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on European Court of Auditors' Special Report No 11/2014 (2013 Discharge):
The establishment of the European External Action Service

Committee on Budgetary Control

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Introduction

The High Representative for Foreign Affairs and Security Policy who is simultaneously Vice President of the European Commission (HR/VP) was a creation from the Treaty of Lisbon. To support the HR/VP a new diplomatic corps was set up - the European External Action Service (EEAS), in accordance to Article 27,3 of the TFEU. The EEAS was envisaged as the cornerstone of a new EU foreign policy. With that purpose in mind, the Council Decision of 26 July 2010 established the organisation and functioning of the EEAS, confirming its autonomy, stating the basic principles of its organisational set-up and deciding which services would be transferred from the Commission and the General Secretariat of the Council (GSC) to the EEAS.

The EEAS became formally operational on 1 January 2011 and comprised a headquarters in Brussels and 140 delegations around the world. Initially it was staffed exclusively via the transfer of some GSC and Commission departments and gradually recruited Member States diplomats. In June 2013, the EEAS had 3.392 staff, 1.487 at its headquarters and 1.905 in its delegations, and Member States diplomats occupied 33% of its 935 administrator positions¹.

The above mentioned Council Decision requested that a mid-term review was made by mid-2013. The review was published on 29 July 2013 and summarised the progress made, the difficulties encountered and included medium and short term recommendations to improve its functioning. The Council supported the implementation of the short term recommendations and invited the next HR/VP to present by the end of 2015 an evaluation on the organisation and functioning of the EEAS and, if necessary, a proposal for a new Council Decision.

The Court's audit took place in parallel with the mid-term review carried out by the EEAS and in many points there is a convergence with both documents in the conclusions and the recommendations. The Court focuses its independent assessment particularly in the corrective actions to be taken by this new and crucial European body.

The EEAS budget for 2014 is 519 million euros to be split between headquarters (41%) and delegations (59%). The Commission tops up the delegations' budget with approximately 270 million annually due to the fact that EU delegations still host a significant number of Commission staff, most working on the implementation of EU operational budget for which the Commission is responsible.

The audit's scope and approach

The Court audited the establishment of the EEAS by answering three questions:

- a) Was the establishment of the EEAS adequately prepared?
- b) Were the resources of the EEAS prioritised, organised and allocated efficiently?

¹ The Council Decision set a target that, at full capacity, one third of EEAS administrators should be diplomats from the Member States - article 6(9) of Council Decision 2010/427/EU
http://www.eeas.europa.eu/background/docs/eeas_decision_en.pdf

c) Has the EEAS coordinated effectively with the Commission and the Member States?

The audit covered the preparatory work conducted by EU institutions and the Member States and the activities carried out by the EEAS from its launch on 1 January 2011 to December 2013.

The Court gathered evidence for its assessment through documentation analysis and literature review; a sample of briefing requests made by the President of the Council, the President of the Commission, the HR/VP and other Commissioners during 2011-2012; a sample of 30 administrators recruitment procedures (15 at headquarters and 15 in delegations); a sample of 14 EEAS staff training courses organised since 2011; a quantitative analysis of EEAS staffing data as of 15 April 2013, 10 January 2012 and 25 January 2011; a survey of a sample of 35 EU delegations; a survey of Member States which was completed by 15 of them¹; interviews with representatives of the GSC and nine Commission Directorates-General to obtain their views on cooperation with the EEAS; interviews with EEAS managers and staff, with the EU Special Representatives for Human Rights, the Southern Mediterranean, and Kosovo, and with representatives of the Foreign Ministries of Belgium, Germany, France, Luxembourg and Poland.

The Court's findings and observations

In the findings to answer to the first question, the Court analysed whether EEAS tasks were clearly specified, limited in number and understood equivalently by the Commission and the Member States, and whether the EEAS had the policy and financial tools it needed to perform its tasks. Following the troubled ratification process of the Treaty of Lisbon and the insufficient engagement of Member States in setting out an overarching EU foreign policy strategy, the EEAS ended up lacking objectives and having just its tasks settled in the Council Decision². These tasks are limited defined and in vague terms. This in fact disturbed the organisation of the EEAS which, instead of having departments arriving on the basis of their expected contribution to the fulfilment of EEAS objectives, received departments on the basis of their activities and their administrative position within the Commission or the GSC³. Specifically on global issues of relevance to the EU, the EEAS has had practical difficulties to coordinate some actions of the Commission with impact over EU foreign policy.

