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# DRAFT REPORT

on discharge in respect of the implementation of the general budget of the  
European Union for the financial year 2016, Section X – European External  
Action Service  
(2017/2145(DEC))

Committee on Budgetary Control

Rapporteur: Marco Valli

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section X – European External Action Service (2017/2145(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2016<sup>1</sup>,
  - having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0256/2017)<sup>2</sup>,
  - having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2016, together with the institutions' replies<sup>3</sup>,
  - having regard to the statement of assurance<sup>4</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
  - having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
  - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>5</sup>, and in particular Articles 55, 99 and 164 to 167 thereof,
  - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A8-0000/2018),
1. Grants the High Representative of the Union for Foreign Affairs and Security Policy discharge in respect of the implementation of the budget of the European External Action Service for the financial year 2016; / Postpones its decision on granting the High Representative of the Union for Foreign Affairs and Security Policy discharge in respect of the implementation of the budget of the European External Action Service for the financial year 2016;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this decision and the resolution forming an integral part of it to the European External Action Service, the European Council, the Council,

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<sup>1</sup> OJ L 48, 24.2.2016.

<sup>2</sup> OJ C 323, 28.9.2017, p. 1.

<sup>3</sup> OJ C 322, 28.9.2017, p. 1.

<sup>4</sup> OJ C 322, 28.9.2017, p. 10.

<sup>5</sup> OJ L 298, 26.10.2012, p. 1.

the Commission, the Court of Justice of the European Union, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section X – European External Action Service (2017/2145(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section X – European External Action Service,
  - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A8-0000/2018),
1. Notes that the European External Action Service (EEAS) has continued to implement its administrative budget without being affected by major errors and that the overall level of error in the spending related to the ‘Administration’ budget has been estimated by the Court of Auditors (the ‘Court’) at 0,2%;
  2. Regrets that the Court found again, as in 2015, weaknesses in procurement procedures organised by Union delegations for contracts worth less than EUR 60 000;
  3. Asks the EEAS to continue its efforts to actively support and monitor the implementation of procurement rules and procedures in the delegations in order to improve the overall compliance and effectiveness of their tendering procedures and contract management;
  4. Notes that previous recommendations regarding the updating of staff members’ personal situation and related supporting documentation and the management of their family allowances has been implemented in most respects;
  5. Observes that 15 out of the 20 commitments reviewed by the Court were prepared before the end of the year, with related services, goods and corresponding payments to be provided partly or entirely in 2017; recalls that this practice of carry-over should remain an exception rather than a way to maximise the percentage consumption of appropriations at year-end;
  6. Insists on the necessity of maintaining efforts to reduce the significant rate of anomalies detected in ex-ante verifications of financial transactions while noting the nature of the errors and irregularities such as the unavailability of supporting documents or ineligibility of expenditures;
  7. Regrets the persistence of the same weaknesses throughout the years with regard to ‘business continuity’ and ‘document management’ internal control standards which carry with them the risk of hindering the availability and reliability of key management information being used for the monitoring and reporting of activities and projects by the

delegations; recalls that full transparency of documentation could be useful not only to improve the quality of monitoring and control, but also as an efficient instrument to prevent fraud and corruption;

