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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT**

**DEVELOPMENT AND CONSOLIDATION OF THE EXTERNAL SERVICE:
IMPLEMENTATION OF MEASURES FOR 2008**

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1. INTRODUCTION

In its Communication on the development and consolidation of the External Service in 2007-2008, adopted on 10 May 2007,¹ the Commission decided to open, in 2007, delegations in Azerbaijan, Montenegro, East Timor and at the African Union, and offices in countries already covered by delegations (Juba and Astana), and to upgrade two existing regionalised delegations in Armenia and Cape Verde. All these projects have been carried out.

The Communication of 10 May 2007 also set out a number of actions to be carried out, depending on available resources, in 2008: the opening of a permanent representation to the Council of Europe in Strasbourg and a delegation in Uzbekistan, and the upgrading of regionalised delegations in Kyrgyzstan, Tajikistan, Nepal, Togo, Liberia, Djibouti and Yemen to fully-fledged delegations.

In the light of the 2008 budget allocation for the External Service and the adoption, in June last year, of a redeployment plan involving 96 posts in the Service, which is currently being implemented, it is now possible to carry out the initiatives planned.

Moreover, better administrative arrangements are proposed for places of employment in which a Commission presence, distinct from the delegations, is required in the long term to monitor its activities. In this connection, the following new places of employment are proposed: Belize, Comoros, Congo (Goma), Mongolia, Myanmar/Burma, Panama and Samoa.

2. DEVELOPMENT OF THE EXTERNAL SERVICE NETWORK

2.1. Opening of delegations

The opening of two new delegations has been confirmed on the basis of resources currently available or expected to be available in 2009: a delegation in **Uzbekistan** and one at the **Council of Europe** in Strasbourg. These were already envisaged in the Commission Communication of 6 June 2005, but could not be followed through until now because of a lack of resources.

The opening of the delegation in **Uzbekistan** should be seen in the context of the growth of European Union interests in Central Asia. Uzbekistan is located at the heart of the region and is one of the most important countries in it because of its population size, among other things. Relations between the EU and Uzbekistan have been strengthened, with positive feedback from the Uzbek authorities in many areas, including human rights. A Commission presence would help to build on progress already made while at the same time ensuring greater account is taken of EU interests.

¹ COM (2007) 206 final

As regards the **Council of Europe**, the first objective is to take action in the light of the tightening of links between the European Union and the Council of Europe. There are an increasing number of sensitive issues, requiring constant action, for which each entity has partial responsibility. Moreover, the Council of Europe is one of the institutional arenas where relations with the Russian federation, the countries of the Balkans and the Neighbourhood Area are forged. Account must also be taken of the new closer formal relations between the European Union and the Council of Europe, agreed at political level by the signature, in May 2007, of a Memorandum of Understanding laying down "new framework for enhanced co-operation and political dialogue"

Once the decision has been taken and the necessary establishment agreements have been signed, the Commission will implement these measures as quickly as possible.

2. 2. **Upgrading of regionalised delegations**

It is proposed to upgrade the regionalised delegations at Djibouti, Kyrgyzstan, Liberia, Nepal, Tajikistan, Togo and Yemen to fully-fledged delegations.

In the case of **Kyrgyzstan** and **Tajikistan** the upgrade must be seen in the light of the commitments made by the European Union in the Strategy for a New Partnership between the European Union and Central Asia, adopted by the Council in June 2007.

The change in status of the **Djibouti** regionalised delegation is part of the Commission's new strategy in the Horn of Africa. It stems from the need for closer links with a stable interlocutor in the region, strategically situated at the crossroads of various economic, cultural and religious influences which can open doors and enable dialogue with all the powers in the region.

As regards **Liberia**, besides restoring the situation as it was before the civil war, the almost exclusive presence of the Commission means that it must represent the European Union, the second biggest donor after the United States, on the ground. A stronger Commission presence is also essential because of the commitments made to the Liberian authorities, the amount of aid to be managed and the need to maintain political visibility in this high media profile African country.

The proposal to upgrade the **Nepal** regionalised delegation, which is at present linked to the New Dehli delegation, is related to the peace process which is currently under way in the country. The latter has important consequences for political relations between Nepal and the European Union, and on Commission action in the fields of development cooperation and humanitarian aid.