In addition, the EEAS faced a number of political and financial challenges directly after its establishment. The turmoil in the Southern Mediterranean required an immediate EU's response, taking priority of the EEAS over foreign policy initiatives. The austere EU and national budgets pushed the EEAS to be established by the principle of budget neutrality. This condition meant that the EEAS did not receive resources for support functions and remained fully dependent on the Commission and GSC, under service level agreements, to fulfil its needs in staff and administrative support. However, the services provided did not fully address the EEAS' needs. Finally, there was no overall assessment of savings brought up by

¹ Bulgaria, Czech Republic, Estonia, Spain, Italy, Cyprus, Latvia, Hungary, Netherlands, Austria, Poland, Portugal, Slovakia, Sweden and United Kingdom.

² Article 2 and article 3 of Council Decision 2010/427/EU.

³ This is particularly evident with regard to the external dimension of internal EU policies - e.g. climate change or energy security -, for which the EEAS received no resources from the Commission.

the creation of the EEAS¹.

To answer the second question, the Court assessed the management strategy, the objective setting and planning, the organisational structure of the EEAS, the role of the Special Representatives and the management of human resources, focusing on recruitment, staff allocation and training. Due to the already mentioned absence of an overarching foreign policy strategy, the EEAS has been developing ad-hoc approaches in EU external relations, somehow hampering the required performance of the EU in external affairs. Whenever strategic guidance is needed, it requires long consultations of the EEAS with the EU institutions and the Member States to prepare the EU's responses which sometimes end up delivering untimely actions.

Despite three initial priorities set by the HR/VP in 2011², no management plan was adopted then or in the meantime. There was no establishment of objectives or development of detailed criteria to assess the achievement of those priorities. The lack of a comprehensive planning framework made each department to decide how to plan its own activities, hampering the EEAS' overall efficiency, and made it more difficult to integrate the EEAS activities within the wider context of the Commission's annual work programme or the 18-month trio programme (rotating Presidencies and the GSC). The common security and defence policy area, covered by the SGC and the EEAS, has also been facing overlapping actions on crisis prevention, crisis management and its response.

The overall structure of the EEAS is complex both content wise and in structure. It covers a whole range of competences in areas of foreign affairs, defence and interior, intelligence, external relations or crisis management. Its structure is quite complicated when compared to the structure it replaces, combining geographical desks³ with different levels of management, several organisational units of small size and a high number of senior managers.

The top-heavy nature of the EEAS could be justified with the commitment taken in the Council Decision to have one third of EEAS staff coming from the Member States⁴, which was decisive for a significant number of top posts being occupied by MS diplomats. In addition the EEAS Corporate Board which aims to ensure that activities carried out by the EEAS are consistent and contribute towards achieving the political objectives established by the HR/VP, is not qualified to take over the HR/VP workload, who still has 23 direct reporting lines.

The audit assessed the effectiveness of the existing procedures for the production and distribution of two main types of information products: supporting material for the preparation of high level meetings and political reporting and intelligence products. It concludes that supporting material takes too long to reach the final recipient and there are

¹ For example, Member States can rely on EEAS political reporting, the rotating Presidency has a smaller workload in preparing and chairing Council working groups and the salaries of seconded diplomats are paid by the EEAS.

² a) setting-up the EEAS as a working institution, b) developing the ten existing EU Strategic Partnerships and c) strengthening the European Neighbourhood Policy in response to the Arab Spring.

³ Geographical desk consists of one or more EEAS staff covering the same country. They are grouped into geographical services.

⁴ Article 6, 9 of the Council Decision of 26 July 2010 establishing the organisation and functioning of the European External Action Service (2010/427/EU).

practical difficulties for the EU delegations to receive and deal with intelligence reporting.

The EU special representatives (EUSR) are considered as common foreign and security policy (CFSP) instruments and they date from 1996. They had an important role to helping coordination of CFSP between the Council and Commission. However, with the establishment of the EEAS they would become redundant, but they were still considered useful to dealing with regional problems and ad-hoc crisis. There are currently 10 EUSR supporting HR/VP work in different regions. The Court made three main considerations in this matter: a) the EUSR have broad mandates, long lasting and flexible mandate which render difficult the evaluation of performance; b) the EUSR decides how to coordinate with the EEAS departments (except when they are double-hatted EUSR and head of delegation) creating the risk that their actions are inconsistent with the EU actions, and c) the EUSR are funded by the 'operations' EU budget managed by the Commission leaving them outside the administrative and management framework established for the EEAS.

