637
SLOVENIA	442 154	235 136	677 290	8 843	450 997	17 686	459 840	0	442 154
SPAIN	12 801 759	5 334 130	18 135 888	256 035	13 057 794	512 070	13 313 829	0	12 801 759
SWEDEN	4 274 221	1 684 459	5 958 680	85 484	4 359 706	170 969	4 445 190	0	4 274 221
SWITZERLAND	4 479 916	1 768 347	6 248 262	89 598	4 569 514	179 197	4 659 112	0	4 479 916
'THE FORMER YUGOSLAV REPUBLIC OF MACEDONA'	236 657	177 261	413 917	4 733	241 390	9 466	246 123	113 343	350 000
TURKEY	6 065 320	2 368 092	8 433 411	121 306	6 186 626	242 613	6 307 932	0	6 065 320
UKRAINE	2 638 527	567 229	3 205 756	52 771	2 691 298	105 541	2 744 069	0	2 638 527
UNITED KINGDOM	23 963 091	6 670 444	30 633 535	479 262	24 442 353	958 524	24 921 614	0	23 963 091
MONTENEGRO	236 657	116 388	353 045	4 733	241 390	9 466	246 123	113 343	350 000
TOTAL	197 450 757	72 478 515	269 929 272	3 949 015	201 399 772	7 898 030	205 348 787	2 385 607	199 836 364

(1) Others = pension budget + extraordinary budget + youth funds+ partial agreements

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Reporting committee: Committee on Economic Affairs and Development

Reference to committee: Standing mandate

Draft opinion unanimously adopted by the Committee on 17 April 2007

Members of the Committee: Mr Konstantinos **Vrettos** (Chairperson), Mrs Antigoni **Papadopoulos** (Vice-Chairperson), Mr Márton Braun (Vice-Chairperson), Mrs Doris **Barnett** (Vice-Chairperson), MM. Ruhi **Açikgöz**, Ulrich **Adam**, Hans **Ager**, Mrs Edita **Angyalova**, Mr Abdülkadir **Ateş**, Mrs Veronika Bellmann, MM. Akhmed Bilalov, Vidar **Bjørnstad**, Jaime Blanco, Luuk Blom, Luc Van den Brande, Patrick Breen, Gianpiero Carlo Cantoni, Mrs Cornelia Cazacu, MM. Erol Aslan Cebeci, Ivané Chkhartishvili, Valeriu **Cosarciuc**, Ignacio Cosidó, Ioannis **Dragassakis**, Joan Albert **Farré Santuré**, Relu **Fenechiu**, Mrs Urszula **Gacek**, MM. Carles **Gasóliba**, Zahari **Georgiev**, Francis **Grignon**, Nick Harvey (Alternate: Mr James **Clappison**), Norbert **Hauptert**, Željko Ivanji, Ivan **Ivanov**, Mrs Danuta **Jazlowiecka**, Mr Miloš Jeftić, Ms Dagný Jónsdóttir, MM. Karen Karapetyan, Albrecht **Konecny**, Anatoliy **Korobeynikov**, Oleksiy Kunchenko, Serhiy **Klyuev**, Jean-Marie Le Guen, Harald Leibrecht, Ms Anna **Lilliehöök**, MM. Arthur Loepfe, Rune Lund, David Marshall (Alternate: Mr Tony **Lloyd**), Jean-Pierre Masseret, Ruzhdi Matoshi, Miloš **Melčák**, José **Mendes Bota**, Attila Mesterházy, Mrs Ljiljana Miličević, MM. Neven **Mimica**, Gebhard **Negele**, Bujar Nishani, Mrs Ganira Pashayeva (Alternate: Mr Sabir **Hajiyev**), MM. Manfred **Pinzger**, Mrs Liudmila **Pirozhnikova**, MM. Claudio Podeschi, Jakob **Presečnik**, Jeffrey Pullicino Orlando, Maximilian Reimann, Mrs Maria **de Belém Roseira**, MM. Kimmo Sasi (Alternate: Mr Markku **Laukkanen**), Bernard **Schreiner**, Samad Seyidov, Mrs Sabina **Siniscalchi**, MM. Giannicola Sinisi, Leonid Slutsky, Ms Geraldine Smith (Alternate: Mr Bob **Laxton**), Mr Christophe Spiliotis-Saquet, Mrs Aldona **Staponkienė**, MM. Stanislav Stashevskiy, Vjaceslavs **Stepanenko**, Han Ten Broeke, Frans Björn von Sydow, Oldřich Vojtř (Alternate: Mr Ladislav **Skopal**), Varujan Vosganian, Robert **Walter**, Paul **Wille**, Tadeusz **Wita**.

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

Head of Secretariat: Mr Newman

Secretaries to the committee: Ms Ramanauskaite and Mr de Buyer.