Besides handling the consequences of re-establishing cooperation with **Togo** following the Council Decision of 13 November 2006, an increased Commission presence is required to help normalise relations with the country after 20 years of crisis and also to monitor the democratisation process, the reforms and the improvements in governance backed by the European Commission. The Commission is actively involved in these issues and the role of the delegation following the closure of the procedure set out in Article 96 of the Cotonou Agreement can only be fulfilled by a fully-fledged delegation. Such action makes an important contribution to the political stability of the sub-region.

The close relationship with **Yemen** as regards development aid and the EU's ongoing political support, particularly in the fields of governance and democratisation, justify the decision to upgrade the Yemen office to a fully-fledged delegation. In view of the importance of the stability in Yemen for regional security (in the Gulf and the Horn

of Africa) and the fight against terrorism, EU support will be maintained over the coming years and its presence may be strengthened.

2. 3. Places of employment distinct from delegations

Apart from the ECHO offices, which are managed by DG ECHO, experience shows that places of employment distinct from delegations should be established to facilitate Commission activities, either in countries where there is a delegation in the capital, or in countries where there is no delegation (or no longer a delegation).

The presence of Commission staff and infrastructure in these places of employment should be covered by a prior political decision and have a clear legal basis. In view of the differing political circumstances which may prevail, it is proposed to make a distinction between new places of employment in countries where the Commission already has a delegation, on the one hand, and those in countries where the Commission does not have a delegation on the other. In both cases, the agreement of the countries concerned and the definition of arrangements for "establishment" of the Commission in these countries, in the form of a verbal note/agreement in the first case, and by an ad hoc exchange of letters in the second, are prerequisites.

2.3.1. New places of employment in countries where there is a delegation

It is proposed to establish a new place of employment in Goma (Democratic Republic of Congo) attached to the Kinshasa delegation. This is aimed at helping the EU to continue with its decisive role in managing the crisis in the Great Lakes, and more specifically to take up its position as facilitator and observer in the Goma and Nairobi processes respectively. The Commission will thus join other representatives of the international community, including the permanent offices of the EU Special Representative and the ESDP (EUPOL/EUSEC), and those of other Member States who followed the EU's recommendation to maintain a presence in Goma. Besides monitoring the political processes, the Commission's presence in Goma should facilitate enormously the management of Community programmes in the east of the Democratic Republic of Congo.

The agreement to be obtained from the Congolese authorities should specify that the arrangements on privileges and immunities set out in the establishment agreement also apply to the staff of this office.

The opening of this office will not involve extra expenditure for the External Service in overall terms: it should be covered by the reallocation of existing resources or funds already earmarked for 2009.

2.3.2. New places of employment in countries where there is no delegation

This involves establishing a clear legal basis for the activities of EC staff in some countries. The purpose of this is to allow staff members with specific tasks, set out in ad hoc exchanges of letters, to carry out these tasks under the best possible circumstances while residing at the place of employment for the duration of their assignment. These exchanges of letters, between the Member of the Commission responsible for External Relations and the relevant authorities in the host country, should make provision for the application of appropriate arrangements on immunities.

In this connection, it is proposed to set up a place of employment in **Panama** (the country to which the head of the Nicaragua delegation is accredited). A liaison office responsible for monitoring cooperation projects was opened there in April 2003. It is

attached to the regionalised delegation in Costa Rica, which is itself attached to the Nicaragua delegation. In the same vein, it is also proposed to create a place of employment in **Samoa** (the country to which the head of the Fiji delegation is accredited) so that projects can be properly maintained on the spot by the existing office.

Moreover, a stable presence in **Belize** (the country to which the head of the Jamaican delegation is accredited), in **Comoros** (the country to which the head of the delegation in Mauritius is accredited) and in **Myanmar - Burma** (the country to which the head of the delegation in Thailand is accredited) could be necessary in the short term to ensure that aid is managed effectively and to enable closer monitoring of the political situation.

Currently, follow-up of projects in these countries must be done by staff based at the supervising delegation. This involves either long-term missions or very frequent short missions, which is unsatisfactory in terms of the tasks to be carried out and is sometimes difficult to organise. The lack of a permanent presence contributes to delays in implementation, particularly where ex-ante checks are required, and increases the risks arising from a lack of capacity on the part of the beneficiary countries' administrations when the latter are involved in operational and financial management of Community resources. It is proposed to approve the establishment of new places of employment in these countries with immediate effect; this measure will be implemented as soon as it is possible to reallocate existing resources.

It is also proposed to authorise, on the basis of existing resources, the creation of a new place of employment in **Mongolia** (the country to which the head of the delegation in China is accredited) to improve the monitoring of projects at local level given the difficulty of access. Until September 2004, this monitoring was carried out by the TACIS office. Since the transfer of action in Mongolia from the TACIS programme to ALA, the office has been closed and the work has been monitored by means of a service contract.

3. HUMAN AND BUDGETARY RESOURCES

The External Service Steering Committee (CDSE) decided at its meeting on 18 January 2008 to earmark 18 permanent official posts from the 2008 allocation for the development of the network in 2008, with priority being given to the opening of delegations in the Council of Europe and Uzbekistan and the upgrading of the delegations in Liberia, Togo and Yemen. The redeployment plan adopted on 17 June 2008 provided for 16 additional permanent official posts to enable the delegations in Djibouti, Kyrgyzstan, Nepal and Tajikistan to be upgraded.

It is therefore proposed to allocate the 34 permanent official posts available (18 from the 2008 allocation and 16 posts to be redeployed) and the contract agent and local staff posts needed according to the table below. These figures for the opening and upgrade of delegations are without prejudice to subsequent changes to staffing numbers, particularly as regards contract agents and local agents, to be financed, where necessary, according to the availability of funds under the headings ex-BA/EDF funds in the framework of the implementation of the aid.

In general terms, the expenditure in respect of the various actions referred to at point 2 above, which in practice will be largely implemented in 2009, will be covered by the redeployment of human resources and the redistribution of existing financial resources for 2008 or resources already earmarked for 2009, on the basis of a process

for rationalisation of available resources to cover new spending on operations, infrastructure, staff and other items.

<i>Human resources earmarked for opening or upgrade</i>						
Delegation	Heading 5				Ex headings BA/EDF funds	
	AD	AST	AC	AL	AC	AL
Council of Europe	1		1			
Uzbekistan	3	2	1	3	1	1
Djibouti (upgrade)	2	2			2	2
Kyrgyzstan (upgrade)	2	2			2	2
Liberia (upgrade)	2	2			2	2
Nepal (upgrade)	2	2			2	2
Tajikistan (upgrade)	2	2			2	2
Togo (upgrade)	2	2			2	2
Yemen (upgrade)	2	2			2	2
TOTAL	18	16	2	3	15	15

The budgetary resources to be mobilised are presented in the table below, broken down into start-up expenditure (one-off expenses directly linked to programmed openings and upgrades) and annual expenditure (which is recurrent, and linked to the running costs of new delegations or upgraded delegations in their new format).

<i>Budgetary resources earmarked for opening or upgrade</i>		
Delegation	Start-up expenditure	Annual expenditure
Council of Europe	309.990€	629.810 €
Uzbekistan	667.245€	2.033.870€
Djibouti (upgrade)	595.160€	1.600.910€
Kyrgyzstan (upgrade)	595.160€	1.600.910€
Liberia (upgrade)	558.660€	1.597.310€
Nepal (upgrade)	595.160€	1.600.910€
Tajikistan (upgrade)	595.160€	1.600.910€
Togo (upgrade)	558.660€	1.597.310€
Yemen (upgrade)	558.660€	1.597.310€
TOTAL	5.033.855 €	13.859.250 €

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT – DEVELOPMENT AND CONSOLIDATION OF THE EXTERNAL SERVICE: IMPLEMENTATION OF MEASURES FOR 2008

2. ABM/ABB FRAMEWORK (ACTIVITY-BASED MANAGEMENT/ACTIVITY-BASED BUDGETING)

EXTERNAL RELATIONS - External Service

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A. lines)), including headings:

XX.010102 : Expenditure related to staff in active employment of Commission delegations.

XX.010202 : External staff of Commission delegations

XX.010212 : Other management expenditure of Commission delegations

XX.010302 : Buildings and related expenditure of Commission delegations

19.010401 : Development Cooperation and Economic Cooperation Instrument (ICDCE) – Expenditure on administrative management

21.010410 : European Development Fund – Expenditure on administrative management

3.2. Duration of the action and of the financial impact:

The expansion covered by this communication will start from the end of the 2008 financial year. It entails the opening and upgrading of delegations that will continue to function, and the opening of new places of employment, and there is no time-limit for the action.

3.3. Budgetary characteristics:

Budget line	Expenditure type		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
XX.010102	NON-COMP	NON-DIFF	YES	None	None	N° 5
XX.010202	NON-COMP	NON-DIFF	YES	None	None	N° 5
XX.010212	NON-COMP	NON-DIFF	YES	None	None	N° 5
XX.010302	NON-COMP	NON-DIFF	YES	None	None	N° 5
19.010401	NON-COMP	NON-DIFF	YES	None	None	N° 4
21.010410	NON-COMP	NON-DIFF	YES	None	None	N° 4

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

€million (to 3rd decimal place)

Expenditure type	Section no.		2009	2010	2011	2012	2013 et seq.	Total
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Operational expenditure²

Commitment Appropriations (CA)	8.1.	a						
Payment Appropriations (PA)		b						

Administrative expenditure within reference amount³

Technical & administrative assistance (Non-diff)	8.2.4.	c	5,686	4,084	4,084	4,084	4,084	22,022

² Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

³ Expenditure within Article xx 01 04 of Title xx.

TOTAL REFERENCE AMOUNT

Commitment appropriations		a + c	5,686	4,084	4,084	4,084	4,084	22,022
Payment appropriations		b + c	5,686	4,084	4,084	4,084	4,084	22,022

Administrative expenditure not included in the reference amount⁴

Human resources and associated expenditure (Non-diff.)	8.2.5.	d	7,242	5,938	5,938	5,938	5,938	30,994
Administrative costs, other than human resources and associated costs, not included in reference amount (Non-diff.)	8.2.6.	e	5,965	3,838	3,838	3,838	3,838	21,317

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		a+c +d +e	18,893	13,860	13,860	13,860	13,860	74,333
TOTAL PA including cost of Human Resources		b+c +d +e	18,893	13,860	13,860	13,860	13,860	74,333

⁴ Expenditure within Chapter xx 01 other than Articles xx 01 04 or xx 01 05.

4.1.2. *Compatibility with financial programming*

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement⁵ (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. *Financial impact on Revenue*

- Proposal has no financial implications on revenue
- Proposal has financial impact - the effect on revenue is as follows: Not applicable

4.2. **Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.**

	2009	2010	2011	2012	2013 et seq.
Annual requirements					
Total number of human resources	69	69	69	69	69

5. **CHARACTERISTICS AND OBJECTIVES**

5.1. **Need to be met in the short or long term**

In 2008, expenditure will relate to the opening of two new delegations, one in Uzbekistan and the other in the Council of Europe in Strasbourg, and the upgrading of regionalised delegations in Djibouti, Kyrgyzstan, Liberia, Nepal, Tajikistan, Togo and Yemen to fully-fledged delegations.

Extra expenditure will be financed by existing resources and provision will be made for 2009 on the basis of prioritisation of the various actions.

5.2. **Added value of Community involvement and coherence of the proposal with other financial instruments and possible synergies**

In the light of recent international developments, and in the interests of closer economic and political relations with the countries and organisations in question, there is now a need to extend the External Service network and to open delegations in Uzbekistan and at the Council of Europe and to upgrade the regionalised delegations in Djibouti, Kyrgyzstan, Liberia, Nepal, Tajikistan, Togo and Yemen.

⁵ See points 19 and 24 of the Interinstitutional agreement.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

These actions should enable the Commission to manage its activities in the countries in question more effectively.

5.4. Method of Implementation (indicative)

Centralised management

Directly by the Commission

Indirectly by delegation to:

Executive Agencies

Bodies set up by the Communities as referred to in Article 185 of the Financial Regulation

National public-sector bodies/bodies with public-service mission

Shared or decentralised management

with Member States

with third countries

Joint management with international organisations (please specify)

Relevant comments:

6. MONITORING AND EVALUATION

6.1. Control system

Local expenditure in delegations will be via the financial circuits set up by the authorising officers by sub-delegation (heads of delegation), and will be subject to ex-post controls at headquarters. The delegations in question will be part of the network of Commission delegations and will be subject to controls within the framework of visits from the Inspection of the Delegations Unit and by the Internal Control unit of the External Service.

6.2. Evaluation

6.2.1. Ex ante evaluation

The opening of new delegations is decided on the basis of the needs in terms of the evolution of the Commission's economic and political relations with the countries in question and in close cooperation with all the departments and Directorates-General concerned.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experience in the past)

Not applicable

6.2.3. *Terms and frequency of future evaluations*

The network of delegations in the East needs to be regularly reassessed in the light of changing political priorities and to ensure optimal use of existing resources. The network will be rationalised or extended to reflect developments in economic and political relations with the countries in question, and the resources available.

7. ANTI-FRAUD MEASURES

These involve the requirement to operate separation of accounts using the financial circuits provided for in Community legislation, backed up by regular ex-post checks at headquarters.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Not applicable

8.2. Administrative expenditure

8.2.1. Number and type of human resources

Type of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)				
		2009	2010	2011	2012	2013 et seq.
Officials or temporary staff ⁶ (XX 01 01 02 01)	A*/AD	18	18	18	18	18
	B*, C*/AST	16	16	16	16	16
Staff financed ⁷ by Art. XX 01 02 02 01		5	5	5	5	5
Other staff financed by ⁸						
19.010401		19	19	19	19	19
21.010410 (EDF)		11	11	11	11	11
TOTAL		69	69	69	69	69

8.2.2. Description of tasks deriving from the action

Management and representation of Community policies in the countries or organisations in question.

⁶ Cost of which is NOT covered by the reference amount

⁷ Cost of which is NOT covered by the reference amount

⁸ Cost of which is included within the reference amount

8.2.3. Sources of human resources (statutory)

Human resources and administrative requirements will be covered from the allocation given to the managing DG under the annual allocations procedure in the light of existing budgetary resources.

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated for year n in the APS/PDB exercise (i.e. 18 posts for officials)
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment) – i.e. number of posts required
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

Human resources and administrative requirements will be covered from the allocation given to the managing DG under the annual allocations procedure in the light of existing budgetary resources.

8.2.4. Other administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)

€million (to 3rd decimal place)

Budget line (number and heading)	2009	2010	2011	2012	2013 et seq.	TOTAL
1. Technical and administrative assistance (including related staff costs)						
Executive agencies ⁹						
Other technical and administrative assistance						
- intra muros 19.010401	3,504	2,506	2,506	2,506	2,506	13,528
21.010410 (EDF)	2,182	1,578	1,578	1,578	1,578	8,494
- extra muros						

⁹ Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

Total technical and administrative assistance	5,686	4,084	4,084	4,084	4,084	22,022
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8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

€million (to 3rd decimal place)

Type of human resources	2009	2010	2011	2012	2013 et seq.	TOTAL
Officials and temporary staff (XX 01 01)	6,929	5,695	5,695	5,695	5,695	29,709
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)	0,313	0,243	0,243	0,243	0,243	1,285
Total cost of human resources and associated costs (NOT in reference amount)	7,242	5,938	5,938	5,938	5,938	30,994

Calculation – *Officials and Temporary agents*

See detailed Annex

Calculation – *Staff financed under Art. XX 01 02*

See detailed Annex

8.2.6. *Other administrative expenditure not included in reference amount*

€million (to 3rd decimal place)

	2009	2010	2011	2012	2013 et seq.	TOTAL
XX 01 02 12 01 – Missions	0,302	0,302	0,302	0,302	0,302	1,510

2. Total other management expenditure (XX 01 02 12)	0,302	0,302	0,302	0,302	0,302	1,510
3. Other expenditure of an administrative nature						
XX 01 03 02 01 Purchase and rental costs and related expenditure	2,814	2,521	2,521	2,521	2,521	12,898
XX 01 03 02 02 Equipment, furniture, supplies and provision of services	2,849	1,015	1,015	1,015	1,015	6,909
Total administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	5,965	3,838	3,838	3,838	3,838	21,317

Calculation - *Other administrative expenditure not included in reference amount*

[...]

8.3 General remarks

Whatever the circumstances, the fact that these actions are to be funded from resources which will be made available in 2009 will not lead to an overall increase in recurring costs for the External Service in the coming years.