According to the Court, the EEAS faced difficulties in staffing critical functions with the resources transferred despite the two screening procedures (in 2011 and 2012) that allowed the EEAS to strengthen its administrative and support function. The delegations are lacking staff in their political sections and for the operational planning and implementation of CFSP missions; there are several areas where the thematic expertise - economic and financial issue, cyber-security, migration, etc. - is in deficit; the GSC and the Commission foreign policy structures use different IT applications from those in the EEAS; and the large dependence on seconded national experts, that are not included in the establishment plan, puts at risk the EEAS institutional memory and its business continuity.

The EEAS' recruitment procedures are lengthy, especially for head of delegations positions, as the HR/VP decided to interview all short-listed candidates. They are also costly, as many candidates are located outside the EU and interviews are held in person in Brussels. At the same time, the EEAS has not established a competency framework for managers as a basis for the evaluation of pre-selected candidates and decided not to use assessment centres for managerial positions¹. Induction training experienced improvements implemented in September 2013. Before that exercise, it was insufficiently targeted to address the needs of new EEAS staff. The significant gender and geographical imbalances remain with too few women as administrators and even less as managers, and only 14% of managers coming from the Member States which joined the Union in 2004 and 2007, below the 21% that would represent their share of the EU population.

Finally the Court assessed in reply to the third question that the coordination with the Commission and Member States is improving, but is still insufficient for the EEAS to fulfil its potential. It needs to be noted that the HR/VP did not attend several meetings of the college and the external relations commissioners' meetings, even of those with impact over EU foreign policy. In addition, the fora where the EEAS and the Commission coordinate their activities did not meet so often and had limited participation. On the other side, the EEAS lacks resources to impact on the inter-services consultations on the external dimension of internal policies. The EEAS and the Commission have established formal working agreements to coordinate their activities but they remain two different entities which increases

¹ Assessment centres can reduce the need for interviews, provide additional input on the candidate's competences and identify training and development needs.

the number of EU institutions dealing with external relations and can render difficult the agreement on an efficient division of labour.

The Court also observed that the new set-up of EU delegations demands more coordination work and its administrative management is less efficient. At delegation level the strict distinction between the administrative budgets of the EEAS and Commission has added complexity to the budget preparation and implementation stages (ex. in 2012, the Commission funded administrative costs in delegations through 8 different directorates-general and 3 instruments). The heads of delegation also face significant difficulties in allocation staff to priorities, as they can only allocated Commission staff to EEAS duties within a limit of 20% of their working time. Head of Delegation and desk officers at headquarters are not always informed about the instructions and reports sent between the Commission headquarters and Commission staff in delegations, putting at risk the consistency of EU actions. The same happens in the coordination of the management of delegations where two different forum are in place without the participation of both bodies. In addition, Commission staff cannot authorise EEAS expenditure.

Member States and the EEAS have not yet fully exploited the potential for synergies between their networks of diplomatic representations mainly because of a lack of commitment from the Member States. The co-location of EU delegations and Member State diplomatic representations is still very limited and common political reporting is exceptional and remains one-way from delegation to the embassies. The inclusion of provision of consular services to the EU citizens by the EU delegations remains to be done and the EEAS has not yet prepared a detailed analysis of its financial implications. The Member States have neither reached a common position on this issue nor agreed on the harmonisation of rules and legislation applicable in crisis and emergency situations, staff training and the distribution of costs.

To conclude, the Court considers that the potential benefits from having the EEAS as permanent chair of Council preparatory bodies have not been fully realised. It requires closer cooperation with the rotating Presidency, the Committee of permanent representatives, and some relevant Council working groups and better planning and agenda-setting by the EEAS.

The EEAS' replies

The EEAS can agree with several of the Court's observations which were also taken into account in the EEAS mid-term review exercise.

In reply to the Court's recommendations, the EEAS notes that in 2013 the reorganisation of the Headquarter structure, the redeployment of AD posts from Headquarters to Delegations and the Zero-Based Review allocation of Delegation's resources are the first initiatives to improve efficiency in planning and allocation of resources.

Two new mechanisms have been established to foster coordination between services, one is the crisis management board which deals with horizontal issues and the other is the crisis platform which organises the EU response to crisis from all relevant aspects.

A complete reworking of the classified information systems is on-going.

The integration of the EU Special Representatives into the EEAS represents a challenge and various options can be considered. However, whatever integration option would be taken in

the future, the EUSRs would still need to report on their activities separately from the EEAS, because specific provisions in the Treaty will continue to apply to them.

The co-location EEAS and Member States is a priority for the Service and is being strongly promoted for practical and economic reasons but also for their symbolic value. In relation to consular protection, this remains a national competence, therefore Delegations do not provide direct assistance to EU citizens, but they support the Member States in facilitating cooperation and in helping them providing assistance to unrepresented citizens.

The pre-existing imbalances are being corrected and the current figures shown geographical balance not accompanied by gender balance due to reduced applications from women to certain posts.

The adoption of the EEAS staff appraisal system is founding a comprehensive and integrated approach to performance management and will gradually strengthen the link between the staff inputs and EEAS priorities.

The regular working meetings between EEAS and DEVCO HR teams dealing with post managements in Delegations, together with updated HR system SYSPER2 contributed to EEAS-COM coordination improvements. However, it considers that assessment centres for managerial positions are not the best solution for such an institution.

On the other side, the EEAS continues not convinced by the necessity and feasibility of a new overarching strategic framework for EU foreign affairs and security policy.

Recommendations by the rapporteur for possible inclusion in the 2013 Commission discharge report

[The European Parliament]

Welcomes the Court's special report "The establishment of the European External Action Service" and endorses its recommendations;

Is of the opinion that the EEAS is not yet a fully-fledged EU diplomatic service because of resources constraints; considers that the Commission and the Member States are the right actors to push for the consolidation the Service;

Notes that the EEAS has had practical difficulties in the coordination of actions concerning the Association Agreement with Ukraine, as well as the current security situation within Europe regarding this Agreement; these difficulties, in addition to other actions towards Russia, may lead to a situation where in the future Russia may use military tools when negotiating economic agreements in Ukraine or other frozen conflicts to force economic concessions from the EU;

Finds that the EEAS continues to lack sufficient expertise on how to manage relations with neighbouring countries, in particular with Russia; is convinced that a thorough understanding of the specificities and negotiation patterns of that country is essential for an efficient implementation of EU foreign policies;

Points out that the principle of budget neutrality is most welcomed, however this should not be viewed in isolation from the savings which the Member States have made from in the establishment of the EEAS.

Considers that the EEAS continues to have a top-heavy administration which needs to be corrected; takes the view that the measures already implemented to correct this matter are in the right path and asks the Commission to strengthen its engagement in improving the inter-service cooperation;

Regrets that the proportion of staff coming from the Member States accessing in 2004, 2007 and 2013 is still much lower than staff from the EU-15; emphasises the need for geographical balance in the recruitment and the appointment of staff; is of the opinion that equivalent geographical representation within the EEAS is an important element contributing to enhance its performance;

Considers the responsibilities of the Union Special Representatives to be very unclear, lacking a proper monitoring and performance analysis; suggests that to bridge this gap they are integrated into the EEAS;

Considers positive the developments made in the area of human resources even though agrees with the Courts observations that the thematic expertise in the Delegations is most needed; invites the Commission together with the EEAS to put in place a concerted approach to optimise the profile of delegation staff;

Invites the EEAS to get a better overview on the costs incurred in the recruitment procedures; calls on the EEAS to use innovative solutions like videoconferencing for job interviews and to come up, as much as possible, with similar proposals also for the training of staff;

Encourages the Commission and the Member States to take measures promoting a better coordination and cooperation between their external relations services and the EEAS without disregarding the horizontal thematic issues;

Takes the view that current EU foreign policy continues to be very much influenced by foreign policies of particular Member States; underlines that the policy of side-lining countries with specific expertise on some of the on-going conflicts, specially the Ukrainian-Russian conflict, dominates results of EU foreign policy; invites the EEAS to consistently take measures to correct this imbalanced situation without delay;

Insists on the need for simplification of the budget scheme for supporting Delegations; emphasises the difficult situation faced by the delegations with the fewest members of staff as a result of the complex and rigid rules governing the delegation of payment authorisation between EEAS and Commission staff; calls on the EEAS and the Commission to consider how the procedure for authorising funds might be made easier whilst ensuring that financial control rules are complied with;

Underlines the need to ensure greater flexibility in the funding of CSDP missions to guarantee the internal and external security of European Union due to the danger posed by conflicts in countries which border it, as well as the heightened risk of possible terrorist activities connected to IS;

Urges the EEAS to maximise the benefits of economies of scale by creating new synergies within the EEAS headquarters and delegations as well as in cooperation with Member States and national diplomatic services, in the spirit of a true Union external policy and services; notes with satisfaction that the co-location of EU delegations and Member State diplomatic

representations is increasing, even if continue to be limited, and congratulates the EEAS for considering this matter as primordial in its action;

Accepts that there is still work to be done in relation to the consular services.