8. Notes that only one delegation has issued and renewed a reservation in its statement of assurance related to procurement management, which falls in the remit of the Regional Centre Europe; invites the EEAS to pay attention and reflect on the coherence between the effective, or only formal, implementation of internal control standards and the management assurance of the Union's delegations;
9. Expresses its support for analysing and refining the cost-effectiveness of ex-post control by comparing the cost of ex-post control activities with the value of detected errors; regrets that the unit cost of detecting errors (cost per EUR) amounted to 23 cents in 2016;
10. Takes note of the introduction of new guidelines for the cycle of inspection visits in 2016, including the following criteria for prioritising the inspections of delegations, such as first-time Union ambassadors, delegations facing particular challenges, the period expired since the previous inspection and the size of delegations, with bigger delegations to be inspected every 5 years;
11. Notes that the initial budget for 2016 was EUR 633,6 million, i.e. an increase of 5,1% compared to the preceding financial year, including EUR 18,9 million to compensate for the loss in value of the euro and appropriations for the opening of a delegation in Iran, the transfer of the Somalia delegation from Nairobi to Mogadishu and the end of year salary adjustments; notes that EUR 2,5 million of supplementary appropriations were approved for implementing the security package throughout the network of the Union's delegations, particularly for the recruitment of regional security officers, security works or dedicated training of the EEAS staff, with the final amount of the EEAS budget reaching EUR 636,1 million;
12. Observes that the final EEAS budget of EUR 636,11 million for 2016 was executed at 99,7% in commitments and 87,5% in payments as at the year-end;
13. Takes note of the current budget breakdown, namely EUR 222,7 million for EEAS headquarters and EUR 413,4 million for the delegations;
14. Observes that, at the EEAS headquarters, 65,1% of the budget or EUR 144,2 million was allocated to the payment of salaries and other entitlements of statutory and external staff, 13% or EUR 30 million for the management of buildings and associated costs, and 14% or EUR 30,8 million for IT systems (including classified information systems) and equipment;
15. Notes that the Union delegations' budget of EUR 413.4 million was divided between EUR 109,1 million (26,4%) for remuneration and entitlements of statutory staff, EUR 64,3 million (15,6%) for external staff and outside services, EUR 25,2 million (6,1%) for other expenditure related to staff, EUR 169 million (40,9%) for buildings and associated costs, and EUR 45,7 million (11,1%) for other administrative expenditure; notes that to cover the administrative cost of Commission staff working in delegations, the EEAS received from the Commission a contribution of

EUR 185,6 million (excluding assigned revenues), the latter being split between the Commission's Heading V with EUR 50,4 million, the administrative lines of operational programmes with EUR 89,9 million, and the European Development Fund (EDF) with EUR 45,4 million; notes that in 2016, the EDF paid for the first time a standard amount per person in respect of delegations' overhead costs for those Commission staff financed by the EDF;

16. Stresses the importance of having a transparent and effective overview of the EEAS budget; regrets that the fragmentation of its instruments makes it difficult to access the information; asks the Vice-President of the Commission and High Representative of the Union for Foreign Affairs and Security Policy to provide full access to the data related to the costs of her missions;
17. Underlines that the execution of the EEAS administrative budget, particularly for the delegations, should improve its efficiency, since certain delegations were receiving separate contributions from the Commission from 33 different budget lines regarding the administrative costs of Commission staff in delegations; stresses the need for a budgetary simplification in order to provide a transparent overview to Union citizens of the costs;
18. Notes with appreciation that as of 2016, the common overhead costs of all delegation offices (rent, security and other overheads), including EDF delegations, were financed entirely from the budget lines of the EEAS, which represents a significant step forward in the budget rationalisation; invites the EEAS to further advance towards such simplification of budget sources and arrangements;
19. Supports the EEAS' continuous efforts during the last two years to streamline and rationalise the overall organisation and governance arrangements by looking for deepened services integration and enhanced reporting and communication flows; considers that reinforcing the EEAS culture of service would benefit the performance of the EEAS; notes that in 2016, as a result of efforts over the two last years to reduce a top-heavy organisation, the staff in managerial positions represents 6,4% of total staff rather than 7,5% in 2014;
20. Welcomes the attention dedicated to migration issues, drugs and human trafficking, and the implementation of human rights diplomacy to better address emerging international challenges and political priorities with coordinated responses;
21. Emphasises that geographical balance, meaning a proportional relationship between the members of staff of a particular nationality and the size of the relevant Member State, must remain a guiding principle of resources management, particularly with respect to the Member States that have acceded to the Union in or after 2004; recalls also the commitment that the Vice-President of the Commission and High Representative of the Union for Foreign Affairs and Security Policy made to the Parliament to address the existing overrepresentation of national diplomats in the position of head of delegation;
22. Remains concerned at continuing imbalances in the staffing profile of the EEAS as regards nationality; notes that at the end of 2016, 31,7% of the staff of the EEAS came from the Member States compared to 32,9% in 2015 (25,3% at the headquarters and 40,8% in delegations); calls for a more balanced distribution of staff, in line with

23. Notes that the 13 Member States that joined the Union since 2004 account for 19,6% of overall AD EEAS staff, approaching their share of Union population (20,6%); draws attention nevertheless to the fact that they only account for 13,28% of managerial positions and emphasises that, while respecting a merit-based recruitment policy, the percentage of nationals from the these Member States in managerial positions within the EEAS should be further increased to reflect within the EEAS their share of the Union population;
24. Asks the EEAS to provide further explanation of the increasing number of seconded national experts reaching 445 in 2016 (85% of them being located in Brussels) compared to 434 in 2015 and 407 in 2014;
25. Reiterates its concern regarding the gender imbalances in EEAS staff at the higher levels of administration; takes note of the slight increase of women in managerial posts and emphasises that there is still room for improvement in order to raise the current rate (22,7% of which 14% in senior management, i.e. 6 posts out of a total of 44, and 25% in middle management, i.e. 53 posts out of 215);
26. Is aware, in that context, of the creation of the task forces on ‘Career Development’ and ‘Gender and Equal Opportunities’ as important milestones for improving the functioning of the EEAS by defining a more attractive career path, streamlining recruitment and the adequacy of competences as well as gender and equal opportunities;
27. Regrets that the EEAS Mediation Service received 75 cases of conflict, harassment or poor work environment in 2016 and that 23 cases remained open at year end; calls on the EEAS to improve its policy in this regard in order to prevent any form of psychological and sexual harassment as well as cases of conflict;
28. Observes that the EEAS has so far complied with the inter-institutional agreement to reduce staff by 5% over a period of five years with seventeen posts being removed in 2016, the applied reduction of posts so far being 68, 16 more posts having to be identified for 2017 to reach an overall contribution of 84 posts for the EEAS over the five years period ending in 2017;
29. Recalls the Ombudsman’s recommendation concerning the EEAS’ practice of offering unpaid traineeships in Union delegations and underlines the importance of an appropriate allowance to be paid to all EEAS’ trainees since the practice of offering unpaid traineeships may lead to a discriminatory situation, endorsing only those who can afford it; takes note of the new traineeships’ scheme of the EEAS and asks for a proper and prompt implementation of the new rules in this regard;
30. Considers it essential that the heads of delegations continue to be regularly trained and reminded, during pre-posting, ad hoc seminars or the annual conference of the ambassadors, of their key role in the consolidation of the EEAS assurance chain and their overall accountability, both for managing administrative expenditure and

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<sup>1</sup> Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service (OJ L 201, 3.8.2010, p. 30).



portfolios of projects requiring an adequate assessment and for weighing various components likely to trigger the issuance of a reservation, in addition to their political duties;

31. Notes that the annual budget for the EEAS' 185 office buildings and 144 official residences amounts to about EUR 160 million, representing 20% of the EEAS budget; acknowledges the efforts undertaken by the EEAS since the last discharge procedure to adapt and correct various components of its building policies; reaffirms, however, that the monitoring and recovery of full costs and the selection procedure have to be deepened; stresses the importance to find a balance between security issues, the environmental policy and access for disabled people and the necessity to provide more savings relating to the buildings; stresses the importance of negotiating contracts in order to offer savings and continuity in the building policy;
32. Is convinced of the importance of a consistent network of regional security officers for the security of staff;
33. Considers that a thorough verification of the rental conditions or purchase options of office buildings and residences have to be ensured in any new building files or transactions to be agreed at headquarters; calls on the EEAS to continue monitoring office space to achieve the benchmarks foreseen; regrets that exceeding the ceiling of 35 m<sup>2</sup> per person for office buildings resulted in additional costs of EUR 7,4 million;
34. Invites also the EEAS to identify best practices in real estate management among Member States that could contribute to the reinforcement of its building policy in a cost-effective manner;
35. Welcomes the taskforce with Member States dedicated to the key political issue of co-locating diplomatic premises and its potential extension; notes that 11 new co-locations have been agreed upon during 2016, the total number being now of 91 such arrangements;
36. Notes with appreciation the inter-institutional arrangements with DG European Civil Protection and Humanitarian Aid Operations (ECHO) and the arrangement with the European Investment Bank (EIB) under preparation for the sharing of buildings and reduction of costs; invites the EEAS as part of the monitoring of costs to expand such memoranda of understanding to other Union